

Swindon Borough Council

Audit Committee

Wednesday, 17 February 2021

Teams Meeting - Teams Meeting

At 6.00 p.m.

Conservative Councillors

Steve Weisinger
(Chair)
Nick Martin (Vice-
Chair)
Malcolm Davies
Roger Smith

Labour Councillors

Claire Crilly
James Robbins
Kevin Small

Committee Officer: Douglas Campbell 07779 413886

email: committeeservices@swindon.gov.uk

Swindon Borough Council, Civic Offices, Euclid Street, Swindon, SN1 2JH (Telephone 01793 445500)

The meeting is accessible through the web-link below.

AGENDA

NOTE

To view this meeting, please follow the following link [here](#). This link will be active from 18.00 on 17th February 2021 only for the duration of the meeting.

1. Apologies for Absence

2. Declarations of Interest

Members are requested at the start of the meeting to declare any known interests in any matter to be considered, and are reminded that any such interest should also be declared at the start of an item or during any discussion of the matter concerned.

3. Public Question Time

See the explanatory note on the full agenda pack (pdf). Please contact the Committee Officer whose details appear at the top of this agenda if you need further guidance.

During Covid-19, questions must be submitted to CommitteeServices@swindon.gov.uk and the deadline is 15:00 on Monday 15th February 2021.

4. **Minutes** (Pages 5 - 8)
To receive the minutes of the meeting held on 27th October 2020.
5. **Corporate Risk Management Update** CE (Pages 9 - 36)
6. **Treasury Management Strategy Update** CDFA (Pages 37 - 66)
7. **Annual Audit Letter** (Pages 67 - 86)
8. **External Audit - progress report** (Pages 87 - 102)
9. **Head of Internal Audit - Update report** HIA (Pages 103 - 112)

Date of Despatch: 09 February 2021

Key:

Officers:

CDFA	Corporate Director of Finance and Assets
CE	Chief Executive
HIA	Head of Internal Audit

Quorum: The quorum for Audit Committee is 3 Members

Public Question Time - Swindon Borough Council remains committed to increasing its accountability to the public and to promoting active citizenship. 15 minutes will be allowed at the start of all Council meetings for questions to the Chair from the public about the work of the Committee (except for confidential matters, and matters relating to planning and licensing applications). We will give priority to those who submit questions in writing at least two days before the meeting. Questions must be relevant, clear, and concise. You may not use Public Question Time as an opportunity to make speeches or statements.

The deadline for public questions is: 15:00 on Monday, 15th February 2021

Questions in writing should be sent to CommitteeServices@swindon.gov.uk or to the Chief Legal Officer, we will publish it, along with the answer, alongside the Minutes. The process associated with asking a public question is set out in the [Public Question Time at Council Meetings Protocol and Guidance](#), which is available on the Council website or from the Committee Officer named above. A privacy note about how we record Public Questions is available here: [Publication of public questions and questioners](#)

The Audit Committee - Terms of Reference

(the complete terms of reference and programme of activity for the Audit Committee are set out in Minute 10 of the meeting of the Audit Sub-Committee held on 16 June 2015)

- Be satisfied that the authority's assurance statements, including the Annual Governance Statement, properly reflect the risk environment and any actions required to improve it,

and demonstrate how governance supports the achievement of the authority's objectives.

- In relation to the authority's internal audit functions:
 - Oversee its independence, objectivity, performance and professionalism
 - Support the effectiveness of the internal audit process
 - Promote the effective use of internal audit within the assurance framework
- Consider the effectiveness of the control environment, including arrangements for ensuring value for money and for managing the authority's exposure to the risk of fraud and corruption.
- Consider the reports and recommendations of external audit and inspection agencies and their implications for governance, risk management or control.
- Support effective relationships between external audit and internal audit, inspection agencies and other relevant bodies, and encourage the active promotion of the value of the audit process.
- Review the financial statements, external auditor's opinion and reports to Members, and monitor management action in response to the issues raised by external audit.
- Reviewing and monitoring treasury management arrangements in accordance with the CIPFA Treasury Management Code of Practice.

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AUDIT COMMITTEE

TUESDAY, 27 OCTOBER 2020

PRESENT:- Councillors Steve Weisinger (Chair), Nick Martin (Vice-Chair), Emma Bushell, Jenny Jefferies, James Robbins, Kevin Small and Roger Smith

Apologies for absence were received from Councillors Claire Crilly and Malcolm Davies

14. Declarations of Interest

The Chair reminded Members of the need to declare any known interests in any matters to be considered at the meeting. No declarations were made.

15. Minutes

Resolved: That the minutes of the meeting held on 21st July 2020 be confirmed and signed.

16. Public Question Time

There were no public questions

17. Exempt Items - Exclusion of Press and Public

In response to a request from Councillor Kevin Small about why Agenda item 11 (Minute 22) should be taken without the press and public present, the Chief Legal Officer responded that the report and discussion might refer to posts in a way that would allow individuals to be identified, along with commercial information about the service area.

Resolved: That, in accordance with Section 100A(4) of the Local Government Act 1972, the public be excluded during the discussion of the matters referred to in the items listed below, on the grounds that they involve the likely disclosure of exempt information, as defined in the respective paragraph of Part 1 of Schedule 12A of the Act, and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

<u>Item No.</u>	<u>Paragraph No.</u>	<u>Minute</u>
11	1, 2	23

18. Treasury Management - Mid-Year Review

The Corporate Director of Finance and Assets submitted a report setting out the Council's mid-year Treasury Management performance for 2020/21. The Committee noted that the CIPFA Treasury Code of Practice recommends that Treasury Management performance is

reported to members at least twice a year.

In introducing the report Paul Smith (Head of Finance – Deputy Section 151 Officer) drew Members’ attention to paragraph 3.2, and advised the Committee that the second sentence should have been deleted.

Councillors Kevin Small and James Robbins asked a range of questions, as set out below, to which Paul Smith responded at the meeting:

- 1) Does the figure of £15m in paragraph 3.10.3 refer to the funding for commercial investment? Is it short- or long-term and from what source? The amount refers to a different investment, which was always intended as a five-year investment to maximise returns and avoid extra costs if left early the funding comes from cash flow.
- 2) How much of the government Covid-19 related grant was earmarked for free school meals over school holidays and how much has it cost the Council so far? A written response will be provided.
- 3) Where is the Council-owned investment property referred to in 3.10.5? What is the expected income and how might Covid affect this? It is Lysander House, Bristol. A written answer will be provided on the rental income; however, the tenants had not missed any payments to date and is it still making a surplus.
- 4) Could Officers elaborate on the issues around exceeding the Treasury limit as set out in paragraph 3.13? The limit is one adopted locally to ensure that the Council is not dependent on too few financial institutions. The Council exceeded this limit when central government Covid-19 funding arrived at short notice. Once this was known, officers set up a new money market fund as quickly as possible to reduce the risks and protect the Council’s cash.

Resolved: (1) That the mid-year Treasury Management performance be noted.

(2) That Officers would send the written responses to any questions to the Committee Officer for circulation to the Audit Committee members.

19. Statement of Accounts including External Audit findings

The Corporate Director of Finance and Assets submitted a report with the statement of accounts for 2019/20 for approval and providing an update on the audit. The Chair thanked Darren Stevens, Finance Manager, Mick Bowden, the Corporate Director of Finance and Assets, Paul Smith, Head of Finance, the Finance Team and the External Auditors for their work in producing the audited accounts during Covid-19.

Paul Smith, on behalf of the Corporate Director of Finance and Assets, introduced the report after which Mr Barrie Morris (Grant Thornton) and Ms Sophie Morgan-Bower (Grant Thornton) summarised the key details. Members were asked in particular to note the work plan attached as part of Appendix One that should have come to the Committee earlier in the year but had been omitted owing to the pandemic and other reasons.

Following their presentation of the report, the Head of Finance Manager, Sam Mowbray (Chief Operating Officer), Mr Barrie Morris (Grant Thornton) and Ms Sophie Morgan-Bower (Grant Thornton) responded to specific queries and observations regarding the accounts from Councillors James Robbins, Kevin Small.

- 1) What was the implication of the different policies of CIPFA and Grant Thornton on reporting the Direct Schools Grant deficit significant? This was just brought to Members' attention.
- 2) Could the Council make up the deficit from its general fund? Yes, if there was a surplus, which was not the current position.
- 3) Could there be more details about the issues with the Council's Oracle system. No fraud had been uncovered but the report was recommending improvements to ensure these were avoided. Sam Mowbray offered to send a separate briefing to Members via the Committee Officer.

Given the on-going pandemic, it was confirmed that any formal signing of accounts or documents could be undertaken through the Council's secure e-signature system.

Resolved: (1) To note that the Committee had considered the external auditor's report, set out in Appendix 1

(2) That the statement of accounts, set out in Appendix 2, be approved.

(3) That the letter of representation, set out in Appendix 3, be approved.

20. Audit Committee terms of reference work plan and self-assessment

The Head of Internal Audit submitted a report on the Audit Committee's terms of reference and details of the Committee's updated work programme for 2020/21.

The Head of Internal Audit introduced the report noting:

- 1) Having reviewed the Terms of Reference in relation to all relevant guidance, there were no changes for the Committee's consideration.
- 2) The work programme, which had been update to reflect the changes necessary because of Covid-19.
- 3) The Council's Audit Committee's self-assessment against the CIPFA good practice guide.

Resolved: (1) That the terms of reference and updated work programme attached at Appendices one to three be approved.

(2) That it be noted that, as recommended, Members reviewed and agreed responses to the CIPFA checklist of good practice.

21. Internal Audit Charter

The Head of Internal Audit submitted a report inviting members to review and approve the Council's Internal Audit Charter as required under the Public Sector Internal Audit Standards and as requested by Members. These standards provided the mandatory guidance that constituted the principles of the fundamental requirements for the professional practice of internal auditing within the public sector and for the evaluation of the effectiveness of Internal Audit's performance.

Nick Hobbs, the Head of Internal Audit, drew the Committee's attention to the changes on the previous year, which mostly related to variations in job titles.

Resolved: That, having reviewed the Internal Audit Charter as attached at Appendix 1, it be approved.

22.**Head of Internal Audit - update**

The Committee received a report of the Head of Internal Audit summarising the main issues arising from the Internal Audit reports finalised since the last Audit Committee meeting in July 2020, progress made against the Annual Internal Audit Plan 2020/21 and Internal Audit staffing and resource issues.

The Chair of the Committee along with Nick Hobbs, Head of internal Audit, then responded to questions from Councillors James Robbins and Kevin Small, namely:

- 1) What were the benefits of using credit histories over other sources to detect Council Tax fraud? This was one of a number of data-matching tools the Council used.
- 2) How does the level of fraud relate to other years? A written answer would be provided via the Committee clerk. The Chair reminded Members that the Committee had received a report in 2019 showing significant savings from the work of the Fraud team.

Resolved: That the Head of Internal Audit – update report be noted

23.**Legal Services - update**

The Chief Operating Officer and the Chief Legal Officer submitted a report with exempt information under Paragraphs 1 and 2, Schedule 12A, Local Government Act 1972. The report followed an offer by the Chief Executive to provide Audit Committee with more information (Audit Committee Minute 5, 21st July 2020 refers).

Sam Mowbray, Chief Operating Officer, and Lisa Hall, Chief Legal Officer presented the report and then responded to questions, suggestions and comments from the Chair along with councillors Jenny Jefferies, James Robbins, Kevin Small, and Roger Smith covering the issues set out in the report. Lisa Hall undertook to provide all Committee Members via the Committee Officer with the various additional pieces of information requested.

Resolved: That the report be noted.

Corporate Risk Management Update

Audit Committee

Date: 17th February 2021

Author: Intelligence Lead

Wards: All

Parishes Affected: All

1. Purpose and Reasons

- 1.1 To present Audit Committee with a summary of risk management activity in the Council and the most recent Corporate Risk Register.
- 1.2 Audit Committee provides assurance to the Council on the effectiveness of the Council's risk management. This report summarises the areas that the Committee may wish to consider in gathering assurance and provides a basis for discussion.
- 1.3 The risk management processes and the Corporate Risk Register are key components of the Council's Vision, Priorities and Pledges.

2. Recommendations

The Committee is recommended to:

- 2.1 Endorse the risk management approach and the risks captured in the Corporate Risk Register.

3. Detail

- 3.1 Appendix One is a copy of the Corporate Risk Register Jan 2021 and is the basis of discussion for this report
- 3.2 Since the last report to Audit Committee in July 2020 the corporate risk management approach is unchanged and continues to be an intrinsic part of the monthly discussions focussing on risk and performance in the context of the Corporate Management Team's focus on improvement.
- 3.3 Council wide and Directorate scorecards capture in one document the key performance and risk information. Corporate Directors present their scorecards to Corporate Management Team monthly which ensures that there is peer scrutiny on discussions around performance and risk. The focus is on mitigating actions to reduce the risk and the efficacy of those actions.
- 3.4 Corporate and Directorate risks are identified from an understanding of risks at service level. Heads of Service produce risk registers as part of their business planning. Heads of Service Scorecards include risk and performance in one place. The scorecards are produced quarterly and allow risk to be part of a wider discussion around performance.

Further information on the subject of this report can be obtained from Martin Bell, 07824 081201, MBell2@swindon.gov.uk.

Corporate Risk Management Update

Audit Committee

Date: 17th February 2021

- 3.5 Discussions also take place between Internal Audit and Risk. The Internal Audit team requests copies of service risk registers to inform their audits. Audit findings can then be captured in the Corporate Risk Register. Audits of concern are presented on the scorecards at all levels so that they form a part of discussions around performance and risk.
- 3.6 The Corporate Risk Register focusses on key corporate risks that are of high impact. All risks are owned by a Corporate Director which reinforces accountability for risk. The risk register includes an assessment of the likelihood of risks occurring and the actions that will reduce the likelihood. It also covers the progress that the Council is making with those actions.
- 3.7 Since the last report to Audit Committee in July 2020 there have been changes to the Corporate Risk Register to reflect the Council's current position. This includes some actions that have been completed, new mitigating actions that have been identified and an update on progress made with actions. There have also been additional causes and impacts of risk added as a result of the Council's current position, e.g. Covid-19 impacts etc. Appendix One Corporate Risk Register Jan 2021 contains the full detail of this however the table below shows the ratings in June 2020 and Jan 2021 which shows two risk areas (Finance and Health and Safety) have had their rating change:

Risk Area	June 2020 Rating		Jan 2021 Rating	
	Rating before mitigation	Rating after mitigation	Rating before mitigation	Rating after mitigation
Finance	Very High	Very High	High	High
Empowering Communities	Medium	Medium	Medium	Medium
Growing the Economy	High	High	High	High
Health and Safety	High	Medium	High	High
The Local, National and International Context	Medium	Medium	Medium	Medium
IT System	High	Medium	High	Medium
Safeguarding Children	High	Medium	High	Medium
Safeguarding Adults	High	Medium	High	Medium
Communities and Housing	High	Medium	High	Medium

Further information on the subject of this report can be obtained from Martin Bell, 07824 081201, MBell2@swindon.gov.uk.

Corporate Risk Management Update

Audit Committee

Date: 17th February 2021

Risk Area	June 2020 Rating		Jan 2021 Rating	
	Rating before mitigation	Rating after mitigation	Rating before mitigation	Rating after mitigation
Governance	Medium	Medium	Medium	Medium
Realising Potential	Medium	Medium	Medium	Medium
Effective Prevention	High	Medium	High	Medium
Business Continuity	High	Medium	High	Medium

4. Alternative Options

4.1 Not applicable

5. Implications, Diversity Impact Assessment and Risk Management

Financial and Procurement Implications

5.1 Risk Management activity is a core activity for the Council. As such, costs of risk management are funded from existing budgets.

Legal and Human Rights Implications

5.2 As part of the Accounts and Audit Regulations 2015, it is a statutory requirement that the Council has a sound system of internal control which includes effective arrangements for the management of risk.

All Other Implications (including Staff, Sustainability, Health, Rural, Crime and Disorder)

5.3 Nothing specific for this report.

Diversity Impact Assessment

5.4 A Diversity Impact Assessment has not been completed for this report as it is a summary of actions within service areas to mitigate and address risk. Where applicable, Diversity Impact Assessments have been undertaken which cover the actions within the Corporate Risk Register. These assessments are held in the responsible service areas.

Risk Management

5.5 A risk assessment has not been completed for this report as it is a summary of the risk management activity overall. The Corporate Risk register is the corporate assessment of the key risks facing the Council at this time.

Further information on the subject of this report can be obtained from Martin Bell, 07824 081201, MBell2@swindon.gov.uk.

Corporate Risk Management Update

Audit Committee

Date: 17th February 2021

6. Consultees

- 6.1 The Director of Finance (Section 151 Officer) and Director of Law and Democratic Services (Monitoring Officer) are consulted in respect of all reports.
- 6.2 The Chief Executive, Corporate Management Team and Head of Internal Audit were also consulted in respect of this report.

7. Background Papers

- 7.1 None

8. Appendices

- 8.1 Appendix One – Corporate Risk Register January 2021

Corporate Risk Register January 2021

1. Finance

Risk Description: Impacts of Covid-19 means that the Council cannot achieve its Medium Term Financial Plan and maintain the Council's financial sustainability. This potentially results in depletion of reserves, inability to deliver services and statutory obligations and in a lack of trust in the Council		Rating before mitigation	High	Rating after mitigation	High
Risk Owner – Chief Executive					
Causes of risk					
<ul style="list-style-type: none"> Significant income reductions Covid-related cost pressures (e.g. ASC) Non-delivering of plans savings Uncertainty re government funding support Change is not sustained Change of direction locally/nationally/partners Major unplanned expenditure Focus on the priorities and pledges is not clear Insufficient consistent focus on realising benefits Improvement is not prioritised 					
Mitigating Actions	Due date	Action owner	Progress		
Ensuring the council's medium term financial plan accurately reflects the latest national developments on local government funding	December 2020	Corporate Director of Finance and Assets	<p>Current forecasts based on the best information currently available.</p> <p>Planned changes to business rates and fair funding no longer being introduced for April 2021.</p> <p>Spending review for one-year only announced in November 2020.</p> <p>Provisional Local Government Finance Settlement awaited</p>		
Refresh of the medium term financial strategy, to provide a framework for the Council's response to the financial challenge to be developed, reserves only used sustainably	February 2021	Corporate Director of Finance and Assets	<p>Plan to March 2024 approved by Council.</p> <p>Updated version to be produced for February's Cabinet</p>		
Clear reporting of progress against the delivery of service plans	March 2021	Corporate Director of Finance and Assets	<p>Tracking of progress and COVID-related pressures being reported monthly to Corporate Management Team. Will form the basis of 2020/21 monitoring reports to Cabinet and the MHCLG.</p>		
Ensure key pieces of work, business plans, policies, strategies and commissioning/procurement is linked to delivery of the priorities and the themes of the Council	Ongoing	Corporate Director of Finance and Assets	<p>High value Procurement projects are required to set out how the procurement exercise will contribute to the achievement of the Council's priorities as part of the Gateway scrutiny process.</p>		

2. Empowering Communities

Risk Description: We do not empower communities and manage the expectations of residents and members. This potentially results in loss of trust in the Council damaging reputation and generating complaints & failure demand. We do not maximise opportunities to work with communities to support them to have more influence and responsibility in their own areas.		Rating before mitigation	Medium	Rating after mitigation	Medium
Risk Owner – Corporate Director Adult's Services					
Causes of risk					
<ul style="list-style-type: none"> Insufficient engagement and communication High public expectation Strategic intent and investment Increasing demand Ineffective use of capacity Insufficient support/buy in from parishes Empowering communities as part of Covid-19 response 					
Mitigating Actions	Due date	Action owner	Progress		
Build on our work with communities to create a true and sustainable partnership, in order to harness the energy of the community & voluntary sector in service of the Vision for Swindon	Ongoing	Director of Public Health	<p>The Community Health and Wellbeing Team engages with vulnerable residents through a variety of programmes harnessing individual and community capacity, facilitating self-management through behaviour change. The team build strong relationships with the community and voluntary sector to ensure that the advice, information, signposting and support given is appropriate, timely and sustainable as necessary. The role of our workers is to initiate change, inspire and motivate to move on.</p> <p>Trust and relationships are key with a strategic and joined approach to the supporting the needs of individuals and communities. Network sessions, joint ventures, shared insight is essential and is part of the DNA of the team.</p> <p>Volunteering falls under the remit of the CHW Team and there is significant investment from local people to 'give back' and make a difference. This has the potential to be better aligned to VAS and Volunteer Centre Swindon.</p> <p>Covid-19 response and recovery is working closely with the voluntary sector across all health and wellbeing recovery cell work streams and engaging the voluntary sector in other recovery cell work (e.g. ASC and vulnerable groups).</p> <p>As part of Covid-19 response we have recruited two community engagement officers to strengthen community links including that with the voluntary sector.</p>		
Covid-19 Response & Recovery Plan					
Develop volunteering within the			Online Volunteer Manager Toolkit available and		

Council.			<p>shared training resources available to any volunteer manager.</p> <p>Shared celebration events and resources to bring about a sense of community and co-ordinated ways or recognising the efforts being made across SBC.</p>
Ensure communications and engagement activity for residents and stakeholders is effective and timely, using different channels to reach residents	Ongoing	Chief Operating Officer	<p>Significant communications plan in place in relation to COVID 19 response which is worked through with partners and key stakeholders</p> <p>Planning has started for 2021-22 communications plan which will be taken through Cabinet in June 2021.</p>
Work more closely with parish councils to ensure communities most appropriately supported	June 2021	Chief Operating Officer	<p>Have stabilised the support and leadership to a number of meetings between the borough and parishes.</p> <p>Agreed to set up a parish/borough Cabinet Member Advisory Group to ensure any issues relating to working relationships and communications are worked through</p>
Ensure that there is good support for parish councils including delivery and budgetary support and transfer of assets	Ongoing	Head of StreetSmart	<p>Following the Feb 2020 Cabinet decision to TUPE transfer the services to the final 4 Parish Councils, SBC are working closely with these Parish Councils to progress this transfer.</p> <p>Covid-19 has added some complexity around the consultation process (i.e. meetings with staff to be carried out whilst adhering to social distancing) but the overall transfer is on track for completion by end of summer 2020.</p> <p>Transfer of all services to the remaining 4 Parish Councils now complete.</p> <p>The remaining transfers were completed as follows: Central Swindon North Parish (to appointed contractor Id Verde) – 30 June 2020 St. Andrews Parish – 30 June 2020 West Parish – 31 July 2020 Central Swindon South Parish – 31 October 2020</p> <p>Continue to engage with Parish Councils through Clerks Forum</p> <p>Continue to engage with Parish Councils to facilitate customer enquiries and to clarify areas of responsibility for respective Parish Councils and SBC</p>

3. Growing the Economy

Risk Description: The Council is unsuccessful in enabling the development of infrastructure and housing which will grow the level of business activity necessary to provide sufficient employment for our residents and generate enough business rates income to pay for the services we need to provide.		Rating before mitigation	High	Rating after mitigation	High
Risk Owner – Chief Executive					
Causes of risk					
<ul style="list-style-type: none"> Dependency on large employers eg Honda, UKRI, Nationwide Building Society, GWH Honda giving notice of intention to leave by July 2021 Capacity/capability of council staff and delivery agents Lack of focus – changing or unclear priorities and lack of rigor around delivery Evidence base for strategies/plans is not robust Insufficient funding for projects Loss of control over housing land linked to low levels of housebuilding (particularly NEV and Wichelstowe) and 5 year land supply National and international economic climate/policy Competition from other LA's Opposition from residents/pressure groups Market uncertainty Insufficient choice of suitable employment land Lack of skilled local workforce Access restrictions across private land in key development areas Perceptions of the borough Recruitment and retention problems in key sectors Viability of major projects Risk to external scheme funding through delayed scheme delivery Delays in transport modelling work due to irregular and unrepresentative traffic flows Ongoing Impact of Covid-19 on the high street (retail particularly) business viability, investment and construction projects Impact of Covid-19 on contractors and their supply chains 					
Mitigating Actions	Due date	Action owner	Progress		
A Gold command structure has been set up in response to Covid-19 chaired by the Chief Executive and linked into other Strategic Gold groups such as Local Resilience Forum. Linked through the Silver report group, there is a Bronze Business group which looks at short, medium and long term response and recovery.	Ongoing	Chief Executive	The early focus from an economy point of view has been on releasing grants to businesses and agreeing terms for NNDR and commercial rent relief. The Business Bronze Group has been set up to manage these short term measures, but also to gather intelligence and set out medium and long term measures to support the economy through engaging with business.		

<p>A taskforce chaired by the Business Secretary and co-chaired by the Leader of the Council, is working to mitigate the risk posed by the Honda announcement. As the disinvestment decision was upheld, the task group will focus on mitigating the resulting economic challenges such as site use, supply chain support and people and skills activity. The CEO chairs the Co-ordinating Steering Group to oversee this work. In addition, the Council's Business Retention and Expansion service will focus on both large and strategically important companies to ensure that high growth is maintained.</p>	<p>Ongoing</p>		<p>The groups are now set-up and active, good engagement with Honda and BEIS through Economy and Growth team.</p> <p>Through the Honda People Subgroup the impact upon learning and apprenticeships are being addressed through partnership working, with a view to ensuring appropriate skills for re-deployment and diversification of workforce skills.</p> <p>Supply chain support across Swindon's economy has become more critical as key sectors are impacted by Covid-19.</p> <p>Both work streams reflect core Council activity but the above are focused on this particular company and its supply chain.</p>
<p>The Business Retention and Expansion service will focus on both large employers and strategically important companies (so those with a propensity for high growth and/or important links in the supply chain within our key sectors). Also, SBC investments such as the Carriage Works enable start-ups and growth of micros and SMEs in the digi-tech sector.</p>	<p>Ongoing</p>		<p>The Business Expansion team is working with the Workshed operators to support tenants in the Workshed. Relationships being developed with strategically important companies, building on success of SOTS and key partners.</p> <p>The Covid situation has presented a need for a short term shift in focus on this work. All resource has temporarily shifted to immediate relief of businesses in critical stages who require grants for survival. The business risk and survival rate and other intelligence that will be being gathered and shared with the Bronze Group will define the risk mitigations. The Workshed is at immediate risk as the operator (Wiltshire Council) may reconsider its position.</p> <p>When the first response phase is complete then a reassessment of this service and prioritisation of resources will take place.</p>

Develop/implement action plan to strengthen/diversify the business base, creating jobs that support innovation & exporting & focussing on supporting strategically important companies with high growth potential	Ongoing	Business Retention and Expansion and account management process being developed. European Regional Development Fund funded work to stimulate inward investment, work with SWLEP Growth Hub and through Industrial strategy to identify and support key sectors. Economic Development Officer (Inward Investment) now successfully recruited so team is at full strength. Again a focus on particularly challenged sectors and their supply chains will need to be examined in the light of the current situation and will be informed by collation of intelligence gained through our own business engagement and the data gathered by partners such as SWLEP Growth Hub, Business West and Switch on to Swindon.
Ensure that delivery of the town centre development is strategically planned and delivered so that it is on target and meeting milestones		Regeneration Board chaired by the Chief Exec is in place to improve capital programme governance and accountability and continues to focus on making key delegated decisions and recommendations for members as well as monitoring progress against deliverables and escalating and unblocking issues which threaten to delay schemes. Monitoring and robust project and programme management in place. Work on ensuring realistic budgets and programmes against which capital projects can be delivered occurs on all projects, with regular reporting to Regeneration Board. Discussions remain ongoing with third party developers to expedite development opportunities in the recovery phase with priority on those with funding unlikely to be impacted by Covid-19. Close liaison with Planning and Highways ensures a collaborate approach to planning and delivery regeneration to ensure any issue are
Maintain clear focus on priorities post Covid 19.	Ongoing	Regular Board meetings to be held and regular communication with Chief Exec and Members to ensure the monitoring of progress against deliverables.

Manage budget increases due to the effect of Covid-19 on tender prices with effective project and contract management.	Ongoing		TCD team are taking account of whole life costing principles, setting project contingency using cost risk assessments, employing value engineering when required, delivering regular QS reports, keeping a close watch and involvement on design team meetings, utilising tight change control procedures. Assessing the suitability of supply chain before commencing work as well as on a regular basis. Monitoring and robust project management and programming in place.
Maintain close dialogue with key stakeholders, investors and landowners to give confidence in Swindon's response to Covid-19 and new market conditions.	Ongoing		Regular liaison with local groups via comms team and public consultation to take place to ensure support. We are taking a shared approach to town centre master planning with landowners to promote ownership and ensure deliverability. Will involve expedited conversations about a more compact town centre (high street) and accelerating plans for a mixed use centre with more diversification from retail. We continue to actively promote business case ready projects for announced funds and new government 'recovery' funding to stimulate investment and create jobs.
Seek relevant professional advice to ensure Value for Money by undertaking due diligence to inform investment decisions and business cases.	Ongoing		We are supported by a number of key consultants who provide key financial, legal and commercial advice to inform deal development and cover procurement, value for money and state aid implications. Will also advise on the new market 'normal' during recovery.
Consent of strategic planning applications for housing and employment as per Adopted Local Plan allocation	Ongoing	Head of Strategic Development	<ul style="list-style-type: none"> North of A420 has authorisation to grant. S106 agreed and awaiting signature of all interested parties. Noise constraint issue now resolved. Redlands consented. Reserved Matters (detailed) applications coming forward Great Stall East has authorisation to grant. In advanced S106 negotiations Lotmead Farm has authorisation to grant. In advanced S106 negotiations.
Adoption of Local Plan with robust strategy and housing allocations	March 2021 (under review)	Head of Strategic Development	<ul style="list-style-type: none"> Local Plan consultation complete. Local Development Scheme adopted by Cabinet, establishing Local Plan production timetable Submission draft for consultation summer 2021
Allocate 60 hectares of employment land over the Local Plan period to 2036. Accelerate delivery of existing undeveloped employment land.	March 2021 (under review)		
Ensure that delivery of work at Wichelstowe and New Eastern Villages is on target and meeting	Ongoing	Chief Executive	<ul style="list-style-type: none"> Parcels 2 and 3 on site and first joint venture houses progressing Wichelstowe Southern Access progressing

milestones			<p>including underpass beneath the M4</p> <ul style="list-style-type: none"> • SCR – HIF funding secured and CPO has now been agreed. • WHJ – Contractor on site. Network Rail possessions secured. Funding in place. • Performance monitored and shared with SWLEP and DfT, Covid-19 impact also being logged • J15 improvements work taking place (Highways England leading)
Work with learning providers, partners and employers to develop skills training that meets the needs of businesses and improve access to HE	Ongoing	Head of Skills, Employment & Lifelong Learning	<p>The Institute of Technology facility is currently still due to open in September 2021 although Capital works have been delayed due to Covid-19. The work at the New College Swindon site is due to start in January and be completed for November 2021. The full project plan is now in place. The November 2020 Steering Group meeting focused on the capital works, the work with employers to develop the curriculum and also marketing. The prospectus and web information (microsite) is currently being pulled together for a launch in January 2021.</p> <p>The Royal Agricultural University Swindon was due to open in September 2020 and 15 students have started on courses but are located at Cirencester campus due to Covid – to prevent staff from travelling between both sites. The position will be reviewed in the new year.</p> <p>Work with Honda and its supply chain has resulted in a co-ordinated offer of information, advice and support for gaining future employment as well as production of labour market information to steer the training offer. This has been further developed to provide information to all employers facing redundancy and a number of on line events to provide further information, advice and sign posting to access support.</p> <p>Covid-19 has resulted in some risks relating to the growth of Apprenticeships and residents being able to secure opportunities as well as the risk to increased unemployment and NEETs. Officers are working with the Growing the Economy Overview and Scrutiny Committee with support from members to identify the key issues and opportunities which are outlined in an Action Plan. An Apprenticeship Ambassador Network has been set up to engage employers in</p>

4. Managing our environment. This risk considers aspects of our environment which if not managed could have a significant negative impact on the Council's effectiveness. They are Health and Safety, IT systems and the local, national and international context.

Risk Description: Health and Safety: A serious and avoidable accident occurs leading to serious injury, damage or death, financial penalties, HSE prosecution and reputational damage		Rating before mitigation	High	Rating after mitigation	High
Risk Owner – Chief Executive					
Causes of risk					
<ul style="list-style-type: none"> Lack of management accountability Condition of the site Lack of PPE Site suitability Lack of staff training / compliance 					
Mitigating Actions	Due date	Action owner	Progress		
Delivery of Covid-response Outbreak Management	Ongoing	Director of Public Health	A multi-agency outbreak control team (OCT) has been established to prevent, manage and contain Covid-19 related outbreaks across Swindon.		
Delivery of testing provision: care homes, domiciliary care, community testing (both symptomatic and asymptomatic testing)	Ongoing	Director of Public Health	DPH has responsibility to ensure that appropriate symptomatic / asymptomatic testing for Swindon population. Care home testing is already in place for residents and staff. Use of lateral flow testing for care homes and domiciliary care staff due to be delivered from December 2020. Use of asymptomatic testing for priority population current under review. Community testing still available from 3 key sites and postal test kits.		
Covid-19 Vaccination coordination	December 2020 onwards	Director of Public Health	Covid-19 vaccination programme is led by NHS England and coordinated by BSW CCG for the Swindon locality. Local Authority representative via public health involved in support request for access to sites for possible mass vaccination. To date, one site has been requested (STEAM museum) for the Primary Care Network vaccination delivery. Request for sites will be managed through the Health and Wellbeing Bronze Response Group.		
Deliver health & safety training, briefings and information to all staff with a particular focus on high risk groups	Ongoing	Head of Internal Audit	<ul style="list-style-type: none"> Covid-19 risk assessment guidance and examples communicated to all managers and available online. Health and Safety classroom training has been risk assessed and is now delivered in a Covid Safe environment. Alternative sources of information and guidance is available on the Council intranet pages. Health and Safety training needs identified with all high risk groups. Annual training planner in place to meet training need including sessions on: 		

			<p>COSHH, Fire Safety Awareness, manual handling, working safely, emergency first aid etc. However, due to Covid-19 this was temporarily suspended but has now resumed in a Covid Safe training delivery mode.</p> <ul style="list-style-type: none"> • Training attendance had been low in some areas and this has been communicated to the Operations Senior Management Team. This has also been escalated through the governance structure to the Joint Safety Committee and the Operational Joint Safety Committee for monitoring and management action. • Health and safety management audits on hold while Covid Compliance inspections are prioritised.
Ensure that the buildings the Council owns or occupies are safe and that the Council discharges its statutory responsibility	Ongoing	Corporate Director – Finance and Assets	<p>There is a matrix in place for all statutory compliance activities.</p> <p>A written scheme is now in place for water hygiene and L8 risk assessments (legionella) are being procured. A Fire Risk Assessment (FRA) programme has been delivered and corrective actions are being planned. Asbestos is approx. 90% compliant and surveys/re-inspections are being carried out. We are 100% compliant for gas and electrical safety, but changes to standards requires an increase in capacity for electrical testing.</p> <p>A bronze working group has been set up to ensure that the return to the physical working environment when allowable is as safe as possible. A strict risk assessment process has been established and safety features are being put in place to ensure the office environment is safe when teams are required to return. In addition, all staff who are able to continue to work from home have been asked to do so until September to allow sufficient capacity for the correct social distancing protocols to be applied within the office environment.</p>
Ensure that health and safety issues are highlighted and addressed.	Ongoing	Corporate Director – Finance and Assets	<p>Whilst Mitigation is in place there is a need for greater oversight to ensure that training is delivered and attended as per the plan to enable a higher level of compliance compared to that which we have seen.</p> <p>Heads of Service identify and address any issues that lead to non-attendance at mandatory health and safety training. Training attendance data will be reviewed at quarterly Senior Management Team meetings to ensure</p>

			compliance. The Senior Management Team together with the Head of Health and Safety have developed a new quality management tool to ensure risks are mitigated by actions that relate to incidents, near misses and are compliant with the legislation and statutory guidance associating with these key risks.
Ensure that officers comply with H&S training	Ongoing	Director of Operations	<p>SMT review specific risks monthly, in particular improvements have been made to training records within Streetsmart to alert senior management to any attendance concerns</p> <p>Whilst Mitigation is in place there is a need for greater oversight to ensure that training is delivered and attended as per the plan to enable a higher level of compliance compared to that which we have seen.</p>

Risk Description: The Local, National and International Context: Changes to the political landscape from either Brexit or local administration lead to significant change in the Council's priorities leading to difficulty in realising our ambitions, financial implications & reputational damage		Rating before mitigation	Medium	Rating after mitigation	Medium
Risk Owner – Chief Executive					
Causes of risk					
<ul style="list-style-type: none"> Insufficient awareness of policy changes and their implications for Swindon (Officers or Members) Local Government voice at national level Brexit 					
Mitigating Actions	Due date	Action owner	Progress		
Ensure that content concerning Brexit is sufficient to inform Swindon Businesses so that they are prepared whether or not there is a deal	Ongoing	Chief Executive	<p>Growth Hub is regularly updated – signposting to the official government sources of advice that are being updated frequently.</p> <p>Support is currently focused on Covid-19 impact and business resilience generally is a key objective which aligns with the aims of the Brexit work stream and other key events such as Honda closure. Intelligence is collected from business in order that that support can be targeted and provided to those most in need or which impact most significantly on Swindon's economy</p>		
Carry out a programme of work to ensure that Swindon Borough Council is fully prepared to respond to Brexit			<p>There is full engagement with the Local Resilience Forum, which includes participation by the chief executive at regular meetings and a weekly survey of essential services, so that there is scope for escalation if issues are emerging. Briefings to Members have taken place including Scrutiny Committee and Growing the Economy Overview and Scrutiny Committee.</p>		

			Weekly service area reporting has now been adapted to assess the service risks presented by Covid-19. Teams assess risks to all Council services in the event of significant events and economic shock.
Ensure that members and officers have access to nationally produced policy information through the LGIU and other sources.		Chief Operating Officer	Regular policy briefings are circulated to officers and members.

Risk - IT system: A business critical system is compromised or is unavailable to a significant number of staff for a significant period leading to service disruption, potential safeguarding issues, poor productivity & reputational damage		Rating before mitigation	High	Rating after mitigation	Medium
Risk Owner – Chief Executive					
Causes of risk					
<ul style="list-style-type: none"> Inadequate systems and processes Financial sustainability of Capita Unstable platforms 					
Mitigating Actions	Due date	Action owner	Progress		
Direct Access - IT are working up a replacement to Direct Access which will increase the reliability of our IT capability	End August	Head of IT	Rollout of DAE (Direct access replacement) is being trialled by 56 staff and will be rolled out to a further 200 in the coming months. Updated Dec 2020, less than 200 Win 7 laptops are left now that need Direct Access. DAE is available when required if someone has a broadband supplier (such as PlusNet) who do not allow our primary and default Microsoft solution Always on VPN.		
Replace telephony system with a more resilient solution	April 2021	Chief Operating Officer	The IT Service Desk and Contact Centre platforms have been upgraded to the new Mitel system and we have used this functionality to enable them to work from home during Covid-19. Soft phones are being trialled currently which work from laptop computers rather than continuing to rely on unsupported desk phones.		
Ensure that SBC infrastructure is not compromised by a cyber-security incident preventing access to systems and data, loss of data integrity, loss of data security and confidentiality	Ongoing		IT have worked on improving the back-up solution. Servers are protected from each other using the latest firewall and VM ware security. User devices will be protected with local security and anti-virus as well as group policies in line with best practice. Independent verification of the security position through PEN testing is done annually. An increase in our cyber security capabilities has been written into the IT & Digital Strategy 2020-2022. Refresher training on cyber security for senior leaders pencilled in for April 2021.		

5. Delivering Quality

This risk considers two areas of the Council's work where poor quality will pose significant risks to the Council. These are our work to safeguard vulnerable children and adults and adhering to our systems of governance so that we act within our powers.

Risk Description: Safeguarding Children: Avoidable failure through action or inaction leads to serious harm, death or a major impact on wellbeing, potentially leading to reputational damage for the Council, loss of staff confidence and morale, loss of public and member confidence, litigation and damages.		Rating before mitigation	High	Rating after mitigation	Medium
Risk Owner – Corporate Director Children's Services					
Causes of risk					
<ul style="list-style-type: none"> Recruitment/retention of sufficient skilled staff Error/data breach Unpredictable client behaviour High dependency on agency staff Insufficiently strong early help system Inadequate processes Limitations of case management system National policy/guidance changes Insufficient in house placement capacity for children 					
Mitigating Actions	Due date	Action owner	Progress		
Implement improvement measures including QA framework, team improvement plans , and self- evaluation of the service	Ongoing	Corporate Director - Children's Services	<p>QA framework, service improvement plans and self-evaluation of the service are in place and were reviewed and up-dated in October 2020 in line with Corporate business planning processes. The self-evaluation received positive feedback in the annual conversation with Ofsted in October 2020. Performance and improvement monitoring takes place monthly and is embedded in service improvement practice.</p> <p>The service has adapted its working practices well during Covid-19 to maintain delivery of its statutory functions without needing to adopt any of the Government's allowable flexibilities. Partner contribution has been maintained in the MASH, with the addition of probation and mental health services and visits and contacts with children and families in statutory social care has remained high. Performance is monitored regularly through established systems and processes with a bi-weekly data return to the DfE. The risk of placement breakdown for children in care is being carefully monitored at an individual level and all placements at risk are reviewed regularly, new placements are being sourced quickly and more foster cares have been a recruited.</p>		

Deliver a targeted recruitment campaign and review social work caseloads	Ongoing work		Targeted recruitment campaigns are in place for agency and permanent staff. The fees and rates for agency staff have been maintained and this has helped to provide stability to the agency workforce and reduce turnover. The targeted national and local recruitment campaign is now having more impact and agency staff has reduced from 62% to just over 30% to November 2020. An improved permanent Recruitment and Retention offer has been implemented to attract and retain good permanent staff. This has had a good impact on recruitment to management posts. Average caseloads are now 18 cases per worker. The costed establishment average of 18 cases and 15 for Children Looked After has been achieved. There has been some staff turnover, absence and difficulty to recruit during September – December 2020 which has increased caseloads to about 18 for some social workers.
Implement a replacement for the Integrated Children's Service module for CAPITA One			The replacement system was implemented in September 2020 supported by a comprehensive staff-training programme delivered remotely. The Project Board chaired by DCS remains in place to govern the implementation and a Capital Bid is in place for phase 2 of the system. The integration with Capita One has progressed well and the data migration work is nearing completion.
Implement dedicated service improvement within the fostering team	Ongoing		Dedicated service improvement is being implemented and improvements are being evidenced. A re-structure has been undertaken and the staffing situation has improved with a new permanent team manager appointment and permanent posts filled. There has been a recent increase in foster carer applications and 18 households are moving through the assessment and accreditation process.

Risk Description: Safeguarding Adults: Avoidable failure in Adult Social Care through action or inaction leads to serious harm, death or a major impact on wellbeing with potential impacts to the Council in terms of reputational damage, loss of staff confidence and morale, loss of public and member confidence litigation and damages.		Rating before mitigation	High	Rating after mitigation	Medium
Risk Owner – Corporate Director Adult’s Services					
Causes of risk					
<ul style="list-style-type: none"> Recruitment/retention of sufficient skilled staff – staff capacity Human error Unpredictable client behaviour Lack of timely compliance with processes IT limitation Inadequate supervision Lack of timely identification of adults at risk by agencies 					
Mitigating Actions	Due date	Action owner	Progress		
Deaths in care homes	Ongoing	Corporate Director Adult Services	The director of Public Health will continue to provide fortnightly reports on the deaths in care homes and analysis. This will include all deaths as well as those related to Covid 19. The source will be ONS and Registrar data.		
Implementation of care home resilience plan	Complete	Director of Public Health	A care home resilience plan has been developed and submitted to the Minister for Social Care. The action plan implementation will be monitored by the Director Adult and Director of Nursing (CCG). There are clear actions in place to ensure optimum infection control support for care homes and the monitoring of admissions and these have been implemented		
Local Outbreak Control Plan (LOMP)	30 6 2020 and ongoing		An infection outbreak management plan has been submitted to government and agreed by the Health & Wellbeing Board. It is now being implemented.		
Deliver regular safeguarding training, support (including supervision) to staff and partner agencies to improve practice and performance. Implementation of the safeguarding improvement action plan. Learning from Safeguarding Adult Reviews and multi-agency safeguarding audits. Ongoing monitoring of performance dashboard for safeguarding by SSP, Safeguarding Service and Corporate Director.	Ongoing	Corporate Director Adult Services	<p>Training on Strength Base Supervision has been delivered to all in the service and is now part of the core training offer.</p> <p>The Safeguarding Service improvement plan has been shared with the Independent Chair of Swindon’s Safeguarding Partnership (SSP). The plan demonstrates that significant improvements have been made within the Safeguarding Service Area since late 2018.</p> <p>The progress of the service improvement plan is reviewed quarterly in the Practice Assurance Group, a sub group of SSP that is also chaired by the Independent Chair.</p> <p>A robust recruitment campaign has taken place within Safeguarding, and the decision was made to add a Market Supplement Factor</p>		

			<p>to the salaries of the Social Workers in the teams to attract permanent staff to the teams. As a result, we have now been able to recruit more permanent staff to the team.</p> <p>The team have reviewed and re-written the Multi Agency Safeguarding Policy and Procedures to ensure that they reflect contemporary good practice guidance and tools to support good practice.</p>
<p>Independent scrutiny and challenge through the Swindon Safeguarding Partnership (Executive Group and the Local Safeguarding Adult Board) provides assurance that good practice standards and outcomes for adult protection are Care Act compliant and enable people in Swindon with care and support needs to live safely and free from abuse.</p>	Quarterly		<p>A programme of themed multidisciplinary safeguarding audits is in place and an adult safeguarding core dataset is in development although Covid-19 has impacted on progress. The quarterly PQA Adult Safeguarding Meetings scrutinise practice, performance and outcomes.</p> <p>Significant learning was drawn from the Multiagency audit in to Mental Capacity Act decision making earlier this year. The new conversational approach to auditing was welcomed by all. The participants of the audit are supporting SSP to develop ways of using the learning to development practice.</p> <p>All Sub groups have a nominated leads and are well attended. Actions from all groups are robustly managed.</p> <p>Providers are represented at Swindon Safeguarding Partnership Board and feedback and actions are taken to both the Building based and Community Provider Forums.</p>
<p>Continue to build the functionality within Eclipse to strengthen management oversight of safeguarding practices in relation to information gathering, risk assessment, planning, and recording and reporting providing performance information at individual, team and partnership level.</p>	Ongoing		<p>A comprehensive review of the Safeguarding Modules on Eclipse has been completed to inform the decision to cease using the bespoke Swindon modules and return to the OLM standard Safeguarding modules.</p>

Risk Description: Communities: Poor delivery and inefficient services to resident's poses risk to the Council and its residents including failure demand, financial risk, insurance and reputational damage.		Rating before mitigation	High	Rating after mitigation	Medium
Risk Owner – Director of Operations					
Causes of risk					
<ul style="list-style-type: none"> Recruitment/retention of sufficient skilled staff Human error Unpredictable demand Lack of timely compliance with processes IT implementation capacity National policy/guidance changes External market and supply failure 					
Mitigating Actions	Due date	Action owner	Progress		
Service Improvement Plans have been developed with a focus on customers, quality, financial savings, process improvements and IT investment. Daily Operational Meetings to be instigated along with ensuring the Organisational structure supports the ability to deliver the overall improvement plan.	Ongoing	Director of Operations	Service Improvement plans signed off and being implemented. Monitoring is through relevant Boards with reporting back to CMT and LAG. Daily Operational meeting in place to focus on improving performance for the customer along with reducing the level of rework created due to performance failure. Organisational structure at level 1 has been communicated and consultation now concluded.		

Risk Description: Governance: The council does not comply with legal or statutory obligations or acts outside its powers or our governance of information is not robust resulting in loss of protected data potentially leading to successful legal challenge, financial penalties, court sanctions safeguarding issues and reputational damage.		Rating before mitigation	Medium	Rating after mitigation	Medium
Risk Owner – Chief Executive					
Causes of risk					
<ul style="list-style-type: none"> Legislative changes Legal advice not followed Human error Unable to demonstrate compliance Lack of timely/appropriate legal advice Financial and demand pressures (resource constraints) Malicious action Covid-19 					
Mitigating Actions	Due date	Action owner	Progress		
Decision making during Covid-19 response Ensure that all decisions are shared with relevant Cabinet member before being brought to the Recovery Coordinating group (RCG)	Ongoing	Chief Operating Officer	All decision proposers are asked whether they have consulted Cabinet members in advance. Note sent to Leader and Chief Executive after each RCG to ensure transparency of all decisions		
Ensure that all decisions logged have a date, rationale and senior officer owner in both gold and RCG minutes	Ongoing	Chief Operating Officer	This is built into the RCG process		
Maintain staff with appropriate qualifications and training	Ongoing	Chief Legal Officer	Progress has been made in the permanent recruitment for the team. Further recruitment drive is imminent. Vacant roles		

			are covered by temporary staff. Staff have access to learning and development opportunities to ensure skills are up to date and mentoring of junior members of the team is now embedded into the team. Significant work underway to ensure legal services are commissioned in the most effective way possible with strong lead times to allow for best possible response.
Deliver regular training sessions for members and officers focussing on key issues such as their role in arms-length bodies	Ongoing	Chief Operating Officer	Covered in member induction and the yearlong member training programme.
Ensure that the legal team balances demands from service areas and ensures that the legal team is only used when appropriate	Ongoing	Chief Legal Officer	<p>Ongoing work with service users to ensure alignment of appropriate demand to available resources. This is an ongoing task as some departments would like to retain services as they were prior to any restructure.</p> <ul style="list-style-type: none"> • Ensure that legal staff are appropriately trained and skilled and that the legal team has an appropriate mix of staff to provide advice on routine and complex matters. • Ensure that legal staff have good relationships with wider colleagues and are available and approachable. • Ensure that legal staff are trained and appropriately supervises. <p>Encourage colleagues to seek advice from legal and to follow advice.</p>
Ensure that key pieces of work, link to the delivery of the priorities.	Ongoing	Chief Operating Officer	Business Plans, and personal development plans are focussed on delivery of the pledges and priorities. Progress in delivery is measured through the directorate and Council scorecards.
Provide comprehensive programme of training and support to ensure that staff are aware of GDPR requirements and a programme of service area projects are underway to update and amend all customer and service user privacy notices, processes, policies and systems, overseen by the Information Governance Board	Ongoing	Chief Operating Officer	Annual mandatory Information Compliance e-learning in place and user uptake is monitored. Progress reported quarterly to CMT via the Information Governance Board.

6. Realising Potential

Risk Description: We do not make the best use of all available capacity, either within our own staff or through strong and effective partnerships which restricts our ability to deliver our vision, priorities and pledges.		Rating before mitigation	Medium	Rating after mitigation	Medium
Risk Owner – Chief Executive					
Causes of risk					
<ul style="list-style-type: none"> Insufficient development opportunities Difficulty in recruitment to key roles Lack of succession planning in key roles Poor performance/absence management Capacity and sustainability of the supplier market Lack of alignment with key partners e.g. LEP/ CCG. Lack of a fair and equitable pay structure does not support the organisations longer term objectives Lack of a sustainable pay strategy affects ability to be competitive in the market 					
Mitigating Actions	Due date	Action owner	Progress		
Ensure that Swindon has a strong voice in SWLEP to maximise the opportunities of attracting funding for key Swindon projects	Quarterly	Chief Executive	<p>Maintaining close partnership working with SWLEP, inviting them to engage with SBC groups & boards. Engaging fully in SWLEP sub groups & leading work streams to promote Swindon's interests & set Swindon in an advantageous position to bid for further funding, particularly through the LIS work.</p> <p>Inclusion of SWLEP in Town Deal Board and full collaboration in efforts to mitigate Covid-19 impact.</p>		
To further strengthen partnership arrangements with the CCG and mutually agree beneficial use of funding through the Better Care Fund Plan, financial negotiations, and the evolving framework for managing a pooled budget. Work with health colleagues to implement the BSW NHS Long Term Plan 2020-2024 to improve the health and wellbeing of our population, develop sustainable communities, transform care across BSW and develop strong networks of health and care professionals.	Ongoing	Corporate Director Adult Services	<p>Adult Services has been represented in the governance structure of the Sustainable Transformation Partnership for BSW. The Council supported the application to become an Integrated Care System across BSW. In December 2020 BSW became officially an Integrated Care System Strong partnership through Joint Commissioning Group, Professional Leadership Network have been established with CCG and Great Western Hospital. The Better Care Fund Plan has been rolled over into 2020/21. Adult Social Care is now working with BSW partners on an implementation plan for 2021/22 recognising that NHS England has made proposal for the reorganisation of Integrated Care Systems and CCGs for April 2022. Business contingency plans and EU exit risk assessments have been updated and reviewed by commissioning team across all providers.</p>		
Improve productivity across the Council	March 2022	Chief Operating Officer	<p>A Modern, Efficient and Effective programme is underway to ensure we improve productivity across the Council. There is a specific focus in 20-21, 21-22 on improving operational efficiency in our Operations function and there is a specific improvement plan for this</p>		

Develop and deliver a leadership programme and wider engagement activity for managers.	Ongoing	Director of HR & OD	<p>An evaluation of all leadership programmes in addition to the staff survey will inform leadership development and wider programme for managers which will begin later in the autumn.</p> <p>Due to COVID-19, there was delay in the rollout of all planned leadership development programmes as well as the At Our Best programme. These have now commenced as of December 2020 and a full programme recalibrate to deliver by the end of 2021.</p>
Develop and implement a culture programme	Oct 2020		<p>COVID-19 has impacted on the programme but it got underway in October 2020 and delays started at lockdown in March. We were able to continue all mandatory and regulatory learning and development as well as re-contract with providers to still deliver the programme in its entirety throughout 2021</p>
Review of Pay and Reward to implement a fair and equitable pay structure which supports the organisation's longer term objectives and keeps us competitive in the market.	April 2021		<p>Project underway to develop an updated system of pay and review. Career families are in the process of being developed.</p> <p>This will not be complete by April 2021. The Career Family element will be fully introduced in April 2021 in order to progress then to the more detailed pay models to be considered.</p> <p>Funding has been secured for the first phase of this project to April 2021.</p>
Implement performance management of staff across the council including absence management and the rate of appraisals	Ongoing		<p>Absence management programme in place with a focus in 2019 on areas of weakest performance relating to absence numbers and absence management. Launch of first day reporting tool in January with training from October for managers and staff. We have also retained a completion rate of 85% in our PDPs following last year's campaign and in the second successful year of achieving full compliance on mandatory e-learning.</p> <p>CMT received a presentation of At our Best in Dec 2020 with a renewed focus on accountability woven into the evaluation measures for autumn 2021.</p>

7. Effective Prevention

Risk Description: Our preventative and early intervention work is not successful in halting the rise in demand resulting in increasing spend on social care leading to challenges in balancing the budget and a potential loss of services which residents value.		Rating before mitigation	High	Rating after mitigation	Medium
Risk Owner – Corporate Director Adult Services					
Causes of risk					
<ul style="list-style-type: none"> Ageing population Welfare Reform Domestic Abuse Unhealthy lifestyles Economic downturn Capacity of the Council and partners to deliver preventative services 					
Mitigating Actions	Due date	Action owner	Progress		
Implement measures to reduce adult social care costs and demand. These include: <ul style="list-style-type: none"> • Closer focus on costs of packages • Improving discharge support – Access, LD and Dom Care packages • Embedding a strength based approach to assessment and care management • Exception panels for LD and older people cases • Transition programme • Market shaping and negotiation of fees for 21/22 align to BSW CCG • Strong focus on appropriate funding streams – CHC/shared costs with CCG • Implementation of LT Plan e.g. Aging Well programme • Implementation of 20/21 savings plan 	Ongoing	Corporate Director of Adult Services	<p>The implementation of the Adult Social Care Strategy is instrumental in managing our challenges in rising demand and ongoing budget pressures. The focus of the strategy is to promote, maintain and enhance people's independence in their communities, so that they are healthier, stronger, more resilient and less reliant on formal social care services.</p> <p>This is supported by our Corporate theme 'Strength Base' working and the work with the National Development Team for Inclusion (NDTi) to deliver Community Led Support. The first Innovation Team are testing across three key areas:</p> <ul style="list-style-type: none"> • Moving our front door in to Community itself, trialling using different conversation tools to support and promote staff to have Strength Base conversations. Peer forum, attended by voluntary services, community health partners and tech enabled care (TEC) <p>The response of the Live Well Hub and partnership with voluntary sector has been excellent during Covid 19 and this will be included in the Covid Recovery work.</p> <p>Transition thematic work update: Focus on delivery of key objectives:</p> <ul style="list-style-type: none"> • That young people are better prepared for independence • That we have a skilled and able workforce across SBC and partners – working in a strengths based, progressive way, clearly sighted on our collective ambitions and priorities • That young people have their voice heard • That providers are working on increasing young people's skills and abilities based on a progressive support plan <p>Excellent engagement across Adults and</p>		

			<p>Childrens Services in SBC and BSW CCG under the thematic programme of work</p> <p>The response of the Live Well Hub and partnership with voluntary sector has been excellent during Covid 19 and has continued to offer support for Clinically Extremely Vulnerable with support in place for Swindon residents</p> <p>The demand of service provision has been met across providers, particularly in home care with no waiting list operating.</p> <p>Providers have attended weekly provider calls and responded to changing demands and guidance during covid-19 and CQC ratings have been maintained with no inadequate providers.</p> <p>First City continued to work in a co-productive way to move towards person centred delivery and consistent quality across services.</p>
Develop a prevention strategy as part of Health and Wellbeing strategy delivery plan.	April 2021	Director of Public Health	Non-statutory functions of Public health currently paused as part of Covid-19 response. New public health prevention strategy expected after April 2021.
Commission preventative services to reduce future demand	Ongoing	Director of Public Health	A range of public health prevention services are in place with an aim to reduce future demand on health and social care services.
Monitor performance of the delivery of the outcomes of the Health and Wellbeing Strategy and implement changes	Ongoing	Director of Public Health	Public health monitors performance and delivery of PH related services and programmes that link to the health and wellbeing strategy and make changes to programme delivery based on monitoring and evaluation.

Risk Description: Our arrangements to be able to continue to deliver essential services if things go wrong including our suppliers fail or don't perform are not sufficiently robust, leading to poor quality delivery of essential services, loss of public confidence and reputational damage		Rating before mitigation	High	Rating after mitigation	Medium
Risk Owner – Chief Executive					
Causes of risk					
<ul style="list-style-type: none"> Lack of robust and up to date business continuity plans in key service areas Lack of oversight of key suppliers Lack of clear roles and responsibilities for planning and implementation during and after an incident Lack of stability in the care market We do not act on feedback and lessons learned 					
Mitigating Actions	Due date	Action owner	Progress		
Undertake regular reviews of completion and content of business continuity plans, guides and procedures	Ongoing	Head of Strategic Growth	<p>Ongoing programme to review departmental Business Continuity plans and ensure that they are up to date. The specific Brexit Impact data gather was conducted effectively, and monitoring and reporting on Brexit impacts will continue until no longer required.</p> <p>All business continuity plans were reviewed at the outset of the Covid -19 escalation and a prioritisation list of areas during a Pandemic was sent to CMT for agreement. This Priority List, through staff absence monitoring and new ways of working should inform planning going forward. New successful rollouts by IT of the Always On VPN and Microsoft Teams have greatly improved the ability of the Council to work remotely where it is appropriate. As a result of Covid-19 feedback has been sought in order to understand and act upon lessons learned</p>		
Deliver training/updates on resilience response	Ongoing		<p>Exercise conducted at Waterside Feb 2019 to ensure external responding agencies conversant with our depot plan. The Waterside Park Depot Plan has been updated in April 2020, ready for being tested when the COVID 19 Lockdown is eased to the extent that testing is appropriate.</p> <p>Resilience Direct training continues to be held every month.</p> <p>A programme of Resilience Direct training for emergency on call officers and other key members of staff took place during 2019, to improve familiarisation with how to use the application. This training programme can be re-activated if there are sufficient numbers requiring training to justify this. In the meantime training is delivered to new Resilience Direct users by Business Continuity Manager or Civil Protection Unit Manager on a one to one basis.</p> <p>Ongoing Quarterly Emergency Planning training sessions. During the Covid-19 lockdown Quarterly Emergency Planning training sessions have been suspended, whilst</p>		

			<p>the Civil Protection Unit concentrate on supporting the SBC Covid-19 response & recovery. These training sessions will resume once lockdown & social distancing restrictions are sufficiently eased.</p> <p>Participation in Multi-agency exercises such as the Honda Exercise and Exercise Bodikin Plus. An ongoing programme of multi-agency exercises including Exercise Ararat (mass population displacement), Exercise Prospero (media) and Exercise Blue Phoenix (modern day slavery/people trafficking) were planned to take place during 2020. Because of the ongoing Covid-19 situation these exercises have had to be suspended. New dates to be determined by LRF.</p>
Practice Council command and control and recovery procedures in line with the Local Resilience Forum and Local Health Resilience plans	Ongoing		<p>Quarterly Emergency Planning exercise sessions – all on call officers invited. Twice yearly Multi-Agency Tactical Training (MATT) and twice yearly Multi-Agency Operational Training (MAOT) for on call officers including Local Authority Incident Officers are programmed to take place during 2020. Due to the ongoing Covid-19 crisis the first of the MATT training sessions due to take place on 13th May 2020 has had to be cancelled and will be rescheduled for later in the year. The remaining training dates still stand at present, but subject to ongoing review in light of Covid-19.</p> <p>Multi-Agency Joint Emergency Services Interoperability Principles (JESIP) training is also run to ensure that Local Authority Incident Officers are conversant with Command and Control expectations when attending incident scenes. The 2020-21 JESIP training dates taking place Oct 2020 onwards have recently been released. These will be subject to ongoing review in light of Covid-19 & rescheduled if necessary.</p>
Carry out financial health checks on all suppliers to check their likely sustainability	Ongoing	Corporate Director of Finance and Assets	<p>A financial assessment is included as part of the standard selection criteria process for the assessment of high value contracting decisions. This process includes the use of independent credit and risk ratings agencies (currently Creditsafe).</p> <p>Contract managers are advised to continue to monitor the supplier's financial standing and company performance throughout the contract period. This will need to be developed to include up to date assessments of COVID-19 impact</p>

Treasury Strategy Statement 2021/22

Audit Committee

Date: 17th February 2021

Author: Cabinet Member for Finance, Education and Skills
Corporate Director of Finance and Assets

Wards: All

Parishes Affected: All

1. Purpose and Reasons

- 1.1 To report Treasury Management Strategy for 2021/22, including Prudential Indicators up to 2025/26, the Annual Investment Strategy, and the Minimum Revenue Provision Policy Statement.
- 1.2 The effective management of financial resources through robust financial management processes underpins the Council's ability to achieve its plans and priorities.

2. Recommendations

Audit Committee is recommended to:

- 2.1 Recommend the Treasury Management Strategy, Minimum Revenue Provision Policy and Prudential Indicators, as set out in Appendix 1, for approval by Full Council on 18th February 2021.
- 2.2 Note the prohibition of borrowing from the Public Works Loan Board to support the purchase of "debt for yield" investments, as detailed in paragraphs 3.27 to 3.29

3. Detail

Treasury Strategy

- 3.1 The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.
- 3.2 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 that the Council can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans, or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet Council risk or cost objectives.

Further information on the subject of this report can be obtained from Ian Burbidge on Direct Dial No. 07769 281641 or Email iburbidge@swindon.gov.uk

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3.3 The contribution the treasury management function makes to the authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.

3.4 Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, (arising usually from capital expenditure), and are separate from the day to day treasury management activities.

3.5 CIPFA defines treasury management 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.”

Reporting requirements

3.6 The Council is required to receive and approve, as a minimum, three treasury management reports and a capital strategy report each year.

Capital Strategy

3.7 **Capital Strategy (Part of the Capital Programme Report on this agenda)**

3.8 The CIPFA 2017 Prudential and Treasury Management Codes require all local authorities to prepare a capital strategy report which will provide the following:

3.8.1 A high-level long term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services

3.8.2 An overview of how the associated risk is managed

3.8.3 The implications for future financial sustainability

3.9 The aim of this capital strategy is to ensure that all elected members on the full council fully understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.

3.10 This capital strategy is reported separately from the Treasury Management Strategy Statement; non-treasury investments will be reported through the former. This ensures the separation of the core treasury function under security, liquidity and yield principles,

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and the policy and commercialism investments usually driven by expenditure on an asset. The capital strategy will show:

- 3.10.1 The corporate governance arrangements for these types of activities;
 - 3.10.2 Any service objectives relating to the investments;
 - 3.10.3 The expected income, costs and resulting contribution;
 - 3.10.4 The debt related to the activity and the associated interest costs;
 - 3.10.5 The payback period (MRP policy);
 - 3.10.6 For non-loan type investments, the cost against the current market value;
 - 3.10.7 The risks associated with each activity.
- 3.11 Where a physical asset is being bought, details of market research, advisers used, (and their monitoring), ongoing costs and investment requirements and any credit information will be disclosed, including the ability to sell the asset and realise the investment cash.
- 3.12 Where the Council has borrowed to fund any non-treasury investment, there should also be an explanation of why borrowing was required and why the MHCLG Investment Guidance and CIPFA Prudential Code have not been adhered to.
- 3.13 If any non-treasury investment sustains a loss during the final accounts and audit process, the strategy and revenue implications will be reported through the same procedure as the capital strategy.
- 3.14 To demonstrate the proportionality between the treasury operations and the non-treasury operation, high-level comparators are shown throughout this report.

Treasury Management reporting

- 3.15 The Council is currently required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of policies, estimates and actuals.
- 3.16 **Treasury Strategy Statement** (this report) - The first, and most important report is forward looking and covers:
- 3.16.1 The capital plans, (including prudential indicators);
 - 3.16.2 A minimum revenue provision (MRP) policy, (how residual capital expenditure is charged to revenue over time);
 - 3.16.3 The treasury management strategy, (how the investments and borrowings are to be organised), including treasury indicators; and
 - 3.16.4 An investment strategy, (the parameters on how investments are to be managed).

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- 3.17 **A mid-year treasury management report** – This is primarily a progress report and will update members on the capital position, amending prudential indicators as necessary, and whether any policies require revision.
- 3.18 **An annual treasury report** – This is a backward looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Scrutiny

- 3.19 The above reports are required to be adequately scrutinised before being recommended to the Council. This role is undertaken by the Audit Committee.

Treasury Management Strategy for 2021/22

- 3.20 The strategy for 2021/22 covers two main areas:

3.21 **Capital issues**

- 3.21.1 The capital expenditure plans and the associated prudential indicators;
- 3.21.2 The minimum revenue provision (MRP) policy.

3.22 **Treasury management issues**

- 3.22.1 The current treasury position;
- 3.22.2 Treasury indicators which limit the treasury risk and activities of the Council;
- 3.22.3 Prospects for interest rates;
- 3.22.4 The borrowing strategy;
- 3.22.5 Policy on borrowing in advance of need;
- 3.22.6 Debt rescheduling;
- 3.22.7 The investment strategy;
- 3.22.8 Creditworthiness policy; and
- 3.22.9 The policy on use of external service providers.

- 3.23 These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, MHCLG MRP Guidance, the CIPFA Treasury Management Code and MHCLG Investment Guidance.

Training

- 3.24 The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. Members training sessions will be arranged as required.

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- 3.25 The training needs of treasury management officers are kept under review, and officers attend training events and seminars held by CIPFA and the Council's treasury advisers.
- 3.26 The scope of investments within the Council's operations now includes both conventional treasury investments, (the placing of residual cash from the Council's functions), and more commercial type investments, such as investment properties. The commercial type investments require specialist advisers, and the Council seeks independent expert advice in relation to this activity.

Borrowing for Commercial Investments

- 3.27 In February 2020 Parliament reformed the statutory basis of the PWLB, transferring its lending powers to HM Treasury. In March 2020 the government consulted on revising the PWLB's lending terms to reflect these new governance arrangements, and to end the situation in which a minority of local authorities used PWLB loans to support the acquisition of investment assets primarily for yield. The government published its response to this consultation and implemented these reforms in November 2020.
- 3.28 On 25/11/20 the Government ended access to the PWLB for Local Authorities that wish to buy commercial assets primarily for yield. Part of the assurance process introduced is for Local Authorities to submit their spending plans for the next 3 years, including their expected use of PWLB and the S151 officer must certify that the authority is not borrowing in advance of need and does not intend to buy investment assets primarily for yield. (as assessed against guidance)
- 3.29 Authorities that wish to buy commercial assets primarily for yield remain free to do so but are unable to take out new loans from the PWLB for any purpose in that financial year, either for new investments or for re-financing existing debt.

4. Alternative Options

- 4.1 Any alternative options for specific areas are set out within the report.

5. Implications, Diversity Impact Assessment and Risk Management

Financial and Procurement Implications

- 5.1 These proposals ensure that a robust financial framework is in place to provide governance for the treasury function, thereby seeking to safeguard the Council from extremes within the financial markets.

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Legal and Human Rights Implications

- 5.2 All legal and human rights considerations have been taken fully into account in compiling this report. It is considered that the recommendations of this report are compatible with Convention rights.

Climate Change Impact

- 5.3 The proposals would not bring a change in service delivery and Officers believe that there is no expected effect on the Council's carbon footprint.

All Other Implications (including Staff, Sustainability, Health, Rural, Crime and Disorder)

- 5.4 There are no such direct implications.

Diversity Impact Assessment

- 5.5 A Diversity Impact Assessment (DIA) is not relevant to this report as this is a regulatory report, which covers the Council's treasury management processes and doesn't directly affect any services.

Risk Management

- 5.6 None other than those highlighted in the body of the report.

6. Consultees

- 6.1 The Corporate Director of Finance and Assets (s151 officer) and Chief Legal Officer (Monitoring Officer) are consulted in respect of all reports.

7. Background Papers

- 7.1 None

8. Appendices

- 8.1 Appendix 1 - Treasury Management Strategy 2021/22

8.1.1 Annex 1 - The Capital Prudential Indicators

8.1.2 Annex 2 - Credit and Counterparty Risk Management, Specified and Non-Specified Investments

9. Key Decision/Decision in Cabinet Work Programme and Forward Plan

- 9.1 This is not a key decision and is included in the Cabinet Work Programme / Forward Plan for February 2021.

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Annex 2 – Credit and Counterparty Risk Management, Specified and Non- Specified Investments

1 Treasury Management Practices – Treasury Investments

- 1.1 The MHCLG issued Investment Guidance in 2018, and this forms the structure of the Council's policy.
- 1.2 The key intention of the Guidance is to maintain the current requirement for councils to invest prudently, and that priority is given to security and liquidity before yield. In order to facilitate this objective the guidance requires this Council to have regard to the CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. This Council adopted the Code on the 1st April 2008 and will apply its principles to all investment activity. In accordance with the Code, the Corporate Director of Finance and Assets has produced its Treasury Management Practices (TMPs). This part, (TMP1), covering investment counterparty policy requires approval each year.
- 1.3 **Annual investment strategy** - The key requirements of both the Code and the investment guidance are to set an annual investment strategy, as part of its annual treasury strategy for the following year, covering the identification and approval of following:
 - The strategy guidelines for choosing and placing investments, particularly non-specified investments.
 - The principles to be used to determine the maximum periods for which funds can be committed.
 - Specified investments that the Council will use. These are high security (i.e. high credit rating, although this is defined by the Council, and no guidelines are given), and high liquidity investments in sterling and with a maturity of no more than a year.
 - Non-specified investments, clarifying the greater risk implications, identifying the general types of investment that may be used and a limit to the overall amount of various categories that can be held at any time.

2 Treasury Management Practices – Non-Treasury Investments

- 2.1 The Council's Capital Strategy contains the criteria that will be adhered to when Non-Treasury investments are being considered, they are replicated here to enable all of the indicators to be consolidated in one place. (Annex 3 to the Capital Strategy)

Risk management

- 2.2 All business case proposals will clearly identify risk to ensure these are acceptable to the Council with a clear focus on the impact of the downside risk on the overall sustainability of the authority.

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- 2.3 Managing the Council's risks is an area of significant focus for senior management and members, and risk management is at the heart of all investment as well as operational decisions.
- 2.4 The Council aims to minimise its exposure to unwanted risks – those risks that are not actively sought and which carry no commensurate reward for the Council – through a range of mitigation strategies to the extent that it is cost-effective to do so. Specifically, the Council has no appetite for reputational risk, governance risk and currency risk.
- 2.5 The following local indicators will be used to assess the Councils total risk exposure as a result of its commercial investment decisions and will form part of the treasury management out-turn report
- Total Investment in commercial undertakings by Property/Other
 - Total Investment funded through borrowing
 - Average investment return before financing costs
 - Total investment income as a proportion of the Councils Net General Fund budget
 - Investment borrowing as a proportion of total external debt as measured by the Capital Financing Reserve (excl. lease liabilities and HRA)
 - Fair value of property investments as a proportion of all Council property assets
- 2.6 In considering risk, it is vital that not only the risks of individual investments are considered but also the cumulative impact of all the investments made by the authority and the interaction of individual risks. The Commercial Investment Strategy Board will therefore review the overall portfolio in light of current market and other risks.
- 2.7 The limits on loans by type are as follows:
- Wholly owned companies and joint ventures - £51m
 - Local Enterprises and charities - £1m

Performance, measurement and management

- 2.8 The Commercial Investment Strategy Board will receive regular reports setting out the performance and current risk in relation to the overall investment portfolio.
- 2.9 Regular monitoring of the portfolio will identify any changes in Security, Liquidity and Yield and will also identify any lifecycle costs required to maintain the income potential of any property based assets. Values will also be regularly assessed to identify any significant changes in the value of the investments and market conditions that might impact upon this.
- 2.10 Any material change in the investment risk or threat to ongoing yield will be reported immediately to the next Board meeting (or immediately to the Chair if urgent action is required) so that mitigating action can be established. In considering risk, it is vital that not only the risks of individual investments are considered but also the cumulative impact of all the investments made by the authority and the interaction

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of individual risks. The Commercial Investment Strategy Board will therefore review the overall portfolio in light of current market and other risks.

Decision making, governance and organisation

- 2.11 All Commercial Investment proposals must be taken through the Commercial Investment Strategy Board ("CISB") in the form of a business case which sets out the financial implications and the risks.
- 2.12 The Board is chaired by the Cabinet Member for Finance, Education and Skills and is attended by the Chief Executive and Corporate Director of Finance and Assets. It meets monthly to review all proposals. If successful they either proceed to Cabinet for approval if the investment required is greater than £10m, or through a Cabinet Member Decision Note process if less than £10m. In addition, there is a CMAG (Cabinet Member Advisory Group) for additional scrutiny and comment.
- 2.13 The CISB will also obtain external expert advice if required, including additional legal advice if required, and has procured expert commercial property advice for this purpose as it continues to look for commercial property investments to support the budget.
- 2.14 The CISB has also approved a Property Acquisition and Disposal Strategy which sets out a number of criteria by which property investment proposals will be assessed. These are covered in the Capital Strategy, (this forms part of the Capital Report elsewhere on this agenda).
- 2.15 Proposals other than those assessed against the criteria in the Property Investment and Disposal Strategy will be assessed against the following criteria:
- Is the overall profit acceptable to the risk?
 - Are the timescales for returns realistic and acceptable?
 - Are the risks acceptable and/or controllable?
 - Is the investment required proportional to the level of resources available to the Authority?
 - Is external expertise required to fully understand the business case proposal and risks?
- 2.16 The purpose of the criteria set out above is to set a framework by which to assess commercial proposals and ensure consistency is applied when making decisions.

Training and qualifications

- 2.17 Hartnell Taylor Cook, a firm of specialist commercial property consultants, have been procured to offer external expert advice on proposed purchases as well as an overview of the overall Council portfolio to ensure the portfolio is balanced, and risks are actively identified and managed.
- 2.18 The Council has also engaged specialist accounting and financial advisors to support this process.

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- 2.19 The training needs of property management officers are kept under review, and officers attend training events and seminars held by CIPFA and other Training Organisations relevant to their professional qualifications.

3 Specified/Non-Specified Investments

- 3.1 The main strategy guidelines are contained in the body of the Treasury Strategy statement. The paragraphs below detail the Council's use of Specified and Non-Specified Investments
- 3.2 **Specified Investments** – These investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the Council has the right to be repaid within 12 months if it wishes. These are considered low risk assets where the possibility of loss of principal or investment income is small. These would include sterling investments which would not be defined as capital expenditure with:
- The UK Government (such as the Debt Management Account deposit facility (DMADF), UK Treasury Bills or Gilt with less than one year to maturity).
 - Supranational bonds of less than one year's duration.
 - A local authority, parish council or community council.
 - Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating by a credit rating agency. This covers pooled investment vehicles, such as money market funds, rated AAA by Standard and Poor's, Moody's or Fitch rating agencies.
 - A body that is considered of a high credit quality (such as a bank or building society) in accordance with the Councils creditworthiness Policy.
- 3.3 Within these bodies, and in accordance with the Code, the Council has set additional criteria to set the time and amount of monies which will be invested in these bodies. The Council has historically maintained a position of minimising investment balances and using these to reduce the requirement for borrowing. The investments made by the Council will therefore be timed to coincide with predicted day to day treasury requirements and thus are primarily of a short term nature.
- 3.4 **Non-Specified Investments** – Non-specified investments are any other type of investment (i.e. not defined as Specified above). The Council holds 5 types of non-specified investments:
- Cash deposits > 1 year (Category (e) below)
 - Share Capital (Category (f) below)
 - Loan Capital (Category (g) below)
 - The Local Authority Property Fund (Category (i) below).
 - Loan to local Charity (Category (j) below).

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Other Non-specified investments that the Council could make would include any investments with:

	Non Specified Investment Category
a	<p>Supranational Bonds greater than 1 year to maturity</p> <p>Multilateral development bank bonds - These are bonds defined as an international financial institution having as one of its objects economic development, either generally or in any region of the world (e.g. European Reconstruction and Development Bank etc.).</p> <p>A financial institution that is guaranteed by the United Kingdom Government (e.g. National Rail)</p> <p>The security of interest and principal on maturity is on a par with the Government and so very secure. These bonds usually provide returns above equivalent gilt edged securities. However the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.</p>
b	<p>Gilt edged securities with a maturity of greater than one year. These are Government bonds and so provide the highest security of interest and the repayment of principal on maturity. Similar to category (a) above, the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.</p>
c	<p>The Council's own banker if it fails to meet the basic credit criteria. In this instance any balances will be maintained on an instant access basis</p>
d	<p>Building societies not meeting the basic security requirements under the specified investments. The operation of some building societies does not require a credit rating, although in every other respect the security of the society would match similarly sized societies with ratings. The Council may use such building societies but will take specific advice before doing so.</p>
e	<p>Any bank or building society that complies with the Council's creditworthiness policy for deposits with a maturity of greater than one year (including forward deals in excess of one year from inception to repayment).</p>
f	<p>Share capital in a body corporate – The use of these instruments will be deemed to be capital expenditure, and as such will be an application (spending) of capital resources. Revenue resources will not be invested in corporate bodies. See note 1 below.</p>
g	<p>Loan capital in a body corporate. See note 1 below.</p>
h	<p>Bond funds. See note 1 below.</p>
i	<p>Property funds – The use of these instruments can be deemed to be capital expenditure, and as such will be an application (spending) of capital resources. This Authority will seek guidance on the status of any fund it may consider</p>

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	using.
j	Loan capital to local charity – The Council will provide loans to local charities that meets the Council's priorities and can demonstrate that they are sustainable in the medium term and able to meet their repayments as they fall due. Such loans will be for no more than 3 years, and will be closely monitored to ensure any risk of default is minimised.

Note 1: This Authority will seek further advice on the appropriateness and associated risks with investments in these categories.

The monitoring of investment counterparties - The credit rating of counterparties will be monitored regularly. The Council receives credit rating information (changes, rating watches and rating outlooks) from Link Asset Services as and when ratings change, and counterparties are checked promptly. On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately and if required new counterparties which meet the criteria will be added to the list.

4 TREASURY MANAGEMENT SCHEME OF DELEGATION

4.1 Full Council

- Receiving and reviewing reports on treasury management policies, practices and activities;
- Approval of annual strategy.

4.2 Cabinet

- Approval of / amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices;
- Budget consideration and approval;
- Approval of the division of responsibilities;
- Receiving and reviewing regular monitoring reports and acting on recommendations;
- Approving the selection of external service providers and agreeing terms of appointment.

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4.3 Audit Committee

- Reviewing the treasury management policy and procedures and making recommendations to the responsible body.

5 THE TREASURY MANAGEMENT ROLE OF THE SECTION 151 OFFICER

The S151 (responsible) officer

- Recommending treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- Submitting regular treasury management policy reports;
- Submitting budgets and budget variations;
- Receiving and reviewing management information reports;
- Reviewing the performance of the treasury management function;
- Ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- Ensuring the adequacy of internal audit, and liaising with external audit;
- Recommending the appointment of external service providers.
- Preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long term timeframe.
- Ensuring that the capital strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money
- Ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority
- Ensure that the authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing
- Ensuring the proportionality of all investments so that the authority does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources
- Ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long term liabilities
- Provision to members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees
- Ensuring that members are adequately informed and understand the risk exposures taken on by an authority
- Ensuring that the authority has adequate expertise, either in house or externally provided, to carry out the above
- Creation of Treasury Management Practices which specifically deal with how non treasury investments will be carried out and managed, to include the following: -
 - Risk management, including investment and risk management criteria for any material non-treasury investment portfolios;

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- Performance measurement and management, including methodology and criteria for assessing the performance and success of non-treasury investments;
- Decision making, governance and organisation, including a statement of the governance requirements for decision making in relation to non-treasury investments; and arrangements to ensure that appropriate professional due diligence is carried out to support decision making;
- Reporting and management information, including where and how often monitoring reports are taken;
- Training and qualifications, including how the relevant knowledge and skills in relation to non-treasury investments will be arranged.

Annex 1 – The Capital Prudential Indicators 2021/22 – 2025/26

- 1 The Council's capital expenditure plans are a key driver of treasury management activity. The outputs from capital expenditure plans are reflected in prudential indicators, which are designed to assist the Members overview and confirm capital expenditure plans.

2 Capital expenditure

This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle.

Table 1 – Capital Expenditure Projections

Capital Expenditure Projections	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	Total £m
General Fund Approved	75.6	142.5	60.0	20.5	9.0	1.1	308.7
General Fund New	0.0	4.6	0.6	0.0	0.0	0.0	5.2
HRA Approved	18.3	24.5	13.5	0.0	0.0	0.0	38.3
HRA Estimated New		24.0	18.6	19.6	21.6	21.6	105.4
Total	93.9	195.6	92.7	40.1	30.6	22.7	475.6

- 2.1 Other long-term liabilities - The above financing need excludes other long-term liabilities, such as PFI and leasing arrangements that already include borrowing instruments.
- 2.2 The figures in this indicator (General Fund approved £308.7m, HRA approved £38.0m, Total £346.7m) represent the level of current scheme approvals as reported to Cabinet in December 2020 as part of the quarterly capital monitoring process (Including new schemes agreed at that meeting). Figures in the "general fund new (£5.3m)" row represent proposed approvals for Council in February 2021. These represent total approvals, irrespective of funding source. Figures in the "HRA estimated new (£105.4m)" represent the annual capital expenditure in the HRA maintenance and new build programme.
- 2.3 The table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need.

Table 2 – Capital Expenditure Funding

Capital Expenditure Funding	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	Total £m
Capital receipts	0.9	2.9	2.7	2.5	2.5	2.5	14.0
Capital grants	49.0	89.0	15.0	5.3	5.3	0.0	163.6
S106	9.9	13.2	1.1	0.1	0.0	0.0	24.3
HRA	18.1	44.2	29.8	17.2	19.2	19.2	147.7
Revenue	0.9	2.2	0.0	0.0	0.0	0.0	3.1
Increase in borrowing requirement	15.1	44.1	44.1	15.0	3.6	1.0	122.9
Total spend	93.9	195.6	92.7	40.1	30.6	22.7	475.6

3 The Council's borrowing need (the Capital Financing Requirement)

- 3.1 The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's indebtedness and so it's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for through a revenue or capital resource, will increase the CFR.
- 3.2 The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each assets life, and so charges the economic consumption of capital assets as they are used.
- 3.3 The CFR includes any other long-term liabilities (e.g. PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility by the PFI lease provider and so the Council is not required to separately borrow for these schemes. The Council currently has £47.6m (as at 1 April 2020) of such schemes within the CFR.
- 3.4 The Council is asked to approve the CFR projections below. Note the figures are estimates, not commitments.

Table 3 – Capital Financing Requirement – General Fund

CAPITAL FINANCING REQUIREMENT						
General Fund Projections	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)
CFR excl. PFI b/fwd. 1 April	342.5	357.8	400.8	440.3	450.0	447.4
PFI liabilities	47.6	45.5	43.1	40.5	37.6	34.3
CFR incl. PFI	390.1	403.4	443.9	480.9	487.6	481.7
Add Capital Expenditure funded through borrowing	15.0	44.1	44.1	15.1	3.7	1.0
Add Other Treasury adjustments	2.6	2.8	2.6	2.9	3.3	3.7
Less MRP (debt repayment)	(2.3)	(3.9)	(7.2)	(8.4)	(9.6)	(9.7)
Underlying Borrowing Requirement	357.8	400.8	440.3	450.0	447.4	442.3
PFI Liabilities	45.5	43.1	40.5	37.6	34.3	30.7
CFR c/fwd. 31 March	403.4	443.9	480.9	487.6	481.7	473.0
External Borrowing b/fwd. 1 April	(246.8)	(261.9)	(306.0)	(350.0)	(365.1)	(368.8)
Loan Maturities	11.9	21.9	14.0	24.3	15.7	12.5
HRA Debt repayment transfer to GF	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)
New Loans	(21.9)	(61.0)	(53.0)	(34.3)	(14.4)	(8.6)
External Borrowing c/fwd. 31 March	(261.9)	(306.0)	(350.0)	(365.1)	(368.8)	(369.9)
Under / (Over) Borrowing	96.0	94.8	90.3	84.9	78.5	72.5
<i>Under borrowing as a % of Underlying Borrowing Requirement (excludes PFI)</i>	27%	24%	21%	19%	18%	16%

Table 4 – Capital Financing Requirement – HRA

CAPITAL FINANCING REQUIREMENT						
HRA Fund Projections	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)
CFR excl. PFI b/fwd. 1 April	104.0	99.0	94.0	89.0	84.0	79.0
Less MRP (debt repayment)	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)
Underlying Borrowing Requirement	99.0	94.0	89.0	84.0	79.0	74.0
CFR c/fwd. 31 March	99.0	94.0	89.0	84.0	79.0	74.0
External Borrowing b/fwd. 1 April	(104.0)	(99.0)	(94.0)	(92.0)	(87.0)	(82.0)
HRA Debt repayment transfer to GF	5.0	5.0	5.0	5.0	5.0	5.0
External Borrowing c/fwd. 31 March	(99.0)	(94.0)	(89.0)	(84.0)	(79.0)	(74.0)
Under / (Over) Borrowing	-	-	-	-	-	-

- 3.5 A key aspect of the regulatory and professional guidance is that elected members are aware of the size and scope of any commercial activity in relation to the authority's overall financial position. The capital expenditure figures shown in 2.1 and the details above demonstrate the scope of this activity and, by approving these figures, consider the scale proportionate to the Authority's remaining activity.

Core funds and expected investment balances

- 3.6 The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.).

4 Affordability Indicators

- 4.1 Prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans and subsequent finance costs on the Council's overall finances.

Ratio of financing costs to net revenue stream

- 4.2 The table below shows the estimated financing costs (interest and debt repayment) as a proportion of the General Fund and HRA budgets.

Table 5 – Ratio of Financing costs to Revenue Stream

Estimate of the ratio of financing costs to net revenue stream						
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
General Fund	2.0%	3.4%	6.0%	7.1%	8.1%	8.0%
HRA	38.7%	37.6%	36.4%	35.0%	33.1%	32.8%

4.3 The table below shows the HRA CFR & includes the anticipated HRA investment balances which are expected to reduce over the next 4 years as the HRA uses its capital reserves to purchase property & new build schemes.

Table 6 – HRA Portfolio

HRA Portfolio	2020/21 (£m)	2021/22 (£m)	2022/23 (£m)	2023/24 (£m)	2024/25 (£m)	2025/26 (£m)
HRA CFR 31st March	99.0	94.0	92.0	87.0	82.0	77.0
HRA Average investment balance	25.0	13.0	7.0	4.0	4.0	4.0
Number of HRA dwellings	9,858	9,798	9,738	9,678	9,618	9,558
Debt per dwelling	£10,044	£9,595	£9,449	£8,991	£8,527	£8,058

Treasury Indicators: limits to borrowing activity

4.4 **The Operational Boundary.** This is the limit beyond which external borrowing is not normally expected to exceed. This limit reflects the Councils current estimated debt position, with the assumption that internal borrowing (using existing working capital cash balances temporarily to fund capital expenditure in advance of undertaking new external borrowing) will be reduced as new external borrowing is undertaken. Other long term liabilities represent PFI and finance leases.

Table 7 – Operational Boundary

Operational Boundary	2020/21 (£m)	2021/22 (£m)	2022/23 (£m)	2023/24 (£m)	2024/25 (£m)	2025/26 (£m)
CFR (borrowing requirement)	456.9	494.8	529.4	534.0	526.4	516.3
PFI liabilities	45.5	43.1	40.5	37.6	34.3	30.7
Uplift	20.0	20.0	20.0	20.0	20.0	20.0
Total	522.4	558.0	589.9	591.6	580.7	567.0

4.5 **The Authorised Limit for external borrowing.** A further key prudential indicator, this represents a control on the maximum level of borrowing. This represents a legal limit beyond which external borrowing is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

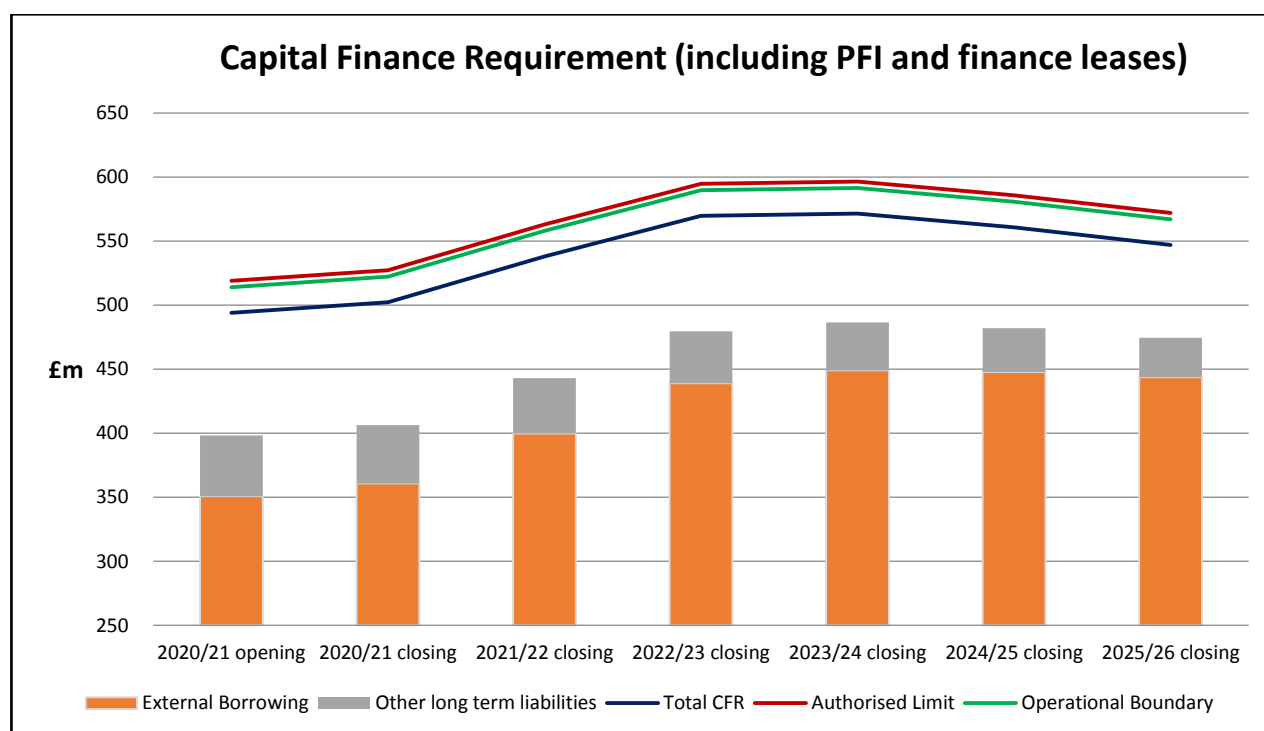
- This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.
- The Council is asked to approve the following authorised limit:

Table 8 – Authorised Limit

Authorised Limit	2020/21 (£m)	2021/22 (£m)	2022/23 (£m)	2023/24 (£m)	2024/25 (£m)	2025/26 (£m)
Operational Limit	522.4	558.0	589.9	591.6	580.7	567.0
Uplift	5.0	5.0	5.0	5.0	5.0	5.0
Total	527.4	563.0	594.9	596.6	585.7	572.0

4.6 The above information is summarised in the graph below, showing existing debt, the CFR, the Operational Limit and the Authorised Limit

Table 9 – Capital Finance Requirement (Graph)



5 Activity Limit Indicators

5.1 There are three debt related treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs / improve performance. The indicators are:

- **Upper limits on variable interest rate exposure.**

This identifies a maximum limit for variable interest rate loans, net of investments

- **Upper limits on fixed interest rate exposure.**
This identifies a maximum limit on fixed interest rates loans, net of investments.

- **Maturity structure of borrowing**
These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing in a single period;

Table 10 – Activity Limit Indicators

Interest rate Exposures		
	Upper	
Limits on fixed interest rates based on net debt	100%	
Limits on variable interest rates based on net debt	30%	
Maturity Structure of fixed & variable interest rate borrowing 2020/21		
	Lower	Upper
Under 12 months	0%	20%
12 months to 2 years	0%	20%
2 years to 5 years	0%	35%
5 years to 10 years	0%	35%
10 years and above	0%	80%
In any 10 year period above 10 years	0%	40%

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Annex 2 – Credit and Counterparty Risk Management, Specified and Non- Specified Investments

1 Treasury Management Practices – Treasury Investments

- 1.1 The MHCLG issued Investment Guidance in 2018, and this forms the structure of the Council's policy.
- 1.2 The key intention of the Guidance is to maintain the current requirement for councils to invest prudently, and that priority is given to security and liquidity before yield. In order to facilitate this objective the guidance requires this Council to have regard to the CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. This Council adopted the Code on the 1st April 2008 and will apply its principles to all investment activity. In accordance with the Code, the Corporate Director of Finance and Assets has produced its Treasury Management Practices (TMPs). This part, (TMP1), covering investment counterparty policy requires approval each year.
- 1.3 **Annual investment strategy** - The key requirements of both the Code and the investment guidance are to set an annual investment strategy, as part of its annual treasury strategy for the following year, covering the identification and approval of following:
 - The strategy guidelines for choosing and placing investments, particularly non-specified investments.
 - The principles to be used to determine the maximum periods for which funds can be committed.
 - Specified investments that the Council will use. These are high security (i.e. high credit rating, although this is defined by the Council, and no guidelines are given), and high liquidity investments in sterling and with a maturity of no more than a year.
 - Non-specified investments, clarifying the greater risk implications, identifying the general types of investment that may be used and a limit to the overall amount of various categories that can be held at any time.

2 Treasury Management Practices – Non-Treasury Investments

- 2.1 The Council's Capital Strategy contains the criteria that will be adhered to when Non-Treasury investments are being considered, they are replicated here to enable all of the indicators to be consolidated in one place. (Annex 3 to the Capital Strategy)

Risk management

- 2.2 All business case proposals will clearly identify risk to ensure these are acceptable to the Council with a clear focus on the impact of the downside risk on the overall sustainability of the authority.

Further information on the subject of this report can be obtained from
Ian Burbidge on Direct Dial No. 07769 281641 or Email iburbidge@swindon.gov.uk

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- 2.3 Managing the Council's risks is an area of significant focus for senior management and members, and risk management is at the heart of all investment as well as operational decisions.
- 2.4 The Council aims to minimise its exposure to unwanted risks – those risks that are not actively sought and which carry no commensurate reward for the Council – through a range of mitigation strategies to the extent that it is cost-effective to do so. Specifically, the Council has no appetite for reputational risk, governance risk and currency risk.
- 2.5 The following local indicators will be used to assess the Councils total risk exposure as a result of its commercial investment decisions and will form part of the treasury management out-turn report
- Total Investment in commercial undertakings by Property/Other
 - Total Investment funded through borrowing
 - Average investment return before financing costs
 - Total investment income as a proportion of the Councils Net General Fund budget
 - Investment borrowing as a proportion of total external debt as measured by the Capital Financing Reserve (excl. lease liabilities and HRA)
 - Fair value of property investments as a proportion of all Council property assets
- 2.6 In considering risk, it is vital that not only the risks of individual investments are considered but also the cumulative impact of all the investments made by the authority and the interaction of individual risks. The Commercial Investment Strategy Board will therefore review the overall portfolio in light of current market and other risks.
- 2.7 The limits on loans by type are as follows:
- Wholly owned companies and joint ventures - £51m
 - Local Enterprises and charities - £1m

Performance, measurement and management

- 2.8 The Commercial Investment Strategy Board will receive regular reports setting out the performance and current risk in relation to the overall investment portfolio.
- 2.9 Regular monitoring of the portfolio will identify any changes in Security, Liquidity and Yield and will also identify any lifecycle costs required to maintain the income potential of any property based assets. Values will also be regularly assessed to identify any significant changes in the value of the investments and market conditions that might impact upon this.
- 2.10 Any material change in the investment risk or threat to ongoing yield will be reported immediately to the next Board meeting (or immediately to the Chair if urgent action is required) so that mitigating action can be established. In considering risk, it is vital that not only the risks of individual investments are considered but also the cumulative impact of all the investments made by the authority and the interaction

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of individual risks. The Commercial Investment Strategy Board will therefore review the overall portfolio in light of current market and other risks.

Decision making, governance and organisation

- 2.11 All Commercial Investment proposals must be taken through the Commercial Investment Strategy Board ("CISB") in the form of a business case which sets out the financial implications and the risks.
- 2.12 The Board is chaired by the Cabinet Member for Finance, Education and Skills and is attended by the Chief Executive and Corporate Director of Finance and Assets. It meets monthly to review all proposals. If successful they either proceed to Cabinet for approval if the investment required is greater than £10m, or through a Cabinet Member Decision Note process if less than £10m. In addition, there is a CMAG (Cabinet Member Advisory Group) for additional scrutiny and comment.
- 2.13 The CISB will also obtain external expert advice if required, including additional legal advice if required, and has procured expert commercial property advice for this purpose as it continues to look for commercial property investments to support the budget.
- 2.14 The CISB has also approved a Property Acquisition and Disposal Strategy which sets out a number of criteria by which property investment proposals will be assessed. These are covered in the Capital Strategy, (this forms part of the Capital Report elsewhere on this agenda).
- 2.15 Proposals other than those assessed against the criteria in the Property Investment and Disposal Strategy will be assessed against the following criteria:
- Is the overall profit acceptable to the risk?
 - Are the timescales for returns realistic and acceptable?
 - Are the risks acceptable and/or controllable?
 - Is the investment required proportional to the level of resources available to the Authority?
 - Is external expertise required to fully understand the business case proposal and risks?
- 2.16 The purpose of the criteria set out above is to set a framework by which to assess commercial proposals and ensure consistency is applied when making decisions.

Training and qualifications

- 2.17 Hartnell Taylor Cook, a firm of specialist commercial property consultants, have been procured to offer external expert advice on proposed purchases as well as an overview of the overall Council portfolio to ensure the portfolio is balanced, and risks are actively identified and managed.
- 2.18 The Council has also engaged specialist accounting and financial advisors to support this process.

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- 2.19 The training needs of property management officers are kept under review, and officers attend training events and seminars held by CIPFA and other Training Organisations relevant to their professional qualifications.

3 Specified/Non-Specified Investments

- 3.1 The main strategy guidelines are contained in the body of the Treasury Strategy statement. The paragraphs below detail the Council's use of Specified and Non-Specified Investments
- 3.2 **Specified Investments** – These investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the Council has the right to be repaid within 12 months if it wishes. These are considered low risk assets where the possibility of loss of principal or investment income is small. These would include sterling investments which would not be defined as capital expenditure with:
- The UK Government (such as the Debt Management Account deposit facility (DMADF), UK Treasury Bills or Gilt with less than one year to maturity).
 - Supranational bonds of less than one year's duration.
 - A local authority, parish council or community council.
 - Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating by a credit rating agency. This covers pooled investment vehicles, such as money market funds, rated AAA by Standard and Poor's, Moody's or Fitch rating agencies.
 - A body that is considered of a high credit quality (such as a bank or building society) in accordance with the Councils creditworthiness Policy.
- 3.3 Within these bodies, and in accordance with the Code, the Council has set additional criteria to set the time and amount of monies which will be invested in these bodies. The Council has historically maintained a position of minimising investment balances and using these to reduce the requirement for borrowing. The investments made by the Council will therefore be timed to coincide with predicted day to day treasury requirements and thus are primarily of a short term nature.
- 3.4 **Non-Specified Investments** – Non-specified investments are any other type of investment (i.e. not defined as Specified above). The Council holds 5 types of non-specified investments:
- Cash deposits > 1 year (Category (e) below)
 - Share Capital (Category (f) below)
 - Loan Capital (Category (g) below)
 - The Local Authority Property Fund (Category (i) below).
 - Loan to local Charity (Category (j) below).

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Other Non-specified investments that the Council could make would include any investments with:

	Non Specified Investment Category
a	<p>Supranational Bonds greater than 1 year to maturity</p> <p>Multilateral development bank bonds - These are bonds defined as an international financial institution having as one of its objects economic development, either generally or in any region of the world (e.g. European Reconstruction and Development Bank etc.).</p> <p>A financial institution that is guaranteed by the United Kingdom Government (e.g. National Rail)</p> <p>The security of interest and principal on maturity is on a par with the Government and so very secure. These bonds usually provide returns above equivalent gilt edged securities. However the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.</p>
b	<p>Gilt edged securities with a maturity of greater than one year. These are Government bonds and so provide the highest security of interest and the repayment of principal on maturity. Similar to category (a) above, the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.</p>
c	<p>The Council's own banker if it fails to meet the basic credit criteria. In this instance any balances will be maintained on an instant access basis</p>
d	<p>Building societies not meeting the basic security requirements under the specified investments. The operation of some building societies does not require a credit rating, although in every other respect the security of the society would match similarly sized societies with ratings. The Council may use such building societies but will take specific advice before doing so.</p>
e	<p>Any bank or building society that complies with the Council's creditworthiness policy for deposits with a maturity of greater than one year (including forward deals in excess of one year from inception to repayment).</p>
f	<p>Share capital in a body corporate – The use of these instruments will be deemed to be capital expenditure, and as such will be an application (spending) of capital resources. Revenue resources will not be invested in corporate bodies. See note 1 below.</p>
g	<p>Loan capital in a body corporate. See note 1 below.</p>
h	<p>Bond funds. See note 1 below.</p>
i	<p>Property funds – The use of these instruments can be deemed to be capital expenditure, and as such will be an application (spending) of capital resources. This Authority will seek guidance on the status of any fund it may consider</p>

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	using.
j	Loan capital to local charity – The Council will provide loans to local charities that meets the Council's priorities and can demonstrate that they are sustainable in the medium term and able to meet their repayments as they fall due. Such loans will be for no more than 3 years, and will be closely monitored to ensure any risk of default is minimised.

Note 1: This Authority will seek further advice on the appropriateness and associated risks with investments in these categories.

The monitoring of investment counterparties - The credit rating of counterparties will be monitored regularly. The Council receives credit rating information (changes, rating watches and rating outlooks) from Link Asset Services as and when ratings change, and counterparties are checked promptly. On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately and if required new counterparties which meet the criteria will be added to the list.

4 TREASURY MANAGEMENT SCHEME OF DELEGATION

4.1 Full Council

- Receiving and reviewing reports on treasury management policies, practices and activities;
- Approval of annual strategy.

4.2 Cabinet

- Approval of / amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices;
- Budget consideration and approval;
- Approval of the division of responsibilities;
- Receiving and reviewing regular monitoring reports and acting on recommendations;
- Approving the selection of external service providers and agreeing terms of appointment.

Further information on the subject of this report can be obtained from Ian Burbidge on Direct Dial No. 07769 281641 or Email iburbidge@swindon.gov.uk

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4.3 Audit Committee

- Reviewing the treasury management policy and procedures and making recommendations to the responsible body.

5 THE TREASURY MANAGEMENT ROLE OF THE SECTION 151 OFFICER

The S151 (responsible) officer

- Recommending treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- Submitting regular treasury management policy reports;
- Submitting budgets and budget variations;
- Receiving and reviewing management information reports;
- Reviewing the performance of the treasury management function;
- Ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- Ensuring the adequacy of internal audit, and liaising with external audit;
- Recommending the appointment of external service providers.
- Preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long term timeframe.
- Ensuring that the capital strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money
- Ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority
- Ensure that the authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing
- Ensuring the proportionality of all investments so that the authority does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources
- Ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long term liabilities
- Provision to members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees
- Ensuring that members are adequately informed and understand the risk exposures taken on by an authority
- Ensuring that the authority has adequate expertise, either in house or externally provided, to carry out the above
- Creation of Treasury Management Practices which specifically deal with how non treasury investments will be carried out and managed, to include the following: -
 - Risk management, including investment and risk management criteria for any material non-treasury investment portfolios;

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- Performance measurement and management, including methodology and criteria for assessing the performance and success of non-treasury investments;
- Decision making, governance and organisation, including a statement of the governance requirements for decision making in relation to non-treasury investments; and arrangements to ensure that appropriate professional due diligence is carried out to support decision making;
- Reporting and management information, including where and how often monitoring reports are taken;
- Training and qualifications, including how the relevant knowledge and skills in relation to non-treasury investments will be arranged.

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Executive Summary

Purpose

Our Annual Audit Letter (Letter) summarises the key findings arising from the work that we have carried out at Swindon Borough Council (the Council) and its subsidiaries, joint ventures and associates Public Power Solutions, Common Farm Community Interest Company, Swindon Chapel Farm Solar PLC, Swindon Housing Development Company Ltd and Wichelstowe LLP (the group) for the year ended 31 March 2020.

This Letter is intended to provide a commentary on the results of our work to the group and external stakeholders, and to highlight issues that we wish to draw to the attention of the public. In preparing this Letter, we have followed the National Audit Office (NAO)'s Code of Audit Practice and Auditor Guidance Note (AGN) 07 – 'Auditor Reporting'. We reported the detailed findings from our audit work to the Council's Audit Committee as those charged with governance in our Audit Findings Report on 27 October 2020.

Our work

Respective responsibilities

We have carried out our audit in accordance with the NAO's Code of Audit Practice, which reflects the requirements of the Local Audit and Accountability Act 2014 (the Act). Our key responsibilities are to:

- give an opinion on the Council and group's financial statements (section two)
- assess the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources (the value for money conclusion) (section three).

In our audit of the Council and group's financial statements, we comply with International Standards on Auditing (UK) (ISAs) and other guidance issued by the NAO.

Materiality	We determined materiality for the audit of the group's financial statements to be £7,400,000, which is 1.5% of the group's gross expenditure.
Financial Statements opinion	<p>We gave an unqualified opinion on the group's financial statements on 27 November 2020.</p> <p>We included an emphasis of matter paragraph in our report in respect of the uncertainty over valuations of the Council's land and buildings and the property assets of its pension fund given the Coronavirus pandemic. This does not affect our opinion that the statements give a true and fair view of the Council's financial position and its income and expenditure for the year.</p>
Whole of Government Accounts (WGA)	We completed work on the Council's consolidation return following guidance issued by the NAO. We have not been able to issue the certificate concluding the audit due to the national issue with OSCAR II and the Whole of Government Accounts. Whilst all our work has been completed the Authority is unable to process a required amendment on to the system and therefore we are unable to complete our assurance statement
Use of statutory powers	We did not identify any matters which required us to exercise our additional statutory powers.

Executive Summary

Value for Money arrangements	We were satisfied that the Council put in place proper arrangements to ensure economy, efficiency and effectiveness in its use of resources. We reflected this in our audit report to the Council on 27 November 2020.
Certificate	We are unable to certify that we have completed the audit of the financial statements of Swindon Borough Council due to the national issue with OSCAR II and the Whole of Government Accounts. Whilst all our work has been completed the Authority is unable to process a required amendment on to the system and therefore we are unable to complete our assurance statement

Working with the Council

We would like to take this opportunity to record our appreciation for the assistance and timely collaboration provided by the finance team and other staff during these unprecedented times

Audit of the Financial Statements

Our audit approach

Materiality

In our audit of the group's financial statements, we use the concept of materiality to determine the nature, timing and extent of our work, and in evaluating the results of our work. We define materiality as the size of the misstatement in the financial statements that would lead a reasonably knowledgeable person to change or influence their economic decisions.

We determined materiality for the audit of the group financial statements to be £7,400,000, which is 1.5% of the group's gross cost of services. We determined materiality for the audit of the Council's financial statements to be £7,350,000, which is 1.5% of the Council's gross cost of services. We used this benchmark as, in our view, users of the group and Council's financial statements are most interested in where the group and Council has spent its revenue in the year.

We also set a lower level of specific materiality for senior officer remuneration, of £20,000.

We set a lower threshold of £380,000, above which we reported errors to the Audit Committee in our Audit Findings Report.

The scope of our audit

Our audit involves obtaining sufficient evidence about the amounts and disclosures in the financial statements to give reasonable assurance that they are free from material misstatement, whether caused by fraud or error. This includes assessing whether:

- the accounting policies are appropriate, have been consistently applied and adequately disclosed;
- the significant accounting estimates made by management are reasonable; and
- the overall presentation of the financial statements gives a true and fair view.

We also read the remainder of the Statement of Accounts to check it is consistent with our understanding of the Council and with the financial statements included in the Statement of Accounts on which we gave our opinion.

We carry out our audit in accordance with ISAs (UK) and the NAO Code of Audit Practice. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

We identified key risks and set out overleaf the work we performed in response to these risks and the results of this work.

Audit of the Financial Statements

Significant Audit Risks

These are the significant risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusion
<p>Covid- 19</p> <p>The global outbreak of the Covid-19 virus pandemic has led to unprecedented uncertainty for all organisations, requiring urgent business continuity arrangements to be implemented. We expect current circumstances will have an impact on the production and audit of the financial statements for the year ended 31 March 2020, including and not limited to;</p> <p>Remote working arrangements and redeployment of staff to critical front line duties may impact on the quality and timing of the production of the financial statements, and the evidence we can obtain through physical observation</p> <ul style="list-style-type: none"> Volatility of financial and property markets will increase the uncertainty of assumptions applied by management to asset valuation and receivable recovery estimates, and the reliability of evidence we can obtain to corroborate management estimates Financial uncertainty will require management to reconsider financial forecasts supporting their going concern assessment and whether material uncertainties for a period of at least 12 months from the anticipated date of approval of the audited financial statements have arisen; and Disclosures within the financial statements will require significant revision to reflect the unprecedented situation and its impact on the preparation of the financial statements as at 31 March 2020 in accordance with IAS1, particularly in relation to material uncertainties. <p>We therefore identified the global outbreak of the Covid-19 virus as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>As part of our audit work we have:</p> <ul style="list-style-type: none"> worked with management to understand the implications the response to the Covid-19 pandemic had on the organisation's ability to prepare the financial statements and update financial forecasts and assessed the implications for our materiality calculations. No changes were made to materiality levels previously reported as a result of Covid-19. The draft financial statements were published on 31 May 2020 and an updated version submitted to us to audit on 10 June 2020; liaised with other audit suppliers, regulators and government departments to co-ordinate practical cross-sector responses to issues as and when they arose. Examples include the material uncertainty disclosed by the Council/groups' property valuation expert; evaluated the adequacy of the disclosures in the financial statements that arose in light of the Covid-19 pandemic; evaluated whether sufficient audit evidence could be obtained through remote technology; evaluated whether sufficient audit evidence could be obtained to corroborate significant management estimates such as assets and the pension fund liability valuations; evaluated management's assumptions that underpin the revised financial forecasts and the impact on management's going concern assessment; and discussed with management the implications for our audit report where we have been unable to obtain sufficient audit evidence. 	<p>There were no issues arising from our review.</p>

Audit of the Financial Statements

Significant Audit Risks

These are the significant risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusion
<p>Income from Fees, Charges and Other Service Income</p> <p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>For Swindon Borough Council, we have concluded that the greatest risk of material misstatement relates to 'Fees, Charges, and Other Service Income'. We have therefore identified the occurrence and accuracy of 'Fees, Charges, and Other Service Income' income as a significant risk, which was one of the most significant assessed risks of material misstatement, and a key audit matter.</p> <p>We have rebutted this presumed risk for the other revenue streams of the group and Authority because:</p> <ul style="list-style-type: none"> • Other income streams are primarily derived from grants or formula based income from central government and tax payers; and/or • opportunities to manipulate revenue recognition are very limited. 	<p>We:</p> <ul style="list-style-type: none"> • evaluated the group's accounting policy for recognition of income from Fees, Charges and Other Service Income for appropriateness; • gained an understanding of the Authority's system for accounting for income from Fees, Charges, and Other Service Income and evaluate the design of the associated controls; and • agreed, on a sample basis, amounts recognised as income from Fees, Charges, and Other Service Income in the financial statements to supporting documents. <p>For all other revenue streams, having considered the risk factors set out in ISA240, we determined that the risk of fraud arising from revenue recognition could be rebutted, because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate revenue recognition; • opportunities to manipulate revenue recognition are very limited; and • the culture and ethical frameworks of local authorities, including Swindon Borough Council, mean that all forms of fraud are seen as unacceptable. 	<p>No issues were identified from our audit work on fees, charges and other service income.</p>

Audit of the Financial Statements

Significant Audit Risks

These are the significant risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusion
<p>Management override of controls</p> <p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. The Authority faces external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We:</p> <ul style="list-style-type: none"> evaluated the design effectiveness of management controls over journals; analysed the journals listing and determine the criteria for selecting high risk unusual journals; tested unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration; gained an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence; and evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions. 	<p>Our audit work has not identified any issues in respect of management override of controls.</p>

Audit of the Financial Statements

Significant Audit Risks

These are the significant risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusion
<p>Valuation of investment property (Annual revaluation)</p> <p>The group revalues its investment property on an annual basis to ensure that the carrying value is not materially different from the fair value at the financial statements date. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (£9m at planning stage and £8.5m in financial statements) and the sensitivity of this estimate to changes in key assumptions.</p> <p>Management have engaged the services of a valuer to estimate the current value as at 31 March 2020.</p> <p>We therefore identified valuation of investment property, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement, and a key audit matter.</p>	<p>We:</p> <ul style="list-style-type: none"> evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to the valuation experts and the scope of their work; evaluated the competence, capabilities and objectivity of the valuation expert; wrote to the valuer to confirm the basis on which the valuations were carried out; challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding; engaged our own valuer to assess the instructions to the Authority's valuer, the Authority's valuer's report and the assumptions that underpin the valuation; tested, on a sample basis, revaluations made during the year to ensure they have been input correctly into the Authority's asset register; and evaluated the assumptions made by management for any assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value. 	<p>No issues were identified from our audit work on the valuation of investment property.</p> <p>The Covid-19 pandemic outbreak commenced within the last two weeks of the 2019-20 financial year and created a large uncertainty in a number of markets. This led to RICs issuing guidance to its members that a material valuation uncertainty should be included within the valuer's report and subsequently in the statement of accounts. The Valuer's report and draft account reflected this material valuation uncertainty as expected.</p>

Audit of the Financial Statements

Significant Audit Risks

These are the significant risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusion
<p>Valuation of land and buildings (Rolling revaluation)</p> <p>The group revalues its land and buildings on a rolling two-yearly basis. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (£1,172m at planning stage and £1,240m in financial statements) and the sensitivity of this estimate to changes in key assumptions. Additionally, management will need to ensure the carrying value in the Authority and group financial statements is not materially different from the current value or the fair value (for surplus assets) at the financial statements date, where a rolling programme is used.</p> <p>We therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement, and a key audit matter.</p>	<p>We:</p> <ul style="list-style-type: none"> evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work; evaluated the competence, capabilities and objectivity of the valuation expert; wrote to the valuer to confirm the basis on which the valuation was carried out; challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding; tested revaluations made during the year to see if they had been input correctly into the group's asset register; and evaluated the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end. 	<p>No issues were identified from our audit work on the valuation of land and buildings.</p> <p>The Covid-19 pandemic outbreak impacted the last two weeks of the 2019-20 financial year and created large uncertainty in a number of markets. This led to RICs issuing guidance to its members that a material valuation uncertainty should be included within the valuer's report and subsequently in the statement of accounts. The Valuer's report and draft account reflected this material valuation uncertainty as expected.</p>

Audit of the Financial Statements

Significant Audit Risks

These are the significant risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusion
<p>Valuation of pension fund net liability</p> <p>The Authority's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements and group accounts.</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£291m in the prior year and £224.8m at 31/3/2020) and the sensitivity of the estimate to changes in key assumptions.</p> <p>We therefore identified valuation of the Authority's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement, and a key audit matter.</p>	<p>We:</p> <ul style="list-style-type: none"> • updated our understanding of the processes and controls put in place by management to ensure that the Authority's pension fund net liability is not materially misstated and evaluate the design of the associated controls; • evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work; • assessed the competence, capabilities and objectivity of the actuary who carried out the Authority's pension fund valuation; • assessed the accuracy and completeness of the information provided by the Authority to the actuary to estimate the liability; • tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; • undertook procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; • agreed the advance payment made to the pension fund during the year to the expected accounting treatment and relevant financial disclosures; and • obtained assurances from the auditor of the Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements. 	<p>No issues have been identified from our audit work on the valuation of pension fund net liability.</p> <p>The Council's actuary disclosed a material uncertainty in the valuation of the Council's pension fund liability at 31 March 2020 as a result of Covid-19. The Council has included disclosures on this issue in Note 41.</p>

Audit of the Financial Statements

Audit opinion

We gave an unqualified opinion on the group's financial statements on 27 November 2020.

Preparation of the financial statements

The Authority presented us with draft financial statements in June 2020 in accordance with the agreed timescale, and provided a good set of working papers to support them. The finance team responded promptly and efficiently to our queries during the course of the audit.

As highlighted in Appendix A, despite the positive and proactive approach taken by officers at the Authority, the nature of the new remote access working arrangements, i.e. remote accessing financial systems, video calling, and verifying the completeness and accuracy of information produced by the Authority, resulted in additional time to complete the audit and, consequently, the cost of delivering the final audit.

Issues arising from the audit of the financial statements

We reported the key issues from our audit to the group's Audit Committee on 27 October 2020.

In addition to the key audit risks reported above, we identified the following issues/adjustments throughout our audit that we have asked the group's management to address for the next financial year:

- IT General Controls – Significant control weaknesses
- Declarations of interest from members
- Disclosure of categories of income in accordance with IFRS 15
- Disclosure of risks within Financial Instruments

We reported four adjustments to the Financial Statements which were adjusted in 2019/20. In addition we reported thirteen further disclosure amendments which were adjusted in the 2019/20 financial statements. There were three unadjusted misstatements with a total impact on net expenditure of £5.02m. The items are not material either individually or cumulatively when considered with other unadjusted differences, and no amendment was deemed necessary.

Annual Governance Statement and Narrative Report

We are also required to review the Council's Annual Governance Statement and Narrative Report. It published them on its website in May 2020.

Both documents were prepared in line with the CIPFA Code and relevant supporting guidance. Following minor amendments, we confirmed that both documents were consistent with the financial statements prepared by the Council and with our knowledge of the Council.

Whole of Government Accounts (WGA)

We carried out work in line with instructions provided by the NAO. We are unable to certify that we have completed the audit of the financial statements of Swindon Borough Council due to the national issue with OSCAR II and the Whole of Government Accounts; and we are unable to issue our assurance statement. Whilst all our work has been completed the Authority is unable to process a required amendment on to the system and therefore we are unable to complete our assurance statement

Certificate of closure of the audit

We are unable to certify that we have completed the audit of the financial statements of Swindon Borough Council due to the national issue with OSCAR II and the Whole of Government Accounts.

Value for Money conclusion

Background

We carried out our review in accordance with the NAO Code of Audit Practice, following the guidance issued by the NAO in April 2020 which specified the criterion for auditors to evaluate:

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

Key findings

Our first step in carrying out our work was to perform a risk assessment and identify the risks where we concentrated our work.

The risks we identified and the work we performed are set out overleaf.

As part of our Audit Findings report agreed with the Council in November 2020, we agreed recommendations to address our findings.

Overall Value for Money conclusion

We are satisfied that in all significant respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2020.

Value for Money conclusion

Risks identified in our audit plan	Findings and conclusion
<p>Financial Sustainability</p> <p>The Medium Term Financial Plan shows that in the four years to 31 March 2024 the Council needs to find £39.5m of savings, of which £39.5m had been identified as at February 2020.</p> <p>At February 2020, the Council were forecasting a £1.5m deficit for 2019/20 as a result of a £1.1m overspend on Children's Services, an overspend of £1.4m on Communities and Housing, and a smaller overspend of £0.4m on Adult Services. This is partially offset by a large underspend within Resources of £1.4m.</p> <p>The Council have set a balanced budget for 2020/21, but this is dependent on the achievement of £11.3m of identified savings.</p> <p>The underlying deficit remains a challenge but the Council needs to ensure that its targeted programme of improvement delivers the improvements to services and the investment in the service results in the savings expected.</p> <p>Work proposed:</p> <ul style="list-style-type: none"> Review of the MTFP, including the robustness of the assumptions that underpin the plan. Understand how savings are identified and monitored to ensure that they support in the delivery of budgets. Consider 2019/20 performance against savings plans. Consider the use of reserves in 2019/20. 	<p>Our key findings are:</p> <ul style="list-style-type: none"> We have reviewed the actions taken to identify savings and how these have been challenged and considered the plans to identify further savings. We have reviewed monitoring arrangements, including the robustness of the Council's Medium Term Financial Plan, the delivery of the 2019/20 budget, and the action taken when plans are not being delivered. <p>Commentary:</p> <ul style="list-style-type: none"> The Council achieved an underspend of £613k for the financial year ending 31 March 2020 which has resulted in an increase in the Council's general reserves to £7.2m. The final position on the HRA is an underspend of £1.4m. This has been transferred to the HRA's general reserve increasing the balance to £11.7m. The Council has one-off reserves for future mitigation of budget pressures, which is above the minimum level of £6.6m which the S151 has considered is appropriate. The Council has a good record of delivering its financial plans. However there continue to be significant pressures on the budget, particularly in demand-led services. At the year end, both Children and Adult services recorded an overspend against budget of £438k and £526k respectively, whilst the Communities and Housing service posted an overspend of over £1.5m. These were offset by an underspend of some £3m in the Resources directorate. This will continue to be an area of focus in 2020-21 and beyond. On 1 July 2020, the Leader of the Council and the Chief Executive submitted a joint report setting out the actions the Council is taking to recover from the impacts of the Covid-19 pandemic. This covers both financial and operational actions. The recovery activity has been split into six interrelated workstreams, which will report into the Recovery Coordination Group (who then report to the Recovery Board, comprising Senior Officers from across the Council). The Recovery Board will in turn provide regular updates to Cabinet. The workstreams hold regular meetings to coordinate recovery activity. We reviewed specific key savings plans as part of our work. Savings plans appear well-defined and robust. We also carried out a high-level overview of the budget monitoring process for 2019/20, and a high-level overview of the revenue budget setting process for 2020/21; the Council appears to have robust processes in place for monitoring the budget including a savings tracker which is regularly taken to Cabinet and is reviewed by the Section 151 Officer.

Value for Money conclusion

Risks identified in our audit plan	Findings and conclusion
<p>Financial Sustainability <i>continued</i></p> <p>The Medium Term Financial Plan shows that in the four years to 31 March 2024 the Council needs to find £39.5m of savings, of which £39.5m had been identified as at February 2020.</p> <p>At February 2020, the Council were forecasting a £1.5m deficit for 2019/20 as a result of a £1.1m overspend on Children's Services, an overspend of £1.4m on Communities and Housing, and a smaller overspend of £0.4m on Adult Services. This is partially offset by a large underspend within Resources of £1.4m.</p> <p>The Council have set a balanced budget for 2020/21, but this is dependent on the achievement of £11.3m of identified savings.</p> <p>The underlying deficit remains a challenge but the Council needs to ensure that its targeted programme of improvement delivers the improvements to services and the investment in the service results in the savings expected.</p> <p>Work proposed:</p> <ul style="list-style-type: none"> Review of the MTFP, including the robustness of the assumptions that underpin the plan. Understand how savings are identified and monitored to ensure that they support in the delivery of budgets. Consider 2019/20 performance against savings plans. Consider the use of reserves in 2019/20. 	<ul style="list-style-type: none"> The Council has set a balanced budget for 2020/21 which includes a proposed increase of 1.99% to Council Tax in 2020/21. The budget includes significant savings and income generation plans totalling £11.3m (as at the year end). Further savings of £14.2m are required for 2021/22, however this is before the impact of Covid-19 which has had an additional impact of £25m as estimated by the Council to date. In total, the Council has a savings target of £39.5m over the next three years before the impact of any funding shortfall arising from Covid-19. This is a significant savings target but is further into the future. We have reviewed the Council's process for identifying and monitoring savings. The monitoring process appears reasonable and adequate, including detailed reporting to management via a savings tracker, and regular reporting to Cabinet as part of the Budget Monitoring Report. The Council produces a detailed Savings Tracker report which is presented to the Management Team on a monthly basis, and slippage can therefore be targeted appropriately. The Council has a reasonable track record of delivering savings plans but there continue to be significant pressures in both Children and Adult services, and Communities & Housing, as noted in the outturn for 2019/20. Savings plans appear well defined for 2020/21. We considered a sample of savings plans in detail; each plan has a well-defined business case and appears realistic, and includes appropriate consultation with stakeholders where appropriate. We also carried out a review of the MTFP assumptions for 2020/21 which appear reasonable. <p>Conclusion</p> <p>Overall, we have concluded that the Council has proper arrangements in all significant respects to ensure it delivered value for money in its use of resources.</p> <p>Recommendation</p> <p>In this context we note that the Council has significant savings targets for the future and we recommend that management continue to monitor the use of reserves and continue to monitor budgets for sustainability in the medium term.</p>

A. Reports issued and fees

We confirm below our final reports issued and fees charged for the audit and provision of non-audit services.

Audit fees	Proposed fee
Combined Authority scale fee	98,851
Additional proposed audit fee proposed at planning stage	24,850
Total proposed audit fees (excluding VAT) at planning	£123,701
Further additional fees proposed at completion	18,555
Total proposed audit fees (excluding VAT) on completion	£142,256

Reports issued

Report	Date issued
Audit Plan	10 March 2020 (updated 15 April 2020)
Audit Findings Report	27 November 2020
Annual Audit Letter	5 January 2021

Audit fee variation

We confirm above our final fees charged for the audit and final reports issued.

The Swindon Borough Council Audit Plan presented in March 2020 included £24,850 of proposed addition fees to the scale fee to take account of the additional scepticism required on the audit, the raising of the bar by our regulator and the further work arising from local developments. This is reflected in the total proposed audit fees at planning above.

Since the presentation of the audit plan, we have added a significant risk to the audit following the impact of Covid-19. We have now reflected on the time taken to discharge our responsibilities this year and are proposing a further increase in fees of £18,555 in addition to those proposed at the planning stage of the audit. This brings the total proposed audit fee up to £142,256. Further details on the breakdown is provided on the next page.

This further charge has not been entered into lightly but reflects only a proportion of the significant additional work we have had to undertake this year to discharge our responsibilities.

We have been discussing this issue with PSAA over the last few months and note these issues are similar to those experienced in the commercial sector and NHS. In both sectors there has been a recognition that audits will take longer with commercial audit deadlines being extended by four months and NHS deadline by a month. The FRC has also issued guidance to companies and auditors setting out its expectation that audit standards remain high and of additional work needed across all audits. The link attached <https://www.frc.org.uk/covid-19-guidance-and-advice> (see guidance for auditors) sets out the expectations of the FRC.

We have discussed and agreed these additional fees with the Corporate Director of Finance and Assets. Please note that these proposed additional fees are subject to approval by PSAA in line with the Terms of Appointment.

A. Reports issued and fees continued

Final proposed audit fees - The table below shows the proposed variations to the original scale fee for 2019/20 subject to PSAA approval.

Audit area	£	Rationale for fee variation
Scale fee	98,851	
Raising the bar	5,000	The Financial Reporting Council (FRC) has highlighted that the quality of work by all audit firms needs to improve across local audit. This will require additional supervision and leadership, as well as additional challenge and scepticism in areas such as journals, estimates, financial resilience and information provided by the entity.
Pensions – valuation (IAS) 19	3,000	We have increased the granularity, depth and scope of coverage, with increased levels of sampling, additional levels of challenge and explanation sought, and heightened levels of documentation and reporting.
PPE (Investment Property/Other Land and Buildings) Valuation	9,350	We have therefore engaged our own audit expert – Wilks Head and Eve LLP - and increased the volume and scope of our audit work to ensure an adequate level of audit scrutiny and challenge over the assumptions that underpin Investment Property/Other Land and Buildings valuations. The increase includes an estimate for the fee payable to the auditor's expert. We estimate that the cost of the auditors expert will be in the region of £5000.
New Standards/Developments, Local Issues and Materiality	7,500	We note that PSAA's original scale fee for this Authority was set in March 2018, so new developments since that time need to be factored; including the lower materiality threshold.
Revised planning fee	£123,701	
Covid-19	18,555	<p>Over the past six months the current Covid-19 pandemic has had a significant impact on all of our lives, both at work and at home. The impact of Covid-19 on the audit of the financial statements for 2019/20 has been multifaceted. This includes:</p> <ul style="list-style-type: none"> Revisiting planning - we have needed to revisit our planning and refresh risk assessments, materiality and testing levels. This has resulted in the identification of a significant risk at the financial statements level in respect of Covid-19 necessitating the issuing of an addendum to our original audit plan as well as additional work on areas such as going concern and disclosures in accordance with IAS1 particularly in respect to material uncertainties. Management's assumptions and estimates - there is increased uncertainty over many estimates including pension and other investment valuations. Many of these valuations are impacted by the reduction in economic activity and we are required to understand and challenge the assumptions applied by management. Financial resilience assessment – we have been required to consider the financial resilience of audited bodies. Our experience to date indicates that Covid-19 has impacted on the financial resilience of all local government bodies. This has increased the amount of work that we need to undertake on the sustainable resource deployment element of the VFM criteria necessitating enhanced and more detailed reporting in our ISA260. Remote working – the most significant impact in terms of delivery is the move to remote working. We, as other auditors, have experienced delays and inefficiencies as a result of remote working, including the delays in receiving accounts, quality of working papers, and delays in responses. These are understandable and arise from the availability of the relevant information and/or the availability of key staff (due to shielding or other additional Covid-19 related demands). In many instances the delays are caused by our inability to sit with an officer to discuss a query or working paper. Gaining an understanding via Teams or phone is more time-consuming.
Total proposed final audit fees	£142,256	

A. Reports issued and fees continued

Fees for non-audit services

Service	Fees £
Audit related services	
Housing benefit grant claim audit	24,713*
Non- Audit Related Services:	
Certification of Teachers' Pension Return	4,200
Pooling of Housing Capital Receipts Return	2,200*

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Non- audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the group. The table above summarises all non-audit services which were identified.

- We have considered whether non-audit services might be perceived as a threat to our independence as the group's auditor and have ensured that appropriate safeguards are put in place.

The above non-audit services are consistent with the group's policy on the allotment of non-audit work to your auditor.

* Final fee to be confirmed on conclusion of work



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Audit Progress Report and Sector Update

Swindon Borough Council
Year ending 31 March 2021

1 February 2021

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Agenda Item 8

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Introduction



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Introduction to your 2020-21 team



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

The paper also includes:

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

Members of the Audit Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications

www.grantthornton.co.uk

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

Progress at February 2021

Financial Statements Audit 2019/20

We reported our work in the Audit Findings Report and gave our opinion on the Statement of Accounts on 27 November 2020.

Value for Money 2020/21

The NAO consultation on a new Code of Audit Practice (the “Code”) has finished, and the new Code has completed its approval process in Parliament. It therefore came into force on 1 April 2020 for audit years 2020/21 and onwards. The new Code supersedes the Code of Audit Practice 2015, which was published by the National Audit Office (NAO) in April 2015.

The most significant change under the new Code is the introduction of different criteria for evaluation, the removal of the binary VFM conclusion and an Auditor’s Annual Report, containing a commentary on arrangements to secure value for money and any associated recommendations. We are currently assessing the risks where we will focus our audit work in the 2020-21 audit.

Financial Statements Audit 2020/21

Our planning procedures for the 2020/21 audit are underway for the financial statements and Value for Money work.

Our work will be summarised in the Audit Plan which will be taken to the next Audit Committee.

Audit Fees

Following the review of audit fees in 2019/20 to reflect the increased regulatory burden, the audit fees for 2020/21 are currently being considered to reflect on the new NAO Code of Practice on VFM work, the outcome of the Redmond review and further regulatory expectations and will be communicated to the Audit Committee in due course. As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and local government financial reporting.

Other areas

Certification of claims and returns

We certify the Council’s annual Housing Benefit Subsidy claim in accordance with procedures agreed with the Department for Work and Pensions (DWP). The certification work for the 2019/20 has now been completed and we issued the unqualified Housing Benefit (Subsidy) Assurance Process 2019/20 Reporting Accountant’s Report on 21 January 2021, ahead of the revised reporting deadline of 31 January 2021.

We certify the Council’s annual Teachers’ Pensions return in accordance with procedures agreed with Teachers’ Pensions. The certification work for the 2019/20 claim was completed on the 30 November deadline.

We also certify the Council’s annual Pooling of Housing Capital Receipts return in accordance with procedures agreed with the Ministry of Housing, Communities & Local Government. (MHCLG). The certification work for the 2019/20 claim was completed on 28 January 2021 in advance of the 29 January 2021 deadline.

Meetings

We meet with Finance Officers regularly as part of our quarterly liaison meetings and continue to be in discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective. We also met with your Chief Executive in July to discuss the Council’s strategic priorities and plans.

Events

We provide a range of workshops, along with network events for members and publications to support the Council. Your officers are due to attend our Financial Reporting Workshop in February, which helps to ensure that members of your Finance Team are up to date with the latest financial reporting requirements for local authority accounts.

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

Audit Deliverables

2019/20 Deliverables	Planned Date	Status
Fee Letter Confirming audit fee for 2019/20.	January 2020	Complete
Audit Plan We are required to issue a detailed audit plan to the Audit Committee setting out our proposed approach in order to give an opinion on the Council's 2019-20 financial statements and a Conclusion on the Council's Value for Money arrangements.	March 2020	Complete
Audit Findings Report The Audit Findings Report was reported to the September Audit Committee.	September 2020	Complete
Auditors Report This is the opinion on your financial statement, annual governance statement and value for money conclusion.	November 2020	Complete
Annual Audit Letter This letter communicates the key issues arising from our work.	January 2021	Complete
2020/21 Deliverables	Planned Date	Status
Fee Letter Confirming audit fee for 2020/21.	February 2021	In progress
Audit Plan We are required to issue a detailed audit plan to the Audit Committee setting out our proposed approach in order to give an opinion on the Council's 2020-21 financial statements and a Conclusion on the Council's Value for Money arrangements.	March 2021	In progress

COVID-19 Update

Impact on working arrangements:

- following the government's announcement on Monday 16 March 2020, we closed our Grant Thornton offices. Many have now re-opened, but with a significantly reduced capacity. All of our people are still working from home for the majority of the time.
- we are likely to be working remotely for at least some if not all of your accounts audit. Although there are some audit tasks which are best undertaken in person, we will be able to complete the majority of the audit remotely. This is however likely to make the audit process longer. We continue to work closely with your finance team to make this different way of working as efficient as possible.
- there may need to be further changes to planned audit timings due to potential illness within the audit team or the finance team and due to the further developments of COVID-19.

Impact on accounts and audit opinions:

There are a number of key issues which your finance team will have had to consider as part of the year end closedown and accounts production:

- impact on reserves and financial health and whether the Council needs to provide additional disclosures that draw attention to a Material Uncertainty around Going Concern (this could also impact on the VfM conclusion) or asset valuations.
- valuation of Property, Plant & Equipment and assumptions made by valuers, particularly in respect of carrying value to current value assessment.
- impact on collectability of debt and assumptions made in bad debt provisions.
- impact on post-balance sheet events. The consequences of the virus post 31 March 2021 will generally be non-adjusting post balance sheet events but some form of disclosure will be needed.
- disclosure of impact in narrative report.
- disclosure of critical judgements and material estimation uncertainties.
- impact on the content of the Annual Governance Statement, particularly with regards to risks, controls and mitigation.
- considerations in respect of service continuity and disaster planning arrangements (this could impact on the VfM conclusion).
- impact on reporting to those charged with governance and signing arrangements.

Changes to reporting requirements:

- the Secretary of State announced that for the 2019/20 accounting period he would be extending the period for publication of principal authority accounts to 31 August 2020.
- for principal authorities, this meant that the whole chain of publication requirements was amended. The audited financial statements were now to be published by 30 November 2020.
- for 2020-21, due to the continuing impact of the pandemic, it is anticipated that the timetable may again be moved to accommodate the impact of remote working and the additional audit procedures required.
- IFRS 16 implementation has been delayed by 1 year to 1 April 2021. IAS 8 disclosures in respect of new accounting standards which have been issued but are not yet effective are still required for IFRS 16 (Leases) even though implementation is deferred to 2021/22.

Sector Update

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

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

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

- **Grant Thornton Publications**
- **Insights from local government sector specialists**
- **Reports of interest**
- **Accounting and regulatory updates**

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

Public Sector

Local
government

The Redmond Review

The Independent Review into the Oversight of Local Audit and the Transparency of Local Authority Financial Reporting – “The Redmond Review” was published on 8 September 2020.

The review has examined the effectiveness of local audit and its ability to demonstrate accountability for audit performance to the public. It also considered whether the current means of reporting the Authority’s annual accounts enables the public to understand this financial information and receive the appropriate assurance that the finances of the authority are sound.

The Review received 156 responses to the Calls for Views and carried out more than 100 interviews. The Review notes “A regular occurrence in the responses to the calls for views suggests that the current fee structure does not enable auditors to fulfil the role in an entirely satisfactory way. To address this concern an increase in fees must be a consideration. With 40% of audits failing to meet the required deadline for report in 2018/19, this signals a serious weakness in the ability of auditors to comply with their contractual obligations. The current deadline should be reviewed. A revised date of 30 September gathered considerable support amongst respondents who expressed concern about this current problem. This only in part addresses the quality problem. The underlying feature of the existing framework is the absence of a body to coordinate all stages of the audit process.”

Key recommendations in the report include:

- A new regulator - the Office of Local Audit and Regulation (OLAR) to replace the Financial Reporting Council’s (FRC) role and that of Public Sector Auditor Appointments (PSAA)
- Scope to revise fees - the current fee structure for local audit be revised to ensure that adequate resources are deployed to meet the full extent of local audit requirements
- Move back to a September deadline for Local Authorities - the deadline for publishing audited local authority accounts be revisited with a view to extending it to 30 September from 31 July each year
- Accounts simplification - CIPFA/LASAAC be required to review the statutory accounts to determine whether there is scope to simplify the presentation of local authority accounts.

The OLAR would manage, oversee and regulate local audit with the following key responsibilities:

- procurement of local audit contracts;
- producing annual reports summarising the state of local audit;
- management of local audit contracts;
- monitoring and review of local audit performance;
- determining the code of local audit practice; and
- regulating the local audit sector.

The current roles and responsibilities relating to local audit discharged by the Public Sector Audit Appointments (PSAA); Institute of Chartered Accountants in England and Wales (ICAEW); FRC; and The Comptroller and Auditor General (C&AG) to be transferred to the OLAR.

How you can respond to the Review

One of the recommendations was for local authorities to implement:

The governance arrangements within local authorities be reviewed by local councils with the purpose of:

- an annual report being submitted to Full Council by the external auditor;
- consideration being given to the appointment of at least one independent member, suitably qualified, to the Audit Committee; and
- formalising the facility for the CEO, Monitoring Officer and Chief Financial Officer (CFO) to meet with the Key Audit Partner at least annually.

Whilst Redmond requires legislation, in practice the second and third bullets are things which authorities could start doing now.

The full report can be obtained from the gov.uk website:

<https://www.gov.uk/government/publications/local-authority-financial-reporting-and-external-audit-independent-review>

Code of Audit Practice and revised approach to Value for Money audit work - National Audit Office

On 1 April 2020, the National Audit Office introduced a new Code of Audit Practice which comes into effect from audit year 2020/21. The most significant change in the Code is the introduction of a new 'Auditor's Annual Report', which brings together the results of all the auditor's work across the year. The Code also introduced a revised approach to the audit of Value for Money.

Value for Money - Key changes

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

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

The new approach to VfM re-focuses the work of local auditors to:

- Promote more timely reporting of significant issues to local bodies
- Provide more meaningful and more accessible annual reporting on VfM arrangements issues in key areas
- Provide a sharper focus on reporting in the key areas of financial sustainability, governance, and improving economy, efficiency and effectiveness
- Provide clearer recommendations to help local bodies improve their arrangements.

Implications of the changes

Grant Thornton very much welcomes the changes, which will support auditors in undertaking and reporting on work which is more meaningful, and makes impact with audited bodies and the public. We agree with the move away from a binary conclusion, and with the replacement of the Annual Audit Letter with the new Annual Auditor's Report. The changes will help pave the way for a new relationship between auditors and audited bodies which is based around constructive challenge and a drive for improvement.

The following are the main implications in terms of audit delivery:

- The Auditor's Annual Report will need to be published at the same time as the Auditor's Report on the Financial Statements.
- Where auditors identify weaknesses in Value for Money arrangements, there will be increased reporting requirements on the audit team. We envisage that across the country, auditors will be identifying more significant weaknesses and consequently making an increased number of recommendations (in place of what was a qualified Value for Money conclusion). We will be working closely with the NAO and the other audit firms to ensure consistency of application of the new guidance.
- The new approach will also potentially be more challenging, as well as rewarding, for audited bodies involving discussions at a wider and more strategic level. Both the reporting, and the planning and risk assessment which underpins it, will require more audit time, delivered through a richer skill mix than in previous years.

The Code can be accessed here:

https://www.nao.org.uk/code-audit-practice/wp-content/uploads/sites/29/2020/01/Code_of_audit_practice_2020.pdf

Future Procurement and Market Supply Options Review – Public Sector Audit Appointments

Public Sector Audit Appointments (PSAA) has commissioned an independent review of the sustainability of the local government audit market. The review was undertaken by an independent consultancy, Touchstone Renard.

PSAA note that the report “draws on the views of audit firms active in the local authority market as well as others that are not. In doing so it identifies a number of distinctive challenges in the current local audit market. In particular it highlights the unprecedented scrutiny and significant regulatory pressure on the auditing profession; the challenges of a demanding timetable which expects publication of audited accounts by 31 July each year; and the impact of austerity on local public bodies and its effect on both the complexity of the issues auditors face and the capacity of local finance teams”.

The report notes that “PSAA will need to balance the views of the firms with wider considerations including the needs of audited bodies and the requirement to appoint an auditor to every individual body opting in to its collective scheme”.

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Key findings in the report include:

- A lack of experienced local authority auditors as the main threat to the future sustainability of the market.
- It will be difficult to bring the non-approved firms into the market.
- Of the nine approved firms, only five have current contracts with PSAA.
- Almost all of the approved firms have reservations about remaining in the market.
- Firms perceive that their risks have increased since bids were submitted for the current contracts.
- The timing of local audits is problematic.

Key issues for the next procurement round include:

- Number of lots and lot sizes.
- Lot composition.
- Length of contracts.
- Price:quality ratio.



The full report can be obtained from the PSAA website:

<https://www.psaa.co.uk/wp-content/uploads/2020/03/PSAA-Future-Procurement-and-Market-Supply-Options-Review.pdf>

Kickstarting Housing – Grant Thornton and Localis

In July 2020 Grant Thornton Head of Local Government, Paul Dossett, wrote an essay, included as part of a collection in the Localis report – “Building for renewal: kickstarting the C19 housing recovery”.

Paul asked “So how do we address “the housing crisis” in the context of an existential threat to the British economy? Just as importantly, how do we ensure our key workers, our new heroes of the Thursday night applause, are front and centre of such a response. Paul suggested that the housing response needs to move away from the piecemeal towards a comprehensive and strategic response, with five key pillars with the key worker demographic at its heart:

- **Public housebuilding.** This will involve more borrowing, but we need a bold and ambitious target to build at least one million new public sector properties at social rents by 2025. This should involve a comprehensive and deep partnership between Homes England and local authorities and underpinned by a need to minimise the carbon footprint.
- **Private sector housing needs a rocket boost** with massive Government supported investment in modern methods of construction and consideration of required workforce needed to meet capacity. This needs to go hand in hand with a major recruitment drive into all facets of the housing industries. This should include national and local training initiatives to support workers from the service sectors who are very likely to lose their jobs because of the pandemic.
- **Strategic authorities based on existing local government footprints** across the country to remove the inconsistent patchwork quilt of current arrangements so that there is consistency between local, county and national strategic priorities. They should be legally tasked and funded for development of comprehensive infrastructure plans to support housing initiatives in their areas with a strong remit for improving public transport, supporting green energy initiatives and developing public realms which create a sense of community and belonging.
- **Building on existing initiatives to improve security of tenure and quality of accommodation,** a new partnership is needed between landlord and tenants that provides a consistent national/regional footing to ensure that housing is a shared community responsibility. This should, like the response to the pandemic, be part of a shared community narrative based on state, business and local people.

• Putting key workers at the heart of the Housing strategy. The country appears to have discovered the importance of key workers. The people that keep the country running and whose contribution is never usually recognised financially or in terms of social esteem. There are several existing key worker accommodation initiatives, but they are local and piecemeal. We need a comprehensive strategy which focuses on key worker needs, including quality of accommodation, affordable mortgages/ rents, proximity to workplaces and above all , a sense of priority on the housing ladder for those who keep the country running in good times and bad and are the best of us in every sense.

Paul concluded “Housing is a basic need and if key workers feel valued in their place in housing priorities, we will have made a giant step forward.

Key workers are not the only group in need of help of course. Utilising the momentum behind keyworkers that their role in COVID-19 has brought into focus, could help kickstart housing initiatives that help all those in need.”



The full report can be obtained from the Grant Thornton website:

<https://www.grantthornton.co.uk/en/insights/homes-fit-for-heroes-affordable-housing-for-all/>

CIPFA – Financial Scrutiny Practice Guide

Produced by the Centre for Public Scrutiny (CfPS) and CIPFA, this guide provides guidance to councils and councillors in England on how they might best integrate an awareness of council finances into the way that overview and scrutiny works.

The impact of the COVID-19 pandemic on council finances, uncertainty regarding the delayed fair funding review and future operations for social care – on top of a decade of progressively more significant financial constraints – has placed local government in a hugely challenging position.

For the foreseeable future, council budgeting will be even more about the language of priorities and difficult choices than ever before.

This guide suggests ways to move budget and finance scrutiny beyond set-piece scrutiny 'events' in December and quarterly financial performance scorecards being reported to committee. Effective financial scrutiny is one of the few ways that councils can assure themselves that their budget is robust and sustainable, and that it intelligently takes into account the needs of residents.

Scrutiny can provide an independent perspective, drawing directly on the insights of local people, and can challenge assumptions and preconceptions. It can also provide a mechanism to ensure an understanding tough choices that councils are now making.

This paper has been published as the local government sector is seeking to manage the unique set of financial circumstances arising from the COVID-19 pandemic. This has resulted, through the Coronavirus Act 2020 and other legislation, in changes to local authorities' formal duties around financial systems and procedures.

The approaches set out in this guide reflect CfPS and CIPFA's thinking on scrutiny's role on financial matters as things stand, but the preparation for the 2021/22 budget might look different. CfPS has produced a separate guide to assist scrutineers in understanding financial matters during the pandemic



The full report can be obtained from CIPFA's website:

<https://www.cipfa.org/policy-and-guidance/reports/financial-scrutiny-practice-guide>

Revised auditing standard: Auditing Accounting Estimates and Related Disclosures

In the period December 2018 to January 2020 the Financial Reporting Council issued a number of updated International Auditing Standards (ISAs (UK)) which are effective for audits of financial statements for periods beginning on or after 15 December 2019. ISA (UK) 540 (revised): *Auditing Accounting Estimates and Related Disclosures* includes significant enhancements in respect of the audit risk assessment process for accounting estimates.

Introduction

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

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

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

Specifically do Audit Committee members:

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

Additional information that will be required for our March 2021 audits

To ensure our compliance with this revised auditing standard, we will be requesting further information from management and those charged with governance during our audit for the year ended 31 March 2021 in all areas summarised above for all material accounting estimates that are included in the financial statements.

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

- Valuations of land and buildings, council dwellings and investment properties
- Valuation of defined benefit net pension fund liabilities
- Fair value estimates

The Authority's Information systems

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

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

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

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

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

Estimation uncertainty

Under ISA (UK) 540 (Revised December 2018) we are required to consider the following:

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

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

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

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

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

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

How can you help

As part of our planning risk assessment procedures we routinely make a number of enquiries of management and those charged with governance, which include general enquiries, fraud risk assessment questions, going concern considerations etc. Responses to these enquiries are completed by management and confirmed by those charged with governance at an Audit Committee meeting. For our 2020/21 audit we will be making additional enquiries on your accounting estimates in a similar way (which will cover the areas highlighted above). We would appreciate a prompt response to these enquiries in due course.

Further information

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

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

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Head of Internal Audit Update

Audit Committee

Date: 17th February 2021

Author: Head of Internal Audit

Wards: None

Parishes Affected: None

1. Purpose and Reasons

- 1.1 To present Members with a summary of the main issues arising from the Internal Audit reports finalised since the Audit Committee meeting in October 2020, to update Members with regard to progress against the annual internal audit plan and other key issues.
- 1.2 The Council's Audit Committee has a strategic role to ensure that the Council's assurance framework is operating effectively. To this end it should seek assurance that key areas that contribute to this framework are operating properly.
- 1.3 The Council's Internal Audit section is a key component of the assurance framework and therefore it is essential that this Committee monitor its performance against the annual plan along with the implementation of agreed recommendations.

2. Recommendations

The Committee is recommended to:

- 2.1 It is recommended that Audit Committee note the report.

3. Detail

Progress on completion of Internal Audit Plan 2020/21

- 3.1 Details of audits finalised since the October 2020 Audit Committee meeting are set out in Appendix 1. The Appendix sets out the key audit recommendations made along with the overall risk assessment to the Council.
- 3.2 Audit work issued so far in 2020/21 is set out in Appendix 2.
- 3.3 The majority of both the Internal Audit and Corporate Fraud teams were redeployed from April through to August as part of the Council's response to Covid. The team continues to support the Business Grant payment checking process and is currently carrying a vacancy at Principal Auditor level. Therefore the delivery of the audit plan for 2020/21 will be much reduced. We will be concentrating on carrying out assurance checks on the main financial systems in the last couple of months of the year in order to provide assurance to the Corporate Director: Finance and Assets. This will also enable an overall audit opinion to be given. We will also look to gain assurance from audit work carried out in the previous year where possible.

Further information on the subject of this report can be obtained from Nick Hobbs, Direct Dial Telephone Number: 07769 281679, nhobbs@swindon.gov.uk.

Head of Internal Audit Update

Audit Committee

Date: 17th February 2021

Car parking income audit

- 3.4 The Internal Audit report on Car Park income was due to be presented at the March 2020 meeting of the Audit Committee. However this meeting was cancelled due to Covid-19. The report had identified significant risks to the Council relating to:
- 3.4.1 The health and safety working arrangements, attributed to operational staff including responsibility for the collection, reconciliation and counting of car parking income at site.
- 3.4.2 The lack of timely investigations, resolutions and management of any car parking machine technical faults and income variations identified following the reconciliation of income to computed ticket sales.
- 3.5 It was agreed with the Chair of Audit Committee that a follow-up review would be carried out and if improvements had not been made then the report would come back to Audit Committee.
- 3.6 The follow-up review has now been completed and the auditor found that improvements have been made. There are a number of recommendations that have yet to be fully implemented but revised timescales have been agreed with management.

Corporate Fraud Team

- 3.7 In order to help us benchmark our performance we are now using the updated national figures when calculating nominal savings. These figures recognise the average length of a fraud as well as associated costs.
- 3.8 The team's performance from April 2020 to December 2020 (inclusive) is set out below. Figures for the equivalent period in 2019/20 are shown in brackets.
- 3.9 The team has received 173 (258) referrals to date this year.

Housing related fraud

- 3.10 Four Council properties have been recovered resulting in a nominal savings of £372,000 (10 properties - £933,000).
- 3.11 Three fraudulent Housing Application being stopped resulting in a nominal saving of £9,720 (11 applications - £35,640).
- 3.12 Three 'Right to Buy' applications have been stopped so far this year equating to savings of £207,610 from the discounts allowed. The Right to Buy process was paused during Covid and only resumed mid-August. (13 applications - £838,310)

Further information on the subject of this report can be obtained from Nick Hobbs, Direct Dial Telephone Number: 07769 281679, nhobbs@swindon.gov.uk.

Head of Internal Audit Update

Audit Committee

Date: 17th February 2021

Council Tax related fraud

- 3.13 Council Tax Single Person Discount savings of £9,530. (£15,677)
- 3.14 Council Tax Penalty charges applied £910.00 (£950)
- 3.15 Council Tax Reduction savings £10,096.21 (£17,731)
- 3.16 We are undertaking a review of single person discounts against the credit histories at properties to identify further potential cases.

Other

- 3.17 Two parking permits withdrawn £4,100. (4 permits:£8,200)
- 3.18 Housing Benefit savings £505.17 (£12,436)
- 3.19 Assistance in the recovery of outstanding debt of £69,726 (£48,425)

Overall

- 3.20 The total nominal and actual savings to date identified by the Team amounts to: £684,198.26 (£395,513.56 achieved in the 3-month period October to December 2020).

4. Alternative Options

- 4.1 Not applicable

5. Implications, Diversity Impact Assessment and Risk Management

Financial and Procurement Implications

- 5.1 There are no direct financial implications arising from this report

Legal and Human Rights Implications

- 5.2 Internal Audit is a statutory requirement of the Accounts and Audit Regulations 2015. The Internal Audit service also provides assurance to the Corporate Director: Finance and Assets (in his role as Director of Finance) regarding the requirements of Section 151 of the Local Government Act 1972.

All Other Implications (including Staff, Sustainability, Health, Rural, Crime and Disorder)

- 5.3 None

Diversity Impact Assessment

- 5.4 None

Further information on the subject of this report can be obtained from Nick Hobbs, Direct Dial Telephone Number: 07769 281679, nhobbs@swindon.gov.uk.

Head of Internal Audit Update

Audit Committee

Date: 17th February 2021

Risk Management

- 5.5 Potential risks to the Council are identified in the individual audit reports summarised in Appendices 1 and 2.

6. Consultees

- 6.1 Officers have chosen not to consult the Corporate Director of Finance and Assets (Section 151 Officer) or the Chief Legal Officer (Monitoring Officer) as the recommendations are to be noted and do not commit the Council to any expenditure.

7. Background Papers

- 7.1 None

8. Appendices

- 8.1 Appendix 1 - Internal audit reports finalised since the October 2020 Audit Committee
- 8.2 Appendix 2 – Audit work issued to date (2020/21)

Audits, investigations and grant certifications finalised since last Audit Committee meeting: October 2020

Empty Homes	13/01/21	Audit Opinion:	MODERATE	
Recommendations	Target date	Responsible Officer	Update/management comment	Target achieved?
A reporting framework for monitoring performance and risk should be established to inform decision making and management actions. The Housing Strategy and Development Manager should monitor and report quarterly on the Empty Homes key performance measures to the Adult Health and Housing Overview and Scrutiny Committee.	Apr-21	Director of Housing in conjunction with Housing Strategy and Development Manager		
Evaluate the allocation of resources to the Empty Homes Services to ensure there is capacity to effectively deliver the Empty Homes' strategy and recommendations from this review. This should be determined in light of the proposed designation of the full time Private Sector Empty Homes Officer post to a part-time role within a new post.	Apr-21	Director of Housing in conjunction with Housing Strategy and Development Manager		

Car Parking	Jan-21	Audit Opinion:	OF CONCERN	
Recommendations	Target date	Responsible Officer	Update/management comment	Target achieved?
A car parking services improvement plan is to be agreed with the Director of Operations for the remainder of 2020/21 and delivered by the Operations Lead for Management and Enforcement (Car Parking).	Feb-21	Director of Operations and Service Manager for Parking and Enforcement		
The Operations Lead for Management and Enforcement (Car Parking) to conduct monthly contract review meetings to monitor and manage service delivery to contract specification.	Feb-21	Director of Operations and Service Manager for Parking and Enforcement		
The monthly variances reported by Finance since September 2018 for Lydiard Park and Coate Water car parks should be investigated and reconciled where possible	Feb-21	Director of Operations and Service Manager for Parking and Enforcement		
The Audit Fault Log should record adequate information to ensure timely investigation and satisfactory resolution of variances identified and to enable performance monitoring i.e. within 5 days. Review the Audit Log to improve management and recording of faults (please see the recommendation above for details).	Feb-21	Director of Operations and Service Manager for Parking and Enforcement		

Payroll	Jan-21	Audit Opinion:	OF CONCERN	
Recommendations	Target date	Responsible Officer	Update/management comment	Target achieved?
It should be determined if workflows/access rights in the system can be amended to ensure that changes to HR data cannot be attached to the payroll without a second officer approval on the system, when checks are carried out.	Mar-21	Human Resources Operations Manager		
An Access Control Policy should be documented to prevent inappropriate access to iTrent system.	Mar-21	Human Resources Operations Manager		
A regular review should be carried out to identify new security patches and apply them to iTrent system.	Mar-21	Human Resources Operations Manager		
A local Business Continuity Plan should be put in place for the event that there is an iTrent system failure.	Mar-21	Human Resources Operations Manager		

Information Governance	Jan-21	Audit Opinion:	OF CONCERN	
Recommendations	Target date	Responsible Officer	Update/management comment	Target achieved?
The Council should continue to develop, allocate and embed the role of Information Asset Owners in the councils. IAOs should work to ensure that information risks are identified and that appropriate controls and corporate standards, including data flow mapping, are applied to the management of information within their areas of responsibility.	Mar-21	Information Governance Manager	Agreed. We are currently planning IAO training along with SIRO and Information Board training. Working with the Head of IT and the Chief Operating Officer to bring this together.	On target
To ensure the Council is able to take a corporate view on information risk and respond accordingly, an effective system of two way communication between the corporate centre and IAOs should be established, to identify and escalate relevant information risks and governance issues to the Information Governance Manager, SIRO and Information Board.				
IAOs should take ownership of their relevant sections of the council’s Information Asset Register and ensure their sections are complete and kept up to date on an ongoing basis. This includes ensuring that all information that needs to be managed has been identified and recorded, that all relevant information risks and appropriate controls have been identified, implemented and recorded and to allow effective compliance checks to be undertaken by the Information Governance Service.				
Training should be re-commissioned and delivered to all those with responsibility and accountability for Information Governance and Cyber Security, including the IG Board, the SIRO and IAOs. A plan for ongoing training of key roles should be considered, to ensure continued awareness of new and emerging issues and to ensure key skills and roles are refreshed periodically.				
The Information Governance Manager and Head of Data, Performance and Insight should work closely to develop the Council’s Information Architecture and processes for data management, including the approach to implementing data standards and ensuring data quality.	Jun-21	Information Governance Manager and Head of Data, Performance and Insight	Agreed. Already working with the Head of Data, Performance and Insight on this.	On target
The Council’s Information Governance policy should be approved by the Information Governance Board and work to implement content should continue to take place.	Mar-21	Information Governance Manager	Agreed. The Information Governance policy is going to Information Board. The Information Security policies will be updated asap - working with IT regarding the Metacompliance link.	On target
The Council’s Information Security policies should be updated as soon as is possible and the impact on any compliance requirements in the meantime should be identified.				
The work to implement Metacompliance, to help manage the Council’s various information policies should be progressed.				
The Information Governance Manager should continue to agree requirements with the NHS in relation to the Data Security and Protection toolkit, to ensure required NHS data is available on an ongoing basis.	Sep-20	Head of IT and Information Governance Manager	DSP toolkit completed in Sept 2020	Completed

Cyber	Jan-21	Audit Opinion:	OF CONCERN	
Recommendations	Target date	Responsible Officer	Update/management comment	Target achieved?
The Cyber Response Plan and team should be created.	Aug-21	Head of IT / Chief Operating Officer		
The Council should continue with plans to carry out an exercise to test the Council's cyber response across all tiers of staff, management and Members, using a real life scenario.				
The prioritised list of IT services to restore in the event of an incident should be approved by CMT and incorporated into the IT Business Continuity/Disaster Recovery Plan.	Feb-21	Head of ICT		
The IT Business Continuity/Disaster Recovery plan should be updated	Aug-21	Head of ICT / Technical Architect		
Physical security and environmental control risk assessments for the Council’s data centre should be documented.	Jul-21	Head of IT		

Benefits	Jan-21	Audit Opinion:	OF CONCERN	
Recommendations	Target date	Responsible Officer	Update/management comment	Target achieved?
The additional client checks previously conducted should be reviewed individually to assess the controls they provide and the risk of not completing them. Based on the assessment, the key checks/high risk areas should be prioritised and checking frequency agreed, and frequency of non-essential checks should be reduced. Once they are finalised, it should be ensured that the checks are carried out to the agreed timescales. It is strongly recommended that checks of manual adjustments are carried out monthly, due to the significant risk of fraud and due to the number of staff with system access to allow them to carry out these adjustments, see AP 1.5 below.	Mar-21	Head of Revenues and Benefits	Agreed. These different checks were introduced to ‘maximise’ controls – and so we will need to maintain. A schedule of checks will be produced including frequency of checks for implementation in the new financial year.	

Gifts and Hospitality	Jan-21	Audit Opinion:	OF CONCERN	
Recommendations	Target date	Responsible Officer	Update/management comment	Target achieved?
Gifts and Hospitality policies for Members and Officers should be created to mitigate the risk of breaching the Bribery Act 2010, LGA 1972 and Officer/Member Code of Conduct. This should provide clear and additional guidance to Members and Council Officers.	May-21	Chief Legal Officer		

Grant certifications		Audit Opinion:	NOT APPLICABLE	
Recommendations	Target date	Responsible Officer	Update/management comment	Target achieved?
The grant certifications have been completed since the last Audit Committee meeting: <ul style="list-style-type: none"> ▪ Troubled Families Grant (November 2020 claim) ▪ Troubled Families Grant (December 2020 claim) ▪ Disabled Facilities Grant 	N/A	N/A	N/A	N/A

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Audits Completed (Audits)

	April	May	June	July	August	September	October	November	December	January	February	March
Audits Issued												
	Toothill Big Local (1)	Accounts Payable Process	Greenmeadow Primary	Toothill Big Local (Phase 2)	Inv 19/20-20	WB 20/21-4	Inv 19/20-20 additional work	Gifts & Hospitality	Benefits	Empty Homes		
	Additional Pay & Exp	RIPA Policy	PCI-DSS Compliance	Strategic review of Assets	Inv 19/20-21	Higher Needs Budget	Inv 19/20 - 20-22 control weaknesses	Disabled Facilities Grant	Troubled Families (December claim)	Car Park income		
	Public Health Grant		Discharge to Assessment Beds	Inv 19/20-3 lessons learned	Inv 19/20-22	Information Governance	Local Transport Capital Funding grant certification	Troubled Families (November claim)		Supplier relief		
				Payroll	Troubled Families (August claim)	Cyber Security	W/B 20/21-2					
						WB 20/21-12						
						Bus Subsidy Operators Grant certification						
						Troubled Families (September claim)						
Audits total for month	3	2	3	4	4	7	4	3	2	3	0	0
Cumulative audits for year	3	5	8	12	16	23	27	30	32	35	35	35

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