North West Leicestershire District Council

Scan the code above or visit www.nwleics.gov.uk/meetings for a full copy of the agenda.

| | |
|---|---|
| Meeting | **AUDIT AND GOVERNANCE COMMITTEE** |
| Time/Day/Date | 6.30 pm on Wednesday, 27 July 2022 |
| Location | Council Chamber, Council Offices, Coalville |
| Officer to contact | Democratic Services (01530 454512) |

## AGENDA

| Item | | Pages |
|---|---|---|
| 1. | **APOLOGIES FOR ABSENCE** | |
| 2. | **DECLARATION OF INTERESTS**<br><br>Under the Code of Conduct members are reminded that in declaring interests you should make clear the nature of that interest and whether it is a disclosable pecuniary interest, registerable interest or other interest. | |
| 3. | **MINUTES**<br><br>To confirm and sign the minutes of the meeting held on 20 April 2022. | **3 - 6** |
| 4. | **COMMITTEE WORK PLAN**<br><br>To note the Committee's work plan | **7 - 10** |
| 5. | **STATEMENT OF ACCOUNTS UPDATE REPORT**<br><br>Report of the Finance Team Manager | **11 - 14** |
| 6. | **EXTERNAL AUDIT PROGRESS REPORT**<br><br>Report of the Audit Manager | **15 - 28** |
| 7. | **INTERNAL AUDIT PROGRESS REPORT**<br><br>Report of the Audit Manager | **29 - 62** |
| 8. | **INTERNAL AUDIT ANNUAL REPORT**<br><br>Report of the Audit Manager | **63 - 74** |

**9. CORPORATE RISK UPDATE**

Report of the Strategic Director **75 - 86**

**10. TREASURY MANAGEMENT ACTIVITY REPORT - QUARTER 1**

Report of the Finance Team Manager **87 - 102**

**11. ANNUAL REVIEW OF CORPORATE GOVERNANCE POLICIES**

Report of the Head of Finance and Customer Services **103 - 258**

**12. STANDARDS AND ETHICS REPORT - QUARTER 1**

Report of the Head of Legal and Commercial Services **259 - 270**

Circulation:

Councillor S Gillard (Chairman)
Councillor N Smith (Deputy Chairman)
Councillor E G C Allman
Councillor C C Benfield
Councillor J Clarke
Councillor M D Hay
Councillor R L Morris
Councillor V Richichi
Councillor S Sheahan
Councillor M B Wyatt

MINUTES of a meeting of the AUDIT AND GOVERNANCE COMMITTEE held in the Council Chamber, Council Offices, Coalville on WEDNESDAY, 20 APRIL 2022

Present: Councillor S Gillard (Chairman)

Councillors N Smith, E G C Allman, C C Benfield, M D Hay, V Richichi, S Sheahan and M B Wyatt

Officers: Mr A Barton, Ms K Beavis, Mrs R Wallace, Mr M Walker and Ms R Haynes

## 34. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors J Clarke and R Morris.

## 35. DECLARATION OF INTERESTS

There were no declarations of interest.

## 36. MINUTES

Consideration was given to the minutes of the meeting held on 19 January 2022.

It was moved by Councillor S Gillard, seconded by Councillor N Smith and

RESOLVED THAT:

The minutes of the meeting held on 19 January 2022 be confirmed as a correct record.

## 37. COMMITTEE WORK PLAN

Consideration was given to the committee work plan.

By affirmation of the meeting it was

RESOLVED THAT:

The committee work plan be noted.

## 38. FUTURE EXTERNAL AUDIT ARRANGEMENTS

The Head of Finance presented the report to Members.

A Member commented that it was unfortunate that the committee were unable to take part in the decision on this occasion and hoped that Members would be consulted in future years.

In response to a question, the Head of Finance confirmed that although the decision was taken to opt into the sector led option for the appointment of external auditors, it did not prevent the option to opt out in the future. It was also noted that the process was completely sector led and had its own auditing arrangements.

It was moved by Councillor S Sheahan, seconded by Councillor E Allman and

RECOMMENDED THAT:

Council endorse the decision made to accept Public Sector Audit Appointments (PSAA) invitation to opt into the sector led option for the appointment of external auditors to principal local government and police bodies for five financial years from 1 April 2023.

## 39. INTERNAL AUDIT PROGRESS REPORT

The Audit Manager presented the report to Members.

In response to a question, the Audit Manager confirmed that there was nothing untoward as to why several recommendations were still outstanding. It was noted that regular contact was made with Team Managers and a brief explanation was given as to the delays in completing the recommendations.

Concerns were raised in relation to the overdue safeguarding recommendations for the Modern Slavey Statement, it was felt that this should be given priority to be completed. It was agreed for the Audit Manager to pass the committee's concerns in relation to the delay of the recommendation to the Team Manger and to provide a further written update to Members outside of the meeting.

Following a request from a Member, the Head of Legal and Commercial Services confirmed that there had been one incident of slavery reported in the district, which had been included within the Standards and Ethic Report included on the agenda. It was noted that the case was being investigated with officers and relevant authorities and acknowledged that details could not be shared with Members.

In relation to the 'policies and other considerations' table included as part of all reports, it was commented that often the correct information was not included, and officers were asked to address this going forward.

It was moved by Councillor N Smith, seconded by Councillor E Allman and

RESOLVED THAT:

The report be noted.

## 40. INTERNAL AUDIT ANNUAL PLAN 2022/23

The Audit Manager presented the report to Members.

It was moved by Councillor S Gillard, seconded by Councillor V Richichi and

RESOLVED THAT:

1) The report be noted.

2) The 2022/23 Internal Audit Annual Plan be approved.

## 41. CORPORATE RISK UPDATE

The Strategic Director presented the report to Members. An error was noted in relation to risk reference 13, the movement of risk should be recorded as 'stable' rather than 'reduced' as stated.

During discussion, a Member commented that there was no reference within the report to inflation risk, and asked where it fit into the current risk model. The Strategic Director

confirmed that it was a consideration and would fall under risk reference 3. It was agreed to take the comment back to risk group and a focus on this area be included in the register moving forward.

In relation to the organisational/financial risk due to the pandemic, detailed at risk reference 14, a Member asked how this would impact on achieving a balanced budget. The Strategic Director reminded Members of the current five-year financial plan which included its own risk management.

In response to a question in relation to service areas effected by staff shortages due to the pandemic, the Strategic Director stated that Waste Services was the only service that had been significantly impacted. Following a request for further information on this impact, Members were signposted to the quarterly monitoring report considered by Corporate Scrutiny which contained more detail.

It was moved by Councillor S Gillard, seconded by Councillor N Smith and

RESOLVED THAT:

The report be noted.

## 42. TREASURY MANAGEMENT STEWARDSHIP REPORT 2021/22

The Finance Manager presented the report to Members.

Following a question in which ethical and environmental impacts were referred to, it was confirmed that none of the council's investments had any links to Russia. The Finance Manager also informed Members that a report would be presented to Corporate Scrutiny in the coming months with a focus on the environmental impact of the council's investments.

Reference was made to the average investment return rate, which was considerably lower than similar organisations, concern was raised that the investment strategy was too cautious, considering the difference even 0.5% could have on an investment in the current financial climate. The Finance Team Manager informed Members that this would be reviewed in due course now the new Head of Finance was in post, as previous Heads of Service had opted for a very cautious approach to investments. It was also confirmed that the higher return rates were generally due to longer term investments, which was not possible in the past due to the planned capital programmes.

It was moved by Councillor N Smith, seconded by Councillor E Allman and

RESOLVED THAT:

The report be noted.

## 43. ACCOUNTING POLICIES AND MATERIALITY 2021/22

The Head of Finance presented the report to Members.

It was moved by Councillor S Gillard, seconded by Councillor E Allman and

RESOLVED THAT:

The draft accounting policies for the 2021/22 financial statements be approved.

## 44. STANDARDS AND ETHICS - QUARTER 4 REPORT

The Head of Legal and Commercial Services presented the report to Members.

It was moved by Councillor S Gillard, seconded by Councillor E Allman and

RESOLVED THAT:

The report be noted.

## 45. DRAFT MEMBER CONDUCT ANNUAL REPORT

The Head of Legal and Commercial Services presented the report to Members.

It came to light during discussion that Stephen Leary, a parish representative was no longer a member of Measham Parish Council, as detailed within the report. Therefore, steps would be taken by Democratic Services to appoint an alternative representative.

It was moved by Councillor S Gillard, seconded by Councillor V Richichi and

RESOLVED THAT:

1) The report be received and noted.

2) The authority to make any minor amendments to the report following comments from the Audit and Governance Committee be delegated to the Head of Legal and Commercial Services and Monitoring Officer.

RECOMMENDED THAT:

Council endorse the Member Conduct Annual Report 2021/22.

Councillor M B Wyatt left the meeting at 6.54pm

The meeting commenced at 6.30 pm

The Chairman closed the meeting at 7.00 pm



Chairman's signature

**AUDIT AND GOVERNANCE COMMITTEE – WORK PROGRAMME** (as at 15/07/22)

| Issue | Report Author | Meeting at which will be reported |
|---|---|---|
| **28 September 2022** | | |
| Review of the Council's Constitution | Kate Hiller, Legal Team Manager and Deputy Monitoring Officer | 28 September 2022 |
| **26 October 2022** | | |
| Assessment of Going Concern 2021/22 | Mark Walker, Head of Finance & Customer Services and Section 151 Officer | 26 October 2022 |
| Treasury Management Activity Report - Quarter 2 | Anna Crouch, Finance Team Manager & Deputy S151 Officer | 26 October 2022 |
| Internal Audit Progress Report | Kerry Beavis, Audit Manager | 26 October 2022 |
| Progress of Improvements Identified through Annual Governance Review 2020/21 | Mark Walker, Head of Finance & Customer Services and Section 151 Officer | 26 October 2022 |
| Standards and Ethics Report - Quarter 2 | Elizabeth Warhurst, Head of Legal and Commercial Services | 26 October 2022 |
| Corporate Risk Update | Andy Barton, Strategic Director of Housing and Customer Services | 26 October 2022 |
| **25 January 2023** | | |
| Annual Statement of Accounts 2020/21 | Mark Walker, Head of Finance & Customer Services and Section 151 Officer | 25 January 2023 |
| Annual Governance Statement 2020/21 | Mark Walker, Head of Finance & Customer Services and Section 151 Officer | 25 January 2023 |
| Annual Auditors Report 2020/21 | Mark Walker, Head of Finance & Customer Services and Section | 25 January 2023 |

| Issue | Report Author | Meeting at which will be reported |
|---|---|---|
| | 151 Officer | |
| 2020/21 Audit Completion Report<br>To consider the External Auditor's Audit Completion Report | Mark Walker, Head of Finance & Customer Services and Section 151 Officer | 25 January 2023 |
| 2021/22 Annual Audit Letter | Mark Walker, Head of Finance & Customer Services and Section 151 Officer | 25 January 2023 |
| External Audit Strategy Memorandum | Mark Walker, Head of Finance & Customer Services and Section 151 Officer | 25 January 2023 |
| Treasury Management Activity Report - Quarter 3 | Anna Crouch, Finance Team Manager & Deputy S151 Officer | 25 January 2023 |
| Progress of Improvements Identified through Annual Governance Review 2020/21 | Mark Walker, Head of Finance & Customer Services and Section 151 Officer | 25 January 2023 |
| Internal Audit Progress Report | Kerry Beavis, Audit Manager | 25 January 2023 |
| Standards and Ethics Report - Quarter 3 | Elizabeth Warhurst, Head of Legal and Commercial Services | 25 January 2023 |
| Corporate Risk Update | Andy Barton, Strategic Director of Housing and Customer Services | 25 January 2023 |
| **26 April 2023** | | |
| Annual Statement of Accounts 2021/22 | Mark Walker, Head of Finance & Customer Services and Section 151 Officer | 26 April 2023 |
| Annual Governance Statement 2021/22 | Mark Walker, Head of Finance & Customer Services and Section 151 Officer | 26 April 2023 |

| Issue | Report Author | Meeting at which will be reported |
|---|---|---|
| Annual Completion Report 2021/22 | Mark Walker, Head of Finance & Customer Services and Section 151 Officer | 26 April 2023 |
| Annual Auditors Report 2021/22 | Mark Walker, Head of Finance & Customer Services and Section 151 Officer | 26 April 2023 |
| External Audit Strategy Memorandum 2022/23 | Mark Walker, Head of Finance & Customer Services and Section 151 Officer | 26 April 2023 |
| Accounting Policies and Materiality 2022/23 | Anna Crouch, Finance Team Manager & Deputy S151 Officer | 26 April 2023 |
| Treasury Management Stewardship Report 2022/23 | Anna Crouch, Finance Team Manager & Deputy S151 Officer | 26 April 2023 |
| Internal Audit Progress Report | Kerry Beavis, Audit Manager | 26 April 2023 |
| Standards and Ethics Report - Quarter 4 | Elizabeth Warhurst, Head of Legal and Commercial Services & Monitoring Officer | 26 April 2023 |
| Corporate Risk Update | Andy Barton, Strategic Director of Housing and Customer Services | 26 April 2023 |
| Draft Member Conduct Annual Report | Elizabeth Warhurst, Head of Legal and Commercial Services & Monitoring Officer | 26 April 2023 |

This page is intentionally left blank

**NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL**

**AUDIT AND GOVERNANCE COMMITTEE – WEDNESDAY, 27 JULY 2022**

| | | |
|---|---|---|
| **Title of Report** | **STATEMENT OF ACCOUNTS UPDATE REPORT** | |
| **Presented by** | Anna Crouch<br>Finance Team Manager & Deputy S151 Officer | |
| **Background Papers** | Audit Strategy Memorandum – Audit Committee 21 April 2021<br><br>External Audit Progress Report – Audit Committee 20 October 2021<br><br>External Audit Update (verbal) – Audit Committee 19 January 2022 | **Public Report:** Yes |
| **Purpose of Report** | To provide the Audit Committee with an update on the progress of the Authority's 2020/21 and 2021/22 Statement of Accounts. | |
| **Recommendations** | **FOR MEMBERS TO NOTE THIS REPORT AND MAKE ANY COMMENTS** | |

## 1.0 BACKGROUND

1.1 This report is to update the audit committee of the progress of both the 2020/21 and 2021/22 Statement of Accounts.

## 2.0 STATEMENT OF ACCOUNTS 2020/21

2.1 The draft Statement of Accounts for 2020/21 were published on the 31 July 2021 in line with the statutory deadline. As reported by a verbal update by the Head of Finance at the January 2022 Audit and Governance Committee, that in accordance with the ongoing audit, the review of the Council's property, plant and equipment was still underway. This is a technical accounting issue and has no impact on the General Fund or the Council's financial position.

2.2 Since the previous update, all the Council's land and building that are valued based on size (floor area, hectares etc.) have been measured by an independent valuer. These measurements have now been provided to the Council's valuer (Wilks, Head and Eve) to enable updated valuations to be produced. We are expecting to receive these valuations by the end of July. Once the updated valuations have been received, the accounts will be updated, and a revised draft will be published. This will enable the audit to be concluded. We anticipate that the revised draft will be published by the end of September 2022 and the audit concluded by early January.

## 3.0 STATEMENT OF ACCOUNTS 2021/22

3.1 The publication of the draft 2021/22 Statement of Accounts will be delayed due to the ongoing issues with the 2020/21 accounts. This will mean that the statutory deadline will be missed. A notice will be placed on the council's website to this effect.

3.2 Work commenced on the closedown of the 2021/22 accounts in April as planned. A large amount of the work scheduled has been complete. However, the Property, Plant and Equipment (PPE) issue and the loss of HRA financial expertise (through resignation and retirement) has meant the accounts production had to be put on hold due to the challenging recruitment market. These positions have recently been filled on an interim basis.

3.3 The council is not alone with the late publication of the accounts. The national picture is detailed in the table below. The table details the last accounts published by type of authority

Table A: Latest Statement of Accounts Published by Authority Type (as 12/07/22)

| Authority Type | 18/19 Draft | 18/19 Final | 19/20 Draft | 19/20 Final | 20/21 Draft | 20/21 Final | 21/22 Draft | Total |
|---|---|---|---|---|---|---|---|---|
| County | 0 | 0 | 0 | 0 | 6 | 13 | 6 | **25** |
| Met | 0 | 0 | 1 | 0 | 11 | 16 | 8 | **36** |
| Unitary | 1 | 0 | 2 | 1 | 28 | 12 | 12 | **56** |
| Inner London | 0 | 0 | 1 | 0 | 4 | 5 | 2 | **12** |
| Outer London | 0 | 0 | 2 | 0 | 9 | 5 | 4 | **20** |
| Districts | 1 | 2 | 4 | 3 | 82 | 67 | 22 | **181** |
| **Total** | **2** | **2** | **10** | **4** | **140** | **118** | **54** | **330** |

3.4 The above table shows that 50% of all districts have not yet published the final 2021/22 accounts. However, 12% have already published the draft 21/22 accounts ahead of the 31 July deadline.

## 4.0 PUBLICATION TIMELINE

4.1 Table B details the forecasted timeline for publishing the 2020/21 and 2021/22 Accounts.

Table B: Statement of Accounts Publication Timeline

| Activity | Forecast Date |
|---|---|
| 2020/21 Statement of Accounts – updated Draft | 30/09/22 |
| 2021/22 Provisional Outturn – Cabinet | 06/12/22 |
| 2021/22 Statement of Accounts – Draft | 09/12/22 |
| 2020/21 Statement of Accounts – Final | 06/01/23 |
| 2020/21 Statement of Accounts – Approval - Audit Committee | 25/01/23 |
| 2021/22 Statement of Accounts – Final | 06/04/23 |
| 2021/22 Statement of Accounts – Approval - Audit Committee | 26/04/23 |

4.2 The successful achievement of the above timeline is based on several factors, some of which are outside the control of the Council:

a) The information from the valuer is received by the 31 July 2022.
b) External Audit resources are available to complete the audits.
c) The findings from the external audit do not to create any further delays.

d) The capacity of the finance team is available to be able to finalise the accounts and support the audit. In addition to the accounts, the team is also in the process of implementing a new finance system which is scheduled to go live in December 2022, budget setting for 2023/24 will commence in September and the monitoring of the 22/23 budgets will continue throughout the year.

.

| **Policies and other considerations, as appropriate** | |
|---|---|
| Council Priorities: | Effective management of the council's finances underpins the delivery of all council priorities. |
| Policy Considerations: | None |
| Safeguarding: | None |
| Equalities/Diversity: | None |
| Customer Impact: | None |
| Economic and Social Impact: | None |
| Environment and Climate Change: | None |
| Consultation/Community/Tenant Engagement: | External Auditors – Mazars |
| Risks: | The late publication of the accounts could have a detrimental impact of the Council's financial standings and reputation. |
| Officer Contact | Anna Crouch<br>Finance Team Manager & S151 Officer<br>anna.crouch@nwleicestershire.gov.uk |

This page is intentionally left blank

**NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL**

**AUDIT AND GOVERNANCE COMMITTEE – WEDNESDAY, 27 JULY 2022**

| | | |
|---|---|---|
| **Title of Report** | **EXTERNAL AUDIT PROGRESS REPORT** | |
| **Presented by** | Mark Walker<br>Head of Finance (Section 151 Officer) and Customer Services | |
| **Background Papers** | Audit Strategy Memorandum – Audit Committee 21 April 2021<br><br>External Audit Progress Report – Audit Committee 20 October 2021<br><br>External Audit Update (verbal) – Audit Committee 19 January 2022 | **Public Report:** Yes |
| **Purpose of Report** | To provide members with an update from the Council's External Auditors. | |
| **Recommendations** | **THAT THE COMMITTEE NOTES THIS REPORT** | |

## 1.0 BACKGROUND

1.1 The report attached at Appendix A is the External Auditor's (Mazars LLP) progress report.

1.2 The report provides an update for the Committee on the progress of the audit of the Council's annual accounts.

1.3 A representative from Mazars is in attendance to present the report.

| Policies and other considerations, as appropriate | |
|---|---|
| Council Priorities: | Not relevant |
| Policy Considerations: | Not relevant |
| Safeguarding: | Not relevant |
| Equalities/Diversity: | Not relevant |
| Customer Impact: | Not relevant |
| Economic and Social Impact: | Not relevant |
| Environment and Climate Change: | Not relevant |
| Consultation/Community/Tenant Engagement: | Not relevant |
| Risks: | Not relevant |
| Officer Contact | Anna Crouch<br>Finance Team Manager & Deputy S151 Officer<br>anna.crouch@nwleicestershire.gov.uk |

# Progress Report

## North West Leicestershire District Council

Audit and Governance Committee July 2022



mazars

1. VFM update
2. National publications

18

01

Section 01:

**VFM update**

# VFM update

## Approach to Value for Money arrangements work

We are required to consider whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out and sets out the reporting criteria that we are required to consider. The reporting criteria are:

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

At the planning stage of the audit, we undertake work so we can understand the arrangements that the Council has in place under each of the reporting criteria. As part of work we may identify risks of significant weaknesses in those arrangements. Where we identify significant risks, we design a programme of work (risk-based procedures) to enable us to decide whether there is a significant weakness in arrangements. Although we describe this work as planning work, we keep our understanding of arrangements under review and update our risk assessment throughout the audit to reflect emerging issues that may suggest there are further risks of significant weaknesses. To date we have identified one risk of significant weakness which is detailed below.

## Summary by reporting criteria

20

| Reporting criteria | 2020/21 Risk of significant weaknesses identified? | 2020/21 Risk of significant weaknesses identified? | 2020/21 Planned audit approach |
|---|---|---|---|
| Financial sustainability | No | No new matters arising to date. | N/a |
| Governance | Yes | **One risk of weakness has been identified.** One risk of a significant weakness in arrangements has been identified: there has been a high turnover of staff within the finance and property services team, alongside a number of challenging strategic projects, which has contributed to a delay in finalisation of the 2020/21 financial statements. | To address this risk we plan to: monitor progress in the finalisation of 2020/21 financial statements; review and discuss the root causes of delays with officers; and complete our audit of the 2020/21 financial statements |
| Improving economy, efficiency and effectiveness | No | No new matters arising to date. | N/a |

02

Section 02:

# National publications

# National publications

| | Publication/update | Key points |
|---|---|---|
| **Chartered Institute of Public Finance and Accountability (CIPFA)** | | |
| 1 | Updated statement on the deferral of IFRS 16 leases | Following its emergency consultation on proposals for changing the Code of Practice on Local Authority Accounting in the United Kingdom, CIPFA LASAAC issued its preliminary decision and feedback statement. |
| 2 | CIPFA LASAAC issues urgent consultation on Code of Practice – Infrastructure Assets | The CIPFA LASAAC Local Authority Code Board has released temporary proposals to update the Code of Practice on Local Authority Accounting in the United Kingdom for infrastructure assets. |
| **Department for Levelling Up, Housing and Communities** | | |
| 3 | Creation of the Audit Reporting and Governance Authority | A new regulator, the Audit Reporting and Governance Authority (ARGA), to be established as the system leader for local audit within a new, simplified local audit framework. |
| **National Audit Office (NAO)** | | |
| 4 | Audit and Assurance Committee effectiveness tool | NAO's effectiveness tool provides a way for ARACs to assess their effectiveness |
| **Public Sector Audit Appointments Ltd** | | |
| 5 | Annual Quality Monitoring Report 2019/20 | This covers the work of local auditors appointed by PSAA for the 2019/20 financial year. The report provides information from PSAA's quality monitoring arrangements throughout the year, survey results and findings from professional regulation and contractual compliance.<br>The report details how the Financial Reporting Council reviewed four Mazars financial statements audits and all were assessed as meeting the required standard. |

# NATIONAL PUBLICATIONS
# CIPFA

**1. Updated statement on the deferral of IFRS 16 leases – April 2022**

Following its emergency consultation on exploratory proposals for changing the Code of Practice on Local Authority Accounting in the United Kingdom, CIPFA LASAAC issued its preliminary decision and feedback statement. This preliminary decision was subsequently considered by the government's Financial Reporting Advisory Board (FRAB). FRAB advised CIPFA LASAAC that it agreed with the deferral of IFRS 16 Leases until 1 April 2024. FRAB also advised CIPFA LASAAC that the Code had to allow and should encourage local authorities to adopt the standard before this date should they wish to.

CIPFA LASAAC has therefore followed its preliminary decision with its formal decision: to defer the implementation of IFRS 16 until 1 April 2024 (and therefore in the 2024/25 Code). However, both the 2022/23 and the 2023/24 Codes will allow for adoption as of 1 April 2022 or 2023. CIPFA LASAAC would note that the 2022/23 Code has not yet completed its due process so local authorities should follow the CIPFA LASAAC pages of the website for further updates. Formal due process for the Code by LASAAC and by CIPFA's Public Financial Management Board is anticipated to be complete by the third week in April.

https://www.cipfa.org/about-cipfa/press-office/latest-press-releases/updated-statement-on-the-deferral-of-ifrs-16-leases

**2. CIPFA LASAAC issues urgent consultation on Code of Practice – Infrastructure Assets – May 2022**

23

The CIPFA LASAAC Local Authority Code Board has released temporary proposals to update the Code of Practice on Local Authority Accounting in the United Kingdom for infrastructure assets. An urgent consultation on these proposals is now under way and comments are invited until the consultation closes on 14 June 2022 at 23.00.

The temporary proposals address an issue raised by auditors about the derecognition (removal of the carrying amount) of parts of local authority infrastructure assets as they are replaced. CIPFA LASAAC and CIPFA established a Task and Finish Group to find a solution to this issue and consider the outcome of any proposed changes to the code. Following advice from the Task and Finish Group, CIPFA LASAAC has now issued temporary proposals for changes to the code relating to how these issues are reported. They include:

- confirming the accounting consequences of derecognition, e.g. that the effect on the carrying amount is nil (on a presumption that the replaced parts are fully depreciated);
- temporarily adapting the code to remove the reporting requirements for gross historical cost and accumulated depreciation
- providing extra guidance on how depreciation may be applied for infrastructure assets
- CIPFA LASAAC will consult on a longer-term solution later in the year.

https://www.cipfa.org/about-cipfa/press-office/latest-press-releases/cipfa-lasaac-issues-urgent-consultation-on-code-of-practice

# NATIONAL PUBLICATIONS

## Department for Levelling Up, Housing and Communities

**3. Creation of the Audit Reporting and Governance Authority – May 2022**

Plans to ensure councils and local bodies are delivering value for money for taxpayers, strengthening council finances and reducing risk to public funds have been published by the government.

The government consultation response confirms plans to establish a new regulator, the Audit Reporting and Governance Authority (ARGA), as the system leader for local audit within a new, simplified local audit framework.

Ahead of ARGA's establishment, a shadow system leader arrangement will start at the Financial Reporting Council (FRC) from September 2022. This will be led by Neil Harris, who joins as the FRC's first Director of Local Audit to start up a dedicated local audit unit.

The Department for Levelling Up, Housing and Communities has been acting as interim system leader since July 2021, when it established and took the chair of the Liaison Committee of senior local audit stakeholders.

Work has already begun to address the challenges facing local audit with the government announcing a series of measures to improve local audit delays in December 2021.



The consultation response also announces plans to make audit committees compulsory for all councils, with each audit committee required to include at least one independent member.  This will create greater transparency and consistency across local bodies.

The announcement comes as government today set out its wider plans to revamp the UK's corporate reporting and audit regime through a new regulator, greater accountability for big business and by addressing the dominance of the Big Four audit firms.

The government continues to work closely with stakeholders, including local bodies and audit firms, to refine proposals for implementing our commitments around system leadership, as well the range of other commitments we have made in response to the Redmond Review.

https://www.gov.uk/government/news/greater-transparency-and-value-for-money-for-council-finance-system

# NATIONAL PUBLICATIONS

## National Audit Office

**4. Audit and Risk Assurance Committee effectiveness tool – May 2022**

Audit and Risk Assurance Committees (ARACs) play a crucial role in supporting the effective governance of central government departments, their agencies and arm's-length bodies.

ARACs are operating in a highly challenging context. Government organisations are managing many short- and long-term risks and are required to be resilient to a number of pressures. This has created an environment where ARACs need to be dynamic and responsive to the changing risk profiles and demands of their organisations. ARACs can see this as an opportunity to work out how they can most proactively work with the Board and accounting officer.

Against this background, NAO's effectiveness tool provides a way for ARACs to assess their effectiveness against more than just the basic requirements. It provides aspects of good practice to give ARACs greater confidence and the opportunity to meet the requirements of their role.

The effectiveness tool is a comprehensive way for ARACs in central government to assess their effectiveness on a regular basis.

https://www.nao.org.uk/report/audit-and-risk-assurance-committee-effectiveness-tool/

25

# NATIONAL PUBLICATIONS
# Public Sector Audit Appointments Ltd

**5. Annual Quality Monitoring Report 2019/20 – April 2022**

This covers the work of local auditors appointed by PSAA for the 2019/20 financial year, which was undertaken during a difficult time for all concerned. The systemic issues that were highlighted in Sir Tony Redmond's Review continued and were compounded by the pandemic.

In September 2020 Sir Tony Redmond's review of local authority financial reporting and external audit was published. The report highlighted the significant challenges and turbulence within the new system of local audit, emphasising that at present local government audit is under-resourced, undervalued and is not having impact in the right areas. The report made a number of recommendations in relation to external audit regulation, smaller authorities' audit regulation, the financial resilience of local authorities and the transparency of financial reporting.

In December 2020 the Ministry of Housing, Communities and Local Government (MHCLG) delivered its initial response to the Redmond Review setting out proposed actions to implement the majority of the recommendations made in the report. This was followed by a further announcement in May 2021 which proposed that the Audit, Reporting and Governance Authority (ARGA) would carry out the hugely important role of the local audit systems leader. ARGA is the new regulator being established to replace the FRC and will contain a dedicated local audit unit which will play a key leadership and coordination role in the local audit framework. MHCLG consulted in Summer 2021 on how the new arrangements would function.

The next year is likely to continue to be very challenging for all involved in local audit, but DLUHC (formerly MHCLG) will take forward and refine its proposals in its role as interim systems leader until ARGA is created, and the FRC will create a local audit unit in shadow form.

The problems that Sir Tony Redmond reported on continue to impact significantly on the timely completion of local government audits. Only 45% of audit opinions were completed by the publishing date of 30 November 2020, compared with 58% in the previous year. This has now fallen even further with only 9% for 2020/21 audits of financial statement opinions completed (noting the reversion to a 30 September publishing date). Delayed audit opinions have a real public-facing impact, undermining the ability of local bodies to account effectively for their stewardship of public money to taxpayers. It is imperative that the whole system works together to restore timely completion of audits in order to rebuild public confidence and trust, especially as the lack of a statutory deadline for the audit opinion means that co-operation is essential to make the system work as the public has the right to expect it to.

https://www.psaa.co.uk/managing-audit-quality/annual-audit-quality-reports-from-2018-19/annual-reports/audit-quality-monitoring-report-2019-20/

# Contact

**Mazars**

Partner : Mark Surridge

Email:  mark.surridge@mazars.co.uk



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

*where permitted under applicable country laws.

**www.mazars.com**

# Follow us:

**LinkedIn:**
www.linkedin.com/company/Mazars

**Twitter:**
www.twitter.com/MazarsGroup

**Facebook:**
www.facebook.com/MazarsGroup

**Instagram:**
www.instagram.com/MazarsGroup

**WeChat:**
ID: Mazars

mazars

This page is intentionally left blank

**NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL**

**AUDIT AND GOVERNANCE COMMITTEE – WEDNESDAY, 27 JULY 2022**

| | | |
|---|---|---|
| **Title of Report** | **INTERNAL AUDIT PROGRESS REPORT 2022-23 Q1** | |
| **Presented by** | Kerry Beavis<br>Audit Manager | |
| **Background Papers** | Public Sector Internal Audit Standards<br><br>Internal Audit Plan 2022/23 | **Public Report:** Yes |
| **Purpose of Report** | To inform the Committee of progress against the Internal Audit plan for 2022/23 and to highlight any incidences of significant control failings or weaknesses that have been identified. | |
| **Recommendations** | **THE AUDIT AND GOVERNANCE COMMITTEE NOTE THE REPORT.** | |

## 1.0 BACKGROUND

1.1 The Public Sector Internal Audit Standards require the Authority's Audit Committee to approve the audit plan and monitor progress against it. The Standards state that the Committee should receive periodic reports on the work of internal audit.

1.2 The Audit and Governance Committee approved the 2022/23 Audit Plan on 20 April 2022. The Committee receives quarterly progress reports.

## 2.0 PROGRESS REPORT

2.1 The Internal Audit Progress Report for the period 01 April 2022 to 30 June 2022 (Q1) is attached at Appendix 1.

| Policies and other considerations, as appropriate | |
|---|---|
| Council Priorities: | An effective internal audit service supports all council priorities. |
| Policy Considerations: | None. |
| Safeguarding: | None. |
| Equalities/Diversity: | None. |
| Customer Impact: | None. |
| Economic and Social Impact: | None. |
| Environment and Climate Change: | None. |
| Consultation/Community Engagement: | None. |
| Risks: | There are no specific risks associated with this report. |
| Officer Contact | Kerry Beavis<br>Audit Manager<br>kerry.beavis@nwleicestershire.gov.uk |

# INTERNAL AUDIT SHARED SERVICE

## North West Leicestershire District Council

## Internal Audit Progress Report 2022/23 Q1

## 1. Introduction

1.1. Internal Audit is provided through a shared service arrangement led by North West Leicestershire District Council and delivered to Blaby DC and Charnwood BC. The assurances received through the Internal Audit programme are a key element of the assurance framework required to inform the Annual Governance Statement. The purpose of this report is to highlight progress against the 2021/22 and the 2022-23 Internal Audit Plan up to 30th June 2022.

## 2. Internal Audit Plan Update

2.1. Work on the 2022/23 audit plan has commenced and the Green Homes Grant certification has been signed off. The 2022/23 audit plan is included at Appendix A for information. The audits due to take place in Q2 are:

- Housing Repairs
- Housing Planned Maintenance
- Tax

2.2. Since the last update report four final audit reports have been issued which completes the work on the 2021/22 audit plan. The following 2021/22 audit opinions were issued and the executive summaries are included in Appendix B:

- Corporate Estates Compliance – Limited Assurance
- HRA Fire Safety & Management – Limited Assurance
- Project Management – Limited Assurance
- Housing Rents – Limited Assurance

The main areas where weaknesses were identified are as follows

Corporate Estates Compliance – No central oversight on corporate property-related compliance activity, no robust corporate performance monitoring framework in place and no consistent approach for recording and monitoring of issues raised during inspection.

HRA Fire Safety & Management - Key policies and procedures are not in place, there is no evidence of contract management or monitoring, there is no monitoring carried out in regard to remedial works to rectify significan issues and there is no training and awareness programme in place for relevant officers.

Project Management – Limited corporate approach to the overall project management function.

Rent Accounting – The lack of data to provide assurance that data transfer, during the implementation of the new system, was accurate and variances have been resolved and the lack of reconciliations carried out since the new system has been implemented.

## 3. Internal Audit Recommendations

3.1. Internal Audit monitor and follow up all critical, high and medium priority recommendations. There are two overdue recommendations which are included in Appendix C for information.

## 4. Internal Audit Performance Indicators

4.1 Progress against the agreed Internal Audit performance targets is documented in Appendix D. Work on the 22/23 audit plan is progressing in line with work scheduling.

**Appendix A**

## 2022/23 AUDIT PLAN AS AT 30th JUNE 2022

| Audit Area | Type | Planned Days | Actual Days | Status | Assurance Level | Recommendations | | | | Comments |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | C | H | M | L | |
| Housing Repairs | Audit | 10 | | Q2 | | | | | | |
| Housing Planned Maintenance | Audit | 10 | | Q2 | | | | | | |
| Choice Based Lettings | Audit | 8 | | Q1/2 | | | | | | Moved to Q3 due to system implementation |
| Rent Arrears | Audit | 7 | | Q3 | | | | | | |
| Right to Buy | Audit | 8 | 3 | In progress | | | | | | |
| Anti-social behaviour | Audit | 8 | | Q3 | | | | | | |
| Key financial systems | Risk based | 30 | | Q2/3/4 | | | | | | |
| Tax | Audit | 10 | | Q2 | | | | | | |
| Covid-19 Related Assurance | As required | 10 | | As required | | | | | | |
| LAD 1b Green Grant | Certification | - | 6 | Completed | | - | - | - | - | Addition to plan |

Appendix 1

**Audit Opinion Key**

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

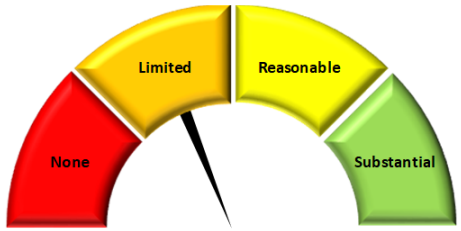
**Audit Recommendations Key**

| Level | Definition |
|---|---|
| Critical | Recommendations which are of a very serious nature and could have a critical impact on the Council, for example to address a breach in law or regulation that could result in material fines/consequences. |
| High | Recommendations which are fundamental to the system and require urgent attention to avoid exposure to significant risks. |
| Medium | Recommendations which, although not fundamental to the system, provide scope for improvements to be made. |
| Low | Recommendations concerning issues which are considered to be of a minor nature, but which nevertheless need to be addressed or potential opportunities for management to improve the operational efficiency and/ or effectiveness of the system. |

**Appendix B**

## SUMMARY OF FINAL AUDIT REPORTS ISSUED BETWEEN 1st APRIL & 30th JUNE 2022

### CORPORATE ESTATES COMPLIANCE

| LIMITED ASSURANCE | |
|---|---|
|  | Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited. |

Areas of positive assurance identified during the audit:

- Processes are being put in place to establish and record the Authorities Statutory Duties, starting with a Corporate Compliance Tracker.
- There is a Statutory Duties Group which meets regularly, with appropriate attendees from across the Authority.
- Key documents such as certificates are filed promptly, consistently and securely and are easily retrievable when required.
- Officers are relevantly trained to ensure awareness and responsibilities in accordance with legislation and policy framework.
- Testing against the various compliance types on the compliance tracker confirmed that inspections are being monitored and carried out in line with legislation.
- Awareness of responsibilities is relevantly disseminated.

The main areas identified for improvement are:

- A corporate approach to the review of policies and procedures for compliance.
- There is currently no central oversight on corporate property-related compliance activity.
- A robust corporate performance monitoring framework should be developed.
- The new asbestos monitoring process needs to be fully implemented.
- There is no consistent approach for recording and monitoring issues that are raised during inspections.

| • **Control Objective** | All key policies, procedures and processes are documented, up to date and accessible to staff who need them. | | | | |
|---|---|---|---|---|---|
| **Risks** | Staff are unaware of the processes leading to a breach of legislation. | | | | |
| **Observation** | **Recommendation** | **Priority** | **Response/Agreed Action** | **Officer Responsible** | **Implementation Date** |
| The Statutory Duty Group were given the responsibility of producing or reviewing corporate compliance policies and procedures. It was found that only two policies have been reviewed, and both have been at draft stage since March 2021. Many of the processes are documented in a flowchart format and do not provide full details of the processes to be followed. | 1.A review of all compliance policies and processes is undertaken to establish single corporate policies and comprehensive procedure guides to ensure a consistent approach across the whole of the authority.<br>All policies and procedures should be stored with accessibility for relevant officers. | High | Bearing in mind this groups inception during the pandemic, this group has been operational in nature and considering issues such as contracting and ensuring operational compliance and managing operational risk.<br>As a minimum the following corporate policies will be developed to address this observation (the below are based on risk prioritisation):<br>Legionella<br>Asbestos<br>Fire Risk Management<br>General Health Safety & Security<br>Electrical Management | Property Services Team Manager (for drafting) | Presented to CLT by December 2022 |

| **Control Objective** | Performance is monitored and appropriately reported. | | | | |
|---|---|---|---|---|---|
| **Risks** | Senior management and members are unaware of any failures in performance. | | | | |
| **Observation** | **Recommendation** | **Priority** | **Response/Agreed Action** | **Officer Responsible** | **Implementation Date** |
| Due to staffing changes and the recent commencement of several key contracts there is minimal performance monitoring and reporting being | 2 A performance monitoring and reporting framework is introduced which includes contractor and legislative compliance performance monitoring and | High | Overlapping with the audit we have begun the introduction of a performance monitoring framework, utilising a RAG | Head of Economic Regeneration | October 2022 |

| | | | | | |
|---|---|---|---|---|---|
| carried out. | periodic reporting to the Statutory Duty Group and, where necessary, the Corporate Leadership Team. | | system. This will be reported through to CLT. It would be beneficial to include properties not managed by property services into this report. | | |

| **Control Objective** | The Council is fulfilling its statutory duties as a landlord and Health and Safety is not compromised. | | | | |
|---|---|---|---|---|---|
| **Risks** | Legal action is instigated due to a failure in compliance. | | | | |
| **Observation** | **Recommendation** | **Priority** | **Response/Agreed Action** | **Officer Responsible** | **Implementation Date** |
| A critical friend review was carried out in August 2020. It is understood that not all changes highlighted were agreed to be implemented, however one area within the report identified that currently there was no central oversight on property-related activity, but a future target should be a corporate landlord model to take responsibility and accountability for all property-related activity. Audit have found that as yet there has been no progress on this area. | 3 To ensure that the authority is fully meeting its legislative responsibilities in an efficient and effective manner consideration is given to introducing a true corporate landlord model for corporate property. | High | Since the publication of the 2020 report, there has been considerable change in both the operation of the council, its ability to address some strategic issues due to the pandemic, and more recently changes in property service management, housing senior management and the Chief Executive, along with changes to our accommodation strategy.<br><br>So as to address the above we will undertake a further assessment of options for the operation and scope of an overall property function spanning all of our assets, and consider how this is best addressed in the future. | Strategic Director | March 2023 |

| Control Objective | A process is in place to ensure that where issues are identified these are followed up. | | | | |
|---|---|---|---|---|---|
| **Risks** | Legal action due to a failure in rectifying an identified issue. | | | | |
| **Observation** | **Recommendation** | **Priority** | **Response/Agreed Action** | **Officer Responsible** | **Implementation Date** |
| Testing highlighted that there is no consistent process in place that ensures any remedial actions are implemented following inspections. It is acknowledged that the property services section are in the process of introducing a compliance tracker that records the relevant actions, the priority level of the actions and will provide links to the appropriate documentation upon completion of the actions. | 4 The process for recording and monitoring issues through the compliance tracker is fully implemented and a reporting framework is put in place, to ensure that any remedial actions or works required are identified and tracked to fruition in a timely manner. | Medium | Agreed – for the property services managed properties. This may take longer to fully implement if we follow a corporate landlord model. If not then there will not be assurance for all properties. | Head of Economic Regeneration | October 2022 |



| Control Objective | Inspections are carried out in line with legislation and procedures. | | | | |
|---|---|---|---|---|---|
| **Risks** | Officers and/ or relevant other parties do not identify potential issues. | | | | |
| **Observation** | **Recommendation** | **Priority** | **Response/Agreed Action** | **Officer Responsible** | **Implementation Date** |
| The current Asbestos Risk Assessment shows that inspections are overdue. This has been recognised and a new inspection programme and the associated documentation is currently being put in place to address this. | 5 The review of the Asbestos process is completed and implemented to ensure the council are confident they are complying with regulations. | High | Agreed | Head of Economic Regeneration | October 2022 |
| There is no comprehensive record in place that records the assets requiring | 6 A comprehensive record of all assets and statutory inspections/ | High | Not all of these assets are owned by the authority. The scope of the contracts need | Head of Economic Regeneration | March 2023 |

| | | | | | |
|---|---|---|---|---|---|
| inspection, the dates the inspections are carried out and the actions taken to ensure compliance is met. | checks that are required by the Council is introduced<br>These records should cover all services and be monitored and reported against on a regular basis to ensure testing/ checks have taken place as required.<br>Note: This recommendation was made in the Health and Safety Audit, undertaken in February 2021 (due for implementation in June 2021) and as yet has not been implemented. | | to be known and recorded and performance monitored against this. Where assets are owned by the authority these will be detailed as required. | | |

Appendix 1

**HRA FIRE SAFETY & MANAGEMENT -**

| LIMITED ASSURANCE | |
|---|---|
|  | Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited. |

Areas of positive assurance identified during the audit:

- Contracts are in place for active and passive fire safety systems, fire risk assessments and compartmentation work.
- Fire risk assessments were completed by a qualified assessor in 2021 for all ten sheltered schemes and a further forty-two blocks.

The main areas identified for improvement are:

- Key policies and procedures.
- Contract management and monitoring arrangements.
- Monitoring of remedial works to rectify significant issues.
- Officer training and awareness.

Appendix 1

| Control Objective | 1. All key policies, procedures and processes are documented, up to date and accessible to staff who need them.<br>10. Awareness of responsibilities is relevantly disseminated. | | | | |
|---|---|---|---|---|---|
| **Risk** | Staff are unaware of the processes leading to a breach of legislation. | | | | |
| **Observation** | **Recommendation** | **Priority** | **Response/Agreed Action** | **Officer Responsible** | **Implementation Date** |
| There are no internal procedures covering key processes. | 1. Written procedure notes should be produced for all key processes and made available to relevant staff. | Medium | The procedures are currently being drafted and will be completed by the 30th July 2022. | Housing Compliance Team Leader | 30th July 2022 |
| A draft Housing Assets Fire Safety policy (dated 20.02.22) has been produced but is still to be reviewed and approved by the Head of Housing and the relevant Strategic Director before it can be formally adopted.<br>The policy covers maintenance and inspection arrangements including the responsibility for each area but does not refer to fixed wire testing requirements. | 2. The draft Housing Assets Fire Safety Policy should be reviewed, finalised and formally adopted as soon as possible. | High | A new Fire Safety policy has been written and has been sent out for final consultation with stakeholders. This will be reviewed by the Interim Head of Housing and then sent for final approval to the Strategic Director. | Housing Assets Team Manager | 30th July 2022 |
| | 3. The fixed wire testing requirements and arrangements should be clarified and details added to the relevant section of the Housing Assets Fire Safety policy if required. | Medium | A new Electrical Safety policy has been written and has been sent out for final consultation with stakeholders. This will be reviewed by the Interim Head of Housing and then sent for final approval to the Strategic Director. | Housing Assets Team Manager | 30th July 2022 |

| Control Objective | 1. There are effective contract management arrangements in place.<br>2. Contracts are being delivered to the agreed level of performance and quality.<br>3. Performance is being reported accurately and is monitored appropriately by management. | | | | |
|---|---|---|---|---|---|
| **Risks** | Poor performance is not identified.<br>The contractor does not meet the legal obligations of the contract putting the authority at risk of breaching landlord statutory duties.<br>Senior management and members are unaware of any failures in performance. | | | | |
| **Observation** | **Recommendation** | **Priority** | **Response/Agreed Action** | **Officer Responsible** | **Implementation Date** |
| The authority has various contracts in place for the different fire safety requirements – e.g.<br>• Servicing and testing of fire alarms, extinguishers etc.<br>• Design and installation of various passive fire protection measures and the delivery of remedial fire safety works.<br>• Provision of fire risk assessments, including compartmentation and door surveys.<br><br>All contracts contain key performance information (KPI) targets for key areas. However, no evidence of any contract management meetings or performance monitoring has been provided for either the current contracts or those that were in place for active and passive fire safety prior to Nov-21. The Housing Assets Team Manager stated that he monitors and manages the contracts but no evidence has been provided to confirm that KPI data is, or has been, reported and reviewed to ensure that any performance issues are identified and addressed. | 4. Arrangements are to be put in place to ensure that all contracts are appropriately managed and monitored, with contract meetings minuted, KPIs reported as expected and any performance issues identified, detailed and addressed promptly, with evidence retained on file. | High | All certificates and documents are currently located in the central Asset Management i/ drive. These will now be moved across to the Fire Safety Channel that had been set up in TEAMs.<br>The separate TEAMs channel will manage the new contract with ABCA for both passive and active works, this will ensure the contract will be managed effectively. This channel will hold all information on the passive and active contract. The channel is also live and open to the external contractors and other members of the Fire Compliance Project Team so that all KPIs can be managed, | Housing Assets Team Manager | 30th July 2022 |

| | | | | | |
|---|---|---|---|---|---|
| | | | and all certification directly uploaded into the live tracker. Going forward the KPI's will also be reported to the Statutory Duty Group. | | |

| **Control Objective** | 4. The Council is fulfilling its statutory duties as a landlord and the Health and Safety of tenants is not compromised. | | | | |
|---|---|---|---|---|---|
| **Risk** | Legal action is instigated due to a failure in compliance. | | | | |
| **Observation** | **Recommendation** | **Priority** | **Response/Agreed Action** | **Officer Responsible** | **Implementation Date** |
| The Smoke and Carbon Monoxide Alarm (England) Regulations 2015 state that: 'S*moke alarms in rental properties need to be fitted on at least every storey which is used as living accommodation. They need to be tested on the first day of the tenancy and this needs to be recorded***.** *Thereafter, tenants are responsible for testing the alarms are in working order. If there is a problem, batteries can be replaced by the tenant, but the alarm itself by the landlord.*<br>*For carbon monoxide alarms, currently in England, the law states you only need to install them if "the house which is used wholly or partly as living accommodation contains a solid fuel burning combustion appliance".'* | 5. Checks should be undertaken to ensure that each relevant scheme is adequately protected by smoke and carbon monoxide alarms and that these are installed, checked and periodically inspected by a suitably qualified person.<br>Records should be maintained centrally to ensure that all checks are carried out as expected. | High | Risks assessments are being completed across all sheltered schemes, these detail all detectors (fire and carbon monoxide) and main components within the schemes, the conditions of the Fire Detection and Alarm systems, and ensures protection status is adequate<br>The risk assessments also hold other data so that a full and detailed asset register of all Fire Detection and Alarm system components can be confirmed at each location and their protection status.<br>Carbon Monoxide detectors have been installed in all domestic properties where there are solid fuel appliances or where there is a gas boiler | Housing Compliance Team Leader | 30th June 2022 |

| | | | | | |
|---|---|---|---|---|---|
| No details of smoke and carbon monoxide alarms at the relevant properties, or evidence of any associated checks have been provided. | | | located at the property. These are also checked when we carry out gas servicing inspections on an annual basis. As part of the annual gas service our gas servicing contractor tests all smoke detectors within the properties and this recorded on the LGSR. Further work is being carried out to ensure that all electrical upgrades will now comply with the new regulations that come in to force in October 2022. | | |

| **Control Objective** | 6. Charges are in line with the contract and are subject to internal checking processes prior to payment. | | | | |
|---|---|---|---|---|---|
| **Risk** | Overpayment of contract payments. | | | | |
| **Observation** | **Recommendation** | **Priority** | **Response/Agreed Action** | **Officer Responsible** | **Implementation Date** |
| Only two of the seven invoices checked could be fully verified to the relevant pricing schedule or quote.<br>The source documentation for the remaining five could not be located. | 6. Officers ensure that source documentation is readily available and used to verify that payments are made in line with contract prices. | Medium | All invoices will be cross referenced against the original contract and the agreed schedule of rates. An application system has been established where costs are confirmed and approved prior to any invoices being sent into the council. These will be managed by the | Housing Compliance Team Leader | 30th July 2022 |

| | | | | | |
|---|---|---|---|---|---|
| | | | Quantity Surveyor within Housing support services and final approvals of the invoices and costs will be confirmed by the Housing Compliance Team Leader. All invoices and costs will also be detailed on the central tracker. | | |

| **Control Objective** | 7. Officers are relevantly trained to ensure awareness and responsibilities for this area. | | | | |
|---|---|---|---|---|---|
| **Risk** | Breach of legislation due to officers not being aware of responsibilities | | | | |
| **Observation** | **Recommendation** | **Priority** | **Response/Agreed Action** | **Officer Responsible** | **Implementation Date** |
| The training course 'Bespoke Fire Training - Duty Holder' has recently been completed by the Housing Assets Team Leader, the Compliance Team Leader and the Contract Supervisor.<br>It is understood that further training for the team has been identified which will be booked from April 2022 but there is no formal training programme in place.<br>Training was provided to wardens and support staff in person prior to the start of the Covid-19 pandemic in Mar-20 but none has been carried out since then. | 7. The fire safety awareness levels and training requirements of the Housing Management and Housing Assets teams should be assessed and a training programme put in place to ensure that all relevant staff, including wardens and support staff, are adequately trained and aware of their responsibilities. This should include periodic refresher training where required. | High | A review is being undertaken of all relevant training with regards to fire safety and compliance across the relevant sections of Housing. A training plan will be established following this review and will include training for the relevant officers particularly fire marshal training from a risk perspective and will be a priority. We will aim to complete this by end of August 2022, and once underway monitoring of progress will be undertaken. Training will be monitored through regular 1-2-1's with officers and recorded on the | Housing Assets Team Manager | Training Plan drafted August 2022<br><br>Training completed 31st March 2023 |

| | | | | | |
|---|---|---|---|---|---|
| | | | HR system. There are no longer wardens at the schemes. | | |

| **Control Objective** | 8. A process is in place to ensure that where issues are identified these are followed up. | | | | |
|---|---|---|---|---|---|
| **Risk** | Legal action due to a failure to rectify an identified issue. | | | | |
| **Observation** | **Recommendation** | **Priority** | **Response/Agreed Action** | **Officer Responsible** | **Implementation Date** |
| Sheltered Schemes<br>An action plan has been produced in respect of the work required to rectify the significant issues identified by the Fire Risk Assessments (FRAs) completed in Jul-21 for the ten sheltered schemes. Each action required has been allocated a priority rating of either High, Medium or Low and responsibility has been assigned to the appropriate team i.e. Asset Management, Housing Management or Repairs.<br>However, there are no target completion dates and although it is understood that some work has been completed or is in progress, the action plan had not been updated to reflect this.<br>Other Schemes<br>Forty-two (Phase 2) FRAs were completed for other schemes in Aug-21 and Sep-21 and although the significant findings have been recorded separately for each, a corresponding action plan has not yet been produced and no remedial works have been undertaken to date. | 8. Target completion dates should be added to the Sheltered Schemes – Significant Findings Action Plan and a similar action plan summarising the significant findings from the Phase 2 Fire Safety Works should be produced. | High | The Significant Findings Action Plan has been updated and all completed actions marked on the plan, target dates are being established for passive works and meetings are being held with the contractor to confirm estimated start and completion dates for works including lead in times for delivery materials, e.g. fire doors which have a 12 week lead in.<br>At the time the plan was produced we could not confirm dates due to COVID and delays with materials and labour, This has started to improve and further meetings are being held with the contractors and suppliers.<br>Previous Fire Risk Assessments (FRAs) are superseded by the latest FRAs completed by TERSUS. | Housing Compliance Team Leader | 30th July 2022 |

| | | | | | |
|---|---|---|---|---|---|
| Previous FRAs<br>Housing Assets and Compliance staff confirmed that FRAs were previously carried out in 2011, 2014 and 2019. However, there is no evidence to confirm that the issues raised on each were ever addressed. | 9. Progress against both action plans should be formally reviewed on a monthly basis until all actions have been completed. | High | This is a standard agenda item on all monthly meetings. This responsibility is with the Housing Compliance Team Leader. This will also be reviewed by the Housing Assets Team Manager on the monthly 1-2-1s | Housing Compliance Team Leader | 30th July 2022 |

| **Control Objective** | 9. Inspections are carried out in line with legislation and procedures. | | | | |
|---|---|---|---|---|---|
| **Risk** | Officers and/ or relevant other parties do not identify potential issues. | | | | |
| **Observation** | **Recommendation** | **Priority** | **Response/Agreed Action** | **Officer Responsible** | **Implementation Date** |
| Evidence to confirm that the annual and monthly emergency lighting checks at the sheltered schemes had been completed as expected during 2021/22 was requested during the audit.<br>This has brought to light that, following a split of responsibilities from Property Services to Asset Management, some of the schemes were apparently excluded from the relevant contract.<br>Work is now underway to remedy this issue and it is understood that the remaining emergency lighting surveys are due to take place in April and October. | 10. A process is introduced to ensure that checks are undertaken to confirm that the annual and monthly emergency lighting checks have been completed and evidenced as expected for all relevant schemes.<br>This process should also include the arrangements and monitoring of any remedial works identified from the checks. | High | A tracker has been updated which details emergency lighting inspections as per BS5266.<br>This tracker will be monitored on a monthly basis by the Housing Compliance Team Leader, and it also details all future inspections for emergency lighting.<br>All remedial works, and costs will also be detailed on the tracker to ensure the contract is appropriately managed. | Housing Compliance Team Leader | 30th June 2022 |
| | 11. Officers should compile a comprehensive list of assets and ensure that the existing fire safety contracts cover all relevant housing schemes. | High | A review had been undertaken to ensure all relevant assets that fall under the regulations and a further 3 sites identified. These have now been included within the contract for testing and maintenance. | Housing Assets Team Manager | 31st March 2022 |

| | | | | | |
|---|---|---|---|---|---|
| The Fire Risk Assessment for each sheltered scheme refers to the location of the water hydrant, but the responsibility for the annual inspection / maintenance of each (i.e. which, if any, are on NWLDC land) is not stated. | 12. The responsibility for the water hydrant(s) at each site should be established, recorded and arrangements made for maintenance and inspection where applicable. | Medium | The fire hydrants are not owned by the Council. The responsibility and the owners will be established, and a register confirmed on locations and ownership. | Housing Compliance Team Leader | 30th July 2022 |
| Fire drills are not currently being completed as they were put on hold due to the Covid-19 pandemic.<br>It is understood that these are due to be restarted in Q1 2022/23. | 13. Regular fire drills should be reinstated and the details should be recorded and retained either centrally or in the firebox at each scheme. | Medium | Fire drill and appropriate fire marshal training will be delivered to support staff in Housing Management.<br>This is key risk area, and we aim to complete the training by the 31st August 22.<br>The first fire drill will be completed early June 2022 as a pilot and then the other schemes will follow. | Housing Assets Team Manager | 30th June 2022<br><br>31 August 2022 |
| Inspection records and documents are retained either on the Housing Asset Management drive or on Teams but there is currently no central record or tracker document for routine inspections and maintenance for housing assets. | 14. A centralised Compliance Tracker should be produced to summarise and monitor fire safety and maintenance inspections for all Housing assets / sites.<br><br>The tracker should also include details of any remedial actions required following inspections and the implementation of such actions. | Medium | The centralised tracker is being reviewed with the contractor to reconfirm dates of inspections with the contractor up to the 31st March 2023.<br>The tracker does contain details of any follow up works and any major component changes will also be updated in the Housing system, QL. | Housing Assets Team Manager | 30th July 2022 |

Appendix 1

**PROJECT MANAGEMENT**

| LIMITED ASSURANCE | |
|---|---|
|  | Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited. |

Areas of positive assurance identified during the audit:

- A board structure is in place, with project highlight reports being provided to the board.

The main areas identified for improvement are:

- Agreement of a corporate approach to project management including policies and strategies.
- Promotion of project management guidance and training.

| | | | | | |
|---|---|---|---|---|---|
| **Control Objective** | There is a clear project management framework in place that sets<br>• Policies/ strategies.<br>• Governance responsibilities for CLT, member groups and project boards.<br>• Project methodology and supporting documentation.<br>• Authorisation requirements for projects.<br>• Reporting and monitoring requirements.<br>• End of project feedback/ lessons learnt processes. | | | | |
| **Risks** | Projects are carried out without appropriate authorisation and sponsorship leading to them not being aligned with the Councils transformation priorities.<br>Projects are not executed timely.<br>Overspend on Budgets.<br>Lack of reporting leading to the Project Board unable to monitor progress.<br>The council are unable to determine the outcome of the project and consider lessons-learnt for further projects. | | | | |
| **Observation** | **Recommendation** | **Priority** | **Response/Agreed Action** | **Officer Responsible** | **Implementation Date** |
| The authority does not have a project management policy in place. | 1.A project management policy is implemented that describes the essential elements of all projects/ programmes (e.g. project / programme identification through to authorisation, officer responsibilities, reporting requirements, requirement of the use of the toolkit etc), to ensure that all projects are effectively managed, and relevant governance and controls are in place. | High | Agreed. CLT need to revisit and agree the programme framework, review/refresh the toolkit, to see if it is still relevant, and then look at the resources for programme management with the new Chief Executive, including looking at where the function sits again, if needed.<br><br>There is project management support to projects but there is not clear **programme** management, which is owned and maintained by one person/ service area, and which then collates and reports to CLT/ Members via relevantly timed reports. | Chief Executive, Directors, Monitoring Officer, Section 151 Officer. | December 2022 |
| Detailed on the SharePoint drive is comprehensive | 2. A corporate approach to project management is agreed, | High | As above | Chief Executive, Directors, | December 2022 |

| | | | | | |
|---|---|---|---|---|---|
| guidance and a toolkit on Project Management, which was developed in 2017 by the project management team. Since the team was disbanded the page has not been updated and the processes, stated as mandatory, have not been promoted across the authority.<br>Testing in relation to the use and existence of the project management toolkit has highlighted that there are inconsistencies regarding awareness and use. | implemented, relevantly managed, and communicated to all staff on a consistent and regular basis. | | | Monitoring Officer, Section 151 Officer. | |
| A report was provided to Corporate Leadership Team (CLT) in October 2021 regarding the creation of an appropriate Board and Project structure to ensure delivery, monitoring, and awareness of the progress of various corporate projects.<br><br>The report offered various reporting lines, but nothing was documented as agreed.<br>The report referred to the role of the Organisational Performance Team in | 3. All corporate projects should be monitored and recorded. | High | As above | Chief Executive, Directors, Monitoring Officer, Section 151 Officer. | December 2022 |
| | 4. The role of the Organisational Performance Team in monitoring of projects, as referred to in the report to CLT, should be pursued. | High | As above | Chief Executive, Directors, Monitoring Officer, Section 151 Officer. | December 2022 |
| | 5. A reporting structure is agreed and disseminated to ensure all relevant parties are aware of projects, progress of projects and any issues and reports are presented in a timely manner. | Medium | As above | Chief Executive, Directors, Monitoring Officer, Section 151 Officer. | December 2022 |

| | | | | | |
|---|---|---|---|---|---|
| monitoring projects. On contacting the Organisational Performance Team Leader, the team currently are not involved in project monitoring. | | | | | |
| Project highlight reports provided to the Corporate Assets Board were reviewed. The highlight reports do not contain details of the project approval. | 6.The highlight reports to boards should contain details of the project approval. | Medium | As above | Chief Executive, Directors, Monitoring Officer, Section 151 Officer. | December 2022 |

| **Control Objective** | Officers involved in project management are relevantly trained and aware of the corporate processes. | | | | |
|---|---|---|---|---|---|
| **Risks** | Officers act independently of corporate processes.<br>Projects fail due to lack of knowledge. | | | | |
| **Observation** | **Recommendation** | **Priority** | **Response/Agreed Action** | **Officer Responsible** | **Implementation Date** |
| Project Management training has not been available on the Learning Pool since 2019. | 7.Following agreement of a corporate approach to Project Management suitable training should be made available to enable staff to effectively manage projects. | High | As above | Chief Executive, Directors, Monitoring Officer, Section 151 Officer. | December 2022 |
| Staff who undertake any external training in Project Management are required to record details of this on iTrent. | 8.A reminder should be issued to all staff of the requirement to record all external training undertaken on iTrent. | Low | Agree | Head of Human Resources | July 2022 |

Appendix 1

**RENT ACCOUNTING**

| LIMITED ASSURANCE | |
|---|---|
|  | Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited. |

Areas of positive assurance identified during the audit:

- There is a robust process for ensuring that rents for new/acquired properties are set in line with the Rents Policy.
- Collection rates are regularly monitored with action taken as necessary.
- Suspense accounts are regularly reviewed and items are promptly investigated.

The main areas identified for improvement are:

- Reviewing of policies and use of version control on procedure guides.
- Inadequate monitoring of changes to accounts.
- Lack of data to provide assurance that data transfer, during implementation of the new system, is accurate and variances have been resolved.
- The completion and independent review of reconciliations.
- System user access practices are insufficient and do not ensure system user access is appropriate, where necessary revoked and provides segregation in duties.

| Control Objective | There are adequate and up to date documented policies and procedures in place. | | | | |
|---|---|---|---|---|---|
| **Risks** | Policies and procedures are inadequate and do not reflect current working practices. | | | | |
| **Observation** | **Recommendation** | **Priority** | **Response/Agreed Action** | **Officer Responsible** | **Implementation Date** |
| The Rents Policy, Tenancy Fraud Policy, Former Tenant Arrears Policy and Rechargeable Repair Write-off Policy are overdue a review. | 1. The policies are reviewed on a regular basis to ensure they reflect the council's goals and provide guidance about how to achieve the council's objectives. | Low | Agreed as per recommendation. | Housing Strategy and Systems Team Manager. | December 2022 |
| A full review of the Former Tenants Recovery Procedure was last completed in January 2020 and the procedure guides do not contain version control to record when the procedure was created and document review dates. | 2. A full review of the Former Tenants Recovery Procedure is completed to ensure it reflects changes following the implementation of the new housing management system (QL) and version control is incorporated in all procedure guides. | Low | Agreed as per recommendation. | Housing Strategy and Systems Team Manager. | December 2022 |



| Control Objective | There are adequate separation of duties within the housing rents system and in particular between debit control and collection. | | | | |
|---|---|---|---|---|---|
| **Risks** | There is inadequate separation of duties within the housing rents system, in particular between debit control and collection | | | | |
| **Observation** | **Recommendation** | **Priority** | **Response/Agreed Action** | **Officer Responsible** | **Implementation Date** |
| The structure and division of work between the Housing Strategy and Systems Team and Housing Management Team has not changed since the previous audit, however the parameters within the new housing management system (QL) do not support the separation of duties, in particular between debit control and collection. | 3. System parameters are reviewed to ensure that an adequate separation of duties is present within the housing rents system. | Medium | Agreed as per recommendation. | Housing Strategy and Systems Team Manager. | July 2022 |

| Control Objective | Changes to accounts are controlled for e.g. tenancy dates, rents | | | | |
|---|---|---|---|---|---|
| **Risks** | Unauthorised changes to accounts | | | | |
| **Observation** | **Recommendation** | **Priority** | **Response/Agreed Action** | **Officer Responsible** | **Implementation Date** |
| Exception/Errors reports are not produced from the system to monitor key changes. | 4. Reports should be produced, from the QL system, on a regular basis (such as tenancies created, postcode error, missing tenancy types, rent account name and salutation check and tenure types) so that data checks can be undertaken on changes in the system. | Medium | Agreed as per Recommendation | Housing Strategy and Systems Team Manager. | June 2022 |
| Audit were unable to obtain documentation to confirm that the reconciliation of rents charged was completed and cannot give management assurance that dates, rents charged etc. on tenant's accounts had been carried forward from the previous system correctly due to lack of evidence. | 5. The reconciliation of rents charged is completed as a matter of urgency or evidence is provided to ensure that the data imported into the QL system from Open Housing is complete and accurate. | High | Agreed as per recommendation. | Housing Strategy and Systems Team Manager and the Data Migration and Integration Lead. | June 2022 |



| Control Objective | All types of arrears are pursued appropriately – current and former tenants. | | | | |
|---|---|---|---|---|---|
| **Risks** | Non-payment of rent is not followed up promptly | | | | |
| **Observation** | **Recommendation** | **Priority** | **Response/Agreed Action** | **Officer Responsible** | **Implementation Date** |
| There was no data available to confirm that rent arrears were brought forward correctly from the old Open Housing system to new QL system.<br>The reconciliation provided shows variances between the systems but | 6. A review of the reconciliations is carried out and relevantly documented to confirm that where variances have been identified they have | High | Agreed as per recommendation.<br><br>We have now reconciled the balances and identified two missing tenancies (1 current | Housing Strategy and Systems Team Manager and the Data Migration and Integration Lead. | June 2022 |

| | | | | | |
|---|---|---|---|---|---|
| no explanation could be offered as to where these figures came from or what action was taken to rectify these variances. | been appropriately amended. | | lifeline) as shared with TH 19th May. We are now planning the import but need to test the implications for the live system first | | |

| **Control Objective** | All write-offs are properly authorised | | | | |
|---|---|---|---|---|---|
| **Risks** | Write-offs are not properly authorised | | | | |
| **Observation** | **Recommendation** | **Priority** | **Response/Agreed Action** | **Officer Responsible** | **Implementation Date** |
| The Non-rent Housing Debt Write Off and Former Tenants Arrears Recovery policies include posts that are no longer exist within the establishment and therefore do not accuracy document which officers are authorised to write off debts. | 7. The Non-rent Housing Debt Write off and FTA Recovery policies are reviewed and updated. | Low | Agreed as per recommendation. | Housing Strategy and Systems Team Manager | December 2022 |
| Data comparison testing found that not all write-offs had been recorded in the QL system. | 8. A write-offs reconciliation is undertaken between the Open Housing and QL systems to ensure all data has been accurately transferred and any variances are rectified, and action taken is appropriately documented. | High | Agreed as per recommendation. | Housing Strategy and Systems Team Manager | Implemented |

| Control Objective | Regular reconciliations are undertaken between the housing rents system and the cash receipting system. | | | | |
|---|---|---|---|---|---|
| **Risks** | There are discrepancies between the housing system records and the cash receipting system and general ledger | | | | |
| **Observation** | **Recommendation** | **Priority** | **Response/Agreed Action** | **Officer Responsible** | **Implementation Date** |
| There have been no reconciliations between the housing rents system and the cash receipting system since the implementation of QL. Reconciliations are not independently reviewed for accuracy. | 9. Reconciliations are undertaken on a regular basis and are completed in a timely manner to ensure that any unusual transactions caused by fraud or accounting errors are identified and independently reviewed for accuracy. | Medium | Agreed<br><br>Some have now taken place however there is an issue around timeliness. | Housing Strategy and Systems Team Manager/Exchequer Services Team Leader | June 2022 |



| Control Objective | Regular reconciliations are undertaken between the housing rents system and the general ledger. | | | | |
|---|---|---|---|---|---|
| **Risks** | There are discrepancies between the housing system records and the cash receipting system and general ledger | | | | |
| **Observation** | **Recommendation** | **Priority** | **Response/Agreed Action** | **Officer Responsible** | **Implementation Date** |
| Reconciliations between the housing rents system and the general ledger are not undertaken. | 10. A monthly reconciliation is completed and independently reviewed for accuracy to ensure that any unusual transactions caused by fraud or accounting errors are identified. | High | Agreed but this will be undertaken quarterly. | Finance Team Manager (Financial Planning) | October 2022. |

| **Control Objective** | Access controls to the housing rents system are appropriate for the user requirements and ensure that the integrity of the system is maintained. | | | | |
|---|---|---|---|---|---|
| **Risks** | Access to the system is not appropriately controlled | | | | |
| **Observation** | **Recommendation** | **Priority** | **Response/Agreed Action** | **Officer Responsible** | **Implementation Date** |
| There is no process in place to ensure leavers access is revoked. | 11. Appropriate procedures are implemented to ensure leavers are identified and access revoked; which should include a regular review of the system access list. | Medium | Review and liaison with IT | Housing Strategy and Systems Team Manager and ICT Team Manager. | July 2022 |
| Reviews of the access data and discussions with appropriate officers identified:<br>• a significant number of users (38) who are able to change system parameters;<br>• 10 workgroups created for the implementation project which may no longer be required;<br>• 3 large user groups including housing management, described as a 'catch all' user group with 119 users;<br>• 8 officers who have access to both Housing Management and Rent Accounting which does not provide adequate separation of duties between debit control and income collection. | 12. A cleansing exercise be undertaken on the system, in conjunction with recommendation 3, which should include the removal of leavers, a review of the work groups, the access within the system for that group and who has access to it. | High | Agreed as per recommendation. | Housing Strategy and Systems Team Manager. | July 2022<br>Initial review of existing permissions 30th June 2022<br>Amendments to existing and creation of new groups if required 31st July 2022 |

**Appendix C**

# RECOMMENDATIONS TRACKER – OVERDUE RECOMMENDATIONS AS AT 30th JUNE 2022

| Audit Year | Audit | Recommendation | Priority | Response/ Agreed Action | Responsible Officer | Due Date | 1st Follow up comments | Extension Date | Second Follow up comments | Extension Date |
|---|---|---|---|---|---|---|---|---|---|---|
| 2020/21 | Safeguarding | The Recruitment Policy should be updated and include safer recruitment processes which should be undertaken when recruiting to posts that have contact with vulnerable groups. | High | Agreed | Head of HR & Organisational Development | Jun-21 | This hasn't yet been redrafted as advised this will follow on from the update of the DBS Policy. | Dec-21 | Guidelines have been written but a review of these highlighted that there was no reference to safer recruitment. Awaiting further update. | Jun-22 |
| 2021/22 | Corporate Risk Management | A review of the training available is carried out to ensure that all officers and members receive the right level of risk management training, appropriate to their job role/ position. | Medium | Staff Training - Agreed, will look at introducing an eLearning module as an overview for all staff, additionally will look to include something a little more detailed in the management training pack that is currently being developed. Members Training - We will run an "introduction to Audit & Governance Committee" session following the elections in 2023 as | Head of HR Head of Legal, Audit Manager, Head of Finance, Strategic Director of Housing & Customer Services Democratic Services Manager | May-22 | Staff training - To be part of the NWL Leaders programme and training will take place for all leaders (100 managers) in September 2022. | Oct-22 | | |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| 60 | | | | part of the member induction process. This session will be open to all members. It will cover an introduction to the work of the Committee in terms of finance, internal and external audit, risk management and standards/member conduct.<br><br>More detailed training will be provided to members of the Audit and Governance Committee as part of the induction process. Democratic services have been requested to include both sessions in the induction programme, and they will contact lead officers for the details/dates nearer the time | | | | | | |

**Appendix D**

# 2022/23 INTERNAL AUDIT PERFORMANCE

| Performance Measure | Position as at 30/06/2022 | Comments |
|---|---|---|
| Achievement of the Internal Audit Plan | 12.5% | 1 audit in progress, certification work has been completed and the remaining audits from 2021/22 were completed during quarter 1. |
| Quarterly Progress Reports to Management Team and Audit and Standards Committee | On track | |
| Follow up testing completed in month agreed in final report | On track | |
| Annual Opinion Report - July 2021 Audit and Standards Committee Meeting | Achieved | |
| 100% Customer Satisfaction with the Internal Audit Service | 100% | Based on 6 for 21/22. |
| Compliance with Public Sector Internal Audit Standards | Conforms | External inspection carried out w/c 30th November 2020 which confirmed that we conform with the Public Sector Internal Audit Standards. |

This page is intentionally left blank

**NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL**

**AUDIT AND GOVERNANCE COMMITTEE – WEDNESDAY 27 JULY 2022**

| | | |
|---|---|---|
| **Title of Report** | **INTERNAL AUDIT ANNUAL OPINION REPORT 2021-22** | |
| **Presented by** | Kerry Beavis<br>Audit Manager | |
| **Background Papers** | Public Sector Internal Audit Standards | **Public Report:** Yes |
| **Purpose of Report** | To present the annual internal audit opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and internal control.<br><br>This is required by the Public Sector Internal Audit Standards and should be used to inform the Annual Governance Statement. | |
| **Recommendations** | **THAT THE COMMITTEE NOTES THIS REPORT AND COMMENTS AS APPROPRIATE.** | |

| **Policies and other considerations, as appropriate** | |
|---|---|
| Council Priorities: | An effective internal audit service and risk based audit plan supports all council priorities. |
| Safeguarding: | No specific safeguarding considerations identified during our 2021-22 audit work. |
| Equalities/Diversity: | No specific equalities or diversity considerations identified during our 2021-22 audit work. |
| Customer Impact: | No specific customer impact however improvements to the overall control environment would potentially benefit all customers. |
| Economic and Social Impact: | No specific economic and social impact identified during our 2021-22 audit work. |
| Environment and Climate Change: | No specific environment and climate change impact identified during our 2021-22 audit work. |
| Consultation/Community Engagement: | The Head of Legal and Commercial Services has been consulted. |

| | |
|---|---|
| Risks: | Not presenting this report to Committee would mean that we have not complied with the Public Sector Internal Audit Standards. |
| Officer Contact | Kerry Beavis<br>Audit Manager<br>Kerry.beavis@nwleicestershire.gov.ukmailto:lisa.marron@nwleicestershire.gov.uk |

# INTERNAL AUDIT SHARED SERVICE

## North West Leicestershire District Council

## Internal Audit Annual Report 2021/22

## 1. INTRODUCTION

1.1 This is the annual report of the Chief Audit Executive (Audit Manager) as required by the Public Sector Internal Audit Standards (PSIAS). It covers the period 1 April 2021 to 31 March 2022 for North West Leicestershire District Council.

1.2 This report includes the Audit Manager's annual opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

1.3 This report also includes:

- A summary of internal audit work carried out during 2021/22 which supports the opinion.
- Issues relevant to the preparation of the Annual Governance Statement.
- Internal Audit's Quality Assurance and Improvement Programme (QAIP).
- A statement on conformance with the Public Sector Internal Audit Standards.

## 2. CHIEF AUDIT EXECUTIVE (AUDIT MANAGER) OPINION 2021/22

2.1 2021/22 has been a difficult and unusual year for everyone, including Internal Audit, with the restrictions changing due to the ongoing pandemic. Home working arrangements are more settled, and internal audit has continued to provide the additional support required for assurance on Covid-19 Business Grants.

2.2 In line with the Public Sector Internal Audit Standards Internal Audit have worked flexibly throughout the year whilst still ensuring a sufficient level of audit coverage to allow me to give an opinion on the overall adequacy and effectiveness of the framework of governance, risk management and control (the control environment). In giving this opinion it should be noted that assurance cannot be absolute.

2.3 For the 12 months ended 31 March 2022, I am able to give **reasonable assurance** on the overall control environment**.** To be consistent with our Internal Audit opinion definitions, this means that there is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the areas audited. This is a positive assurance opinion overall.

2.4 My opinion is based on the following:

- All internal audit work undertaken during the year, this includes advisory work as well as assurance, and supports the view on internal control arrangements.

- Follow up audit work in respect of audit recommendations.
- My knowledge of the Council's governance and risk management structure and processes.

2.5 There have been no impairments to the independence of internal auditors during the year.

## 3. SUMMARY OF INTERNAL AUDIT WORK DURING 2021/22

3.1 The risk based internal audit plan for 2021/22 was presented and approved by the Audit and Governance Committee on 21st April 2021. Progress against this plan has been reported to Audit and Governance Committee throughout the year as part of the quarterly Internal Audit progress reports.

3.2 A summary of the audit opinions given in 2021/22 by the in-house team is detailed in Table 1 below. The opinion for individual audits is included in Appendix A for information, along with a comparison of the work delivered against the audit plan.

Table 1

| Opinion | Definition | Number |
|---|---|---|
| Substantial | A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited | 2 |
| Reasonable | There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited | 4 |
| Limited | Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited. | 4 |
| No Assurance | Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited | - |
| | **Total number of audit reports** | 10 |

3.3 Three of the Council's key financial systems (Benefits, Business Rates and Council Tax) are provided by the Leicestershire Revenues and Benefits Partnership. For 2021/22 the internal audit service at the Partnership was provided by Grant Thornton. At the time of writing this report, they have not reported any findings from internal audits relating to 2021/22 to the Leicestershire Partnership Revenues and Benefits Joint Committee.

3.4 Internal Audit follow up progress against recommendations in line with the timescales agreed at the time of issuing reports. The Audit and Governance Committee is updated on the Council's progress against the recommendations as part of the quarterly Internal Audit progress reports, as well as giving details of ongoing or overdue recommendations. A summary of the recommendation tracking results for 2021/22 is included at Appendix B.

## 4. ISSUES RELEVANT TO THE PREPARATION OF THE ANNUAL GOVERNANCE STATEMENT

4.1 The Internal Audit team have issued 4 audit reports with limited assurance during 2021/22. These should be considered when preparing the Annual Governance Statement:

- Housing Rents
  The main areas identified for improvement were review of policies and use of version control on procedure guides, inadequate monitoring of changes to accounts, lack of data to provide assurance that data transfer, during implementation of the new system, is accurate and variances have been resolved, the completion and independent review of reconciliations.

- Corporate Estates Compliance
  The main areas identified for improvement were around the lack of a corporate approach to the review of policies and procedures for compliance, no central oversight on corporate property-related compliance activity, a robust corporate performance monitoring framework not being in place, asbestos monitoring process not being adequate and no consistent approach for recording and monitoring issues that are raised during inspections.

- HRA Fire Safety & Management
  The main areas identified for improvement were a lack of monitoring of remedial works to rectify significant issues, key policies and procedures not being in place, contract management and monitoring arrangements not in place and there was no training programme in place for officers.

- Corporate Project Management
  The main areas identified for improvement were the implementation of a corporate approach to project management including policies and strategies and the promotion of project management guidance and training.

Due to the agreed implementation dates of the recommendations follow up work has yet to commence for these audits.

There were no audit reports issued without any assurance during 2021/22.

A number of high priority recommendations were made in respect of other audit
reviews undertaken, however as they tend to relate to specific systems and/or service areas, I do not consider it necessary to include them in the Annual Governance Statement.

The Section 151 Officer receives all Internal Audit reports issued therefore they are also able to make their own assessment when completing the Annual Governance Statement should they be of a different opinion.

## 5. QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME (QAIP) FOR INTERNAL AUDIT

5.1 The Public Sector Internal Audit Standards (PSIAS) require the QAIP to include internal and external assessments (see Appendix C for more detail).

5.2 The internal assessments applicable to 2021/22 include the following:

- Monthly performance review meetings attended by the Audit Manager and the Head of Legal and Commercial Services as well as regular meetings with the Head of Finance.
- Customer satisfaction surveys were sent out to all Team Managers and/or Team Leaders who had an audit in their service area. Three returns for 2021/22 all with overall positive feedback.
- Quarterly progress reports to the Corporate Leadership Team and Audit and Governance Committee which include monitoring of activity and performance.

5.3 The PSIAS require external assessments to be conducted at least once every five years. In December 2020 the shared internal audit service had an external quality assessment and the full report was presented to Audit and Standards Committee on 1st February 2021.

5.4 It was the assessor's opinion that Internal Audit at Blaby, Charnwood and North West Leicestershire Councils **conforms with the PSIAS**.

5.5 In addition to delivering the annual audit plan and opinion, Internal Audit have added value in the following ways:

- Providing advice and support in undertaking elements of the pre and post payment assurance checks for the Covid-19 Business Grants.
- Providing assurance on the Green Homes Grant.
- Providing ad-hoc advice throughout the year to a wide range of services to help ensure that internal controls are maintained or strengthened.
- The continued delivery of a successful shared service to Blaby District Council and Charnwood Borough Council. This adds value to all Councils as the audit team shares learning, expertise and best practice.

## 6. CONFORMANCE WITH THE PUBLIC SECTOR INTERNAL AUDIT STANDARDS

6.1 The external assessment conducted in December 2020 concluded that there were no significant gaps in compliance.

6.2 I can confirm that during 2021/22 the Internal Audit Shared Service conformed to the Public Sector Internal Audit Standards.

**Appendix A**

## RESULTS OF INDIVIDUAL AUDIT ASSIGNMENTS AGAINST THE 2021/22 AUDIT PLAN

| Audit Area (Report No.) | Type | Planned Days | Actual Days | Status | Assurance Level | Recommendations | | | | Comments |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | C | H | M | L | |
| High value grant claim arrangements | Audit | 8 | 19 | Final | Reasonable | - | 5 | 1 | - | |
| Leisure Recovery Support | Audit | 6 | 6 | Final | Substantial | - | - | - | - | |
| Risk Management | Audit | 7 | 7 | Final | Reasonable | - | - | 5 | 1 | |
| Corporate Estates Compliance | Audit | 8 | 15 | Final | Limited | - | 5 | 1 | - | |
| Green Homes Grant Phase 1b Certification | Audit & Certification | 10 | 9 | Final | Substantial | - | 1 | - | - | Certification request yet to be received. |
| CCTV | Audit | 6 | - | Cancelled | | | | | | Postponed due to procurement delays. |
| Grounds Maintenance | Audit | 8 | 16 | Final | Reasonable | - | 2 | - | 2 | |
| Fire Safety and Management - Housing | Audit | 8 | 11 | Final | Limited | - | 8 | 6 | - | |
| Key Housing Systems | Audit | 12 | - | Postponed to 2022/23 | | | | | | Partially postponed to 2022/23 due to system implementation. Housing Rents was completed – see below. |
| Housing Rents | Audit | 8 | 13 | In progress | Limited | - | 5 | 4 | 3 | |
| Building Control | Joint Audit | 8 | 6 | Final | Reasonable | - | 1 | 3 | - | |
| Project Management | Audit | 8 | 7 | Final | Limited | - | 5 | 2 | 1 | |
| Covid-19 Related Assurance | Assurance | 20 | 8 | As required | | | | | | Work on Business Grants. |
| New finance system advisory | Advisory | 10 | 3 | Monthly | | | | | | |

**Recommendations key – see Appendix B**

**Appendix B**

## SUMMARY OF INTERNAL AUDIT RECOMMENDATIONS FOLLOW UP 2021/22

Internal Audit follow up progress against critical, high and medium priority recommendations in line with the timescales agreed at the time of issuing reports. Any overdue recommendations are highlighted to Audit Committee. The table below shows the progress against recommendations made by Internal Audit during 2021/22. The reason that there is such a high number of recommendations in progress or not yet due is due to the timings of the audit and the agreed implementation dates not then being until 2022/23, these will continue to be reported to Audit Committee.

| Recommendation Priority | Recommendations Made | Recommendations Implemented | Recommendations Outstanding (In Progress or Not Yet Due) | Recommendations Overdue |
|---|---|---|---|---|
| Critical | - | - | - | - |
| High | 32 | 6 | 24 | 2 |
| Medium | 22 | 4 | 16 | 2 |
| Total | 54 | 10 | 40 | 4 |

| Level | Definition |
|---|---|
| Critical | Recommendations which are of a very serious nature and could have a critical impact on the Council, for example to address a breach in law or regulation that could result in material fines/consequences. |
| High | Recommendations which are fundamental to the system and require urgent attention to avoid exposure to significant risks. |
| Medium | Recommendations which, although not fundamental to the system, provide scope for improvements to be made. |
| Low/Advisory | Recommendations concerning issues which are considered to be of a minor nature, but which nevertheless need to be addressed.<br>Issues concerning potential opportunities for management to improve the operational efficiency and/or effectiveness of the system. |

**Appendix C**

## QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME 2021-22

| Activity | PSIAS | Result/comments | Frequency |
|---|---|---|---|
| External Quality Assessment | 1310 | December 2020 Assessment - no significant gaps in compliance. | Every 5 years. |
| Annual Declaration of Interests | 1130 | Forms completed in April 2021, this includes Code of Ethics and Principles. | Annual |
| Customer satisfaction surveys | 1311 | Three for 2021/22. All positive overall. | After each audit |
| Performance indicators reported in progress reports | 1311 | Performance indicators included in all quarterly reports to corporate leadership team and Audit Committees. | Quarterly |
| Improvement actions/continuous improvement | 1311 | An internal action plan produced for 2021/22 detailing improvement actions which included rolling review of the internal audit service to ensure compliance with standards. | Ongoing |
| Review of all audit engagements and reports | 1311, 2340 | All audit engagements and reports are reviewed by another auditor to ensure compliance with PSIAS in terms of meeting audit objectives and quality. | Every audit |
| Monthly performance reporting and meetings | 1311 | Monthly performance meetings with Head of Legal and Commercial Services and the Head of Finance. | Monthly |
| Annual review of internal audit charter | 1000 | Shared Service Charter updated with only minor amendments and reported to Audit & Governance Committee in October 2021. Annual review takes place in September each year. | Annual |
| Performance and development review process for staff and training and development records. | 1200 | All review meetings with team have taken place and the training and development recorded within system for all training and development identified and completed. Officers recording their CPD in line with their professional body requirements do not need to duplicate records. | Bi- annual review meetings |

This page is intentionally left blank

**NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL**

**AUDIT AND GOVERNANCE COMMITTEE – WEDNESDAY, 27 JULY 2022**

| | | |
|---|---|---|
| **Title of Report** | **CORPORATE RISK UPDATE** | |
| **Presented by** | Andy Barton<br>Strategic Director | |
| **Background Papers** | None | **Public Report:** Yes |
| **Purpose of Report** | To provide Committee members with an update in respect of the Council's corporate risk register. | |
| **Recommendations** | **THAT THE AUDIT AND GOVERNANCE COMMITTEE NOTES AND COMMENTS ON THE LATEST CORPORATE RISK REGISTER FOR CONSIDERATION BY THE RISK SCRUTINY GROUP.** | |

## 1.0 BACKGROUND

1.1 As part of the agreed Risk Management approach this report presents the latest version of the Corporate Risk Register as reviewed at the last meeting of the Risk Scrutiny Group & CLT in June 2022. In line with the policy, members of this Committee, and Cabinet are to receive periodic updates on risks monitored through the Corporate Risk Register.

1.2 The updated Risk Register can be found at Appendix 1 and a summary of changes since the last update is set out below.

1.3 Out of the 14 active risks, 0 are Red, 7 are Amber and 7 are Green. No significant updates to the risks have been made, some minor changes to description text have been made to mitigation in items 1,2,3,6,7,8,11 and 12 – these all are in order to update to the current information available. Risk 13 has been updated to reflect the current status regarding removing outdated text regarding no exit of the EU. No changes to any scoring have ensued to any of the risks across the whole register.

1.4 The Strategic Director acts as lead for corporate risk and is satisfied that the main risks posed to the organisation have been captured within the risk register and that control measures to mitigate these risks are appropriate. The report is based on an update in June 2022, any further update on significant changes in risk will be provided at the meeting.

1.5 The Audit and Governance Committee are asked to review and note this risk update, and provide any feedback they wish to be considered by the Risk Scrutiny Group at its next meeting.

| Policies and other considerations, as appropriate | |
|---|---|
| Council Priorities: | Effective risk management underpins the ability of the Council to deliver against all its priorities. |
| Policy Considerations: | None |
| Safeguarding: | None |
| Equalities/Diversity: | None |
| Customer Impact: | None |
| Economic and Social Impact: | None |
| Environment and Climate Change: | None |
| Consultation/Community Engagement: | None |
| Risks: | The Council manages its risks within existing budgets. Effective risk management protects the Council from insurance and/or compensation claims, fraud, and a range of other financial and non financial risks |
| Officer Contact | Andy Barton<br>Strategic Director<br><br>Andy.Barton@nwleicestershire.gov.uk |

**APPENDIX 1** **Last Review Date -290622**

| Ref No. | Risk Description | Consequence | Cause | Inherent Risk | | | Responsibility of | Responsible to | Control Measures | Residual Risk | | | Movement of Risk |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Impact | Likelihood | Rating | | | | Impact | Likelihood | Rating | |
| 1 | **SOCIAL/ POLITICAL/ LEGAL Death / serious harm to a vulnerable person receiving a council service and safeguarding compliance** | A serious case review arising from death/serious harm to a vulnerable person. Reputational damage to council. Loss of confidence in ability of council to deliver services. Ensuring compliace with Safeguarding legislation and practise. | Lack of response to a safeguarding report. Service failure.<br><br>Modern slavery. poor safeguarding assurnace | **4** | **3** | **12** | Environmental Health Team Manager | Head of Community Services | The organisation has the following structures in place;<br>A recent audit with action plan of reasonable assurance<br>An identified Corporate Lead<br>An identified Team responsible for Safeguarding (Safer & Stronger) with responsibility embedded into Team Leader role and an officer (Child & Adults at risk Officer)<br><br>An agreed Safeguarding Policy refreshed as required<br>An identified group of Designated Safeguarding Officers (DSO's) in most service areas<br>A programme of regular DSO meetings which consider training, best practice and case issues<br>An annual training programme to ensure new DSO's are well informed and trained<br>A quarterly senior management review of all cases to check progress/close cases<br>Annnual report to CLT and Corporate Scrutiny as required by exception.<br><br>A computerised system of reporting and managing reports introduced in 2019, will ensure constant reminders of new cases, sending alerts at all points in the procedure. | **3** | **1** | **3** | **Stable** |
| 2 | **FINANCIAL/ COMMERCIAL/ REPUTATIONAL**<br><br>**Mismanagement of council finances** | Central Government intervention/special measures. Adverse publicity. Possible litigation. Withdrawal of services. | Mis-interpreting of or not responding appropriately to a change in fiscal policy.<br><br>Poor budget planning / management.<br><br>Internal financial systems and regulations not being properly applied. | **4** | **4** | **16** | Head of Finance | Strategic Director | Commitment to raise awareness of the scale and extent of modern slavery in the UK and ensure our contracts and supplies don't contribute to modern day slavery<br>Regular management reviews monitor actual spend against budgets and forecast to the end of the year.<br><br>Regular reporting and challenging at CLT, and reported to Cabinet quarterly Sound policies and procedures are in place. | **4** | **1** | **4** | **Stable** |

| Ref No. | Risk Description | Consequence | Cause | Inherent Risk | | | Responsibility of | Responsible to | Control Measures | Residual Risk | | | Movement of Risk |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Impact | Likelihood | Rating | | | | Impact | Likelihood | Rating | |
| | | | | | | | | | Financial planning processes have been documented and are reviewed regularly.<br>Internal and External audit of systems and accounts.<br>Procurement of new finance system with increased controls and monitoring underway | | | | |
| 3 | **REPUTAITONAL/ LEGAL COMMERCIAL**<br>**Insufficient resources due to unplanned / unforeseen absences / vacancies / changes to financial picture** | Council unable to perform its statutory duties. Council's Partners unable to perform duties. Inflationary pressures. Use of external resources at significantly higher cost. Short / Medium Term Exposure. | Failure to horizon scan and interpret future needs in crucial roles.<br><br>Changes to income or financial climate<br><br>Inability to recruit to vacancies / retain staff globally or in spacilaist areas .<br><br>unexpected or unplanned event (eg pandemic) | **4** | **3** | **12** | Head of HR and OD | Chief Executive | Membership of CIPFA and engagement of Arling Close gives access to specialist advice, analysis and expertise.<br>Current and forecasted balance MTFS, although uncertanty regarding future gov funding streams and impacts of changes such as DevCo/Freeport etc<br>Advance planning to mitigate this risk; recent COVID expereince demonstrates NWL able to react and adjust<br>Ability to divert resources from other services, bringing in additional resources from other sources (e.g. Agencies, Consultants, Voluntary/ Community sector etc.) would be activated.<br><br>Market conditions are tested through recruitment processes, some challnges in some specalist areas<br>The Council can offer a package of additional benefits to enhance the recruitment offer.<br>The Council has developed innovative partnering relationships with other sectors including the private sector to make posts uniquely attractive.<br>Best Employee Experience is a programme to attract and develop the right skills, and promoting existing staff talent through secondments and tailored development programmes inc IIP.<br>Apprenticeships allow the Council to 'grow our own'. | **3** | **2** | **6** | **Stable** |

| Ref No. | Risk Description | Consequence | Cause | Inherent Risk | | | Responsibility of | Responsible to | Control Measures | Residual Risk | | | Movement of Risk |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Impact | Likelihood | Rating | | | | Impact | Likelihood | Rating | |
| 4 | **LEGAL / FINANCIAL Contracts are not properly procured and managed** | Council liable to incur additional costs, contract overrun, litigation and potential health & safety issues as well as service disruptions. | Failure to monitor contractors appropriately.<br><br>Legal and procurement teams not consulted when contractors are engaged.<br><br>Loss of key staff or supplier.<br><br>Procurement procedures are not followed.<br><br>The council contributes to modern slavery via it's contracts and supplies. | **3** | **3** | **9** | Finance Team Manager. All Team Managers. | All Heads of Service | Oversight Board structure in place to oversee major project work & compliance group now in place to oversee these elements of contracted work.<br>Corporate procurement support and legal team to support where necessary on contract management.<br><br>Corporate procurement team re-established and charged with reviewing Procurement Strategy as part of MTFS.<br><br>Analysis of sepnd undertaken and procurement toolkit to be produced to cover majority of lower value procurments with high value and complex procurements to be supported by specialised function. | **2** | **3** | **6** | **Stable** |
| 5 | **LEGAL / TECHNOLOGICAL Loss or unlawful use of personal data constituting breach of data protection legislation** | Monetary penalties from ICO, adverse publicity, private litigation and personal criminal liability of officers. | Systems not in place to protect sensitive data.<br><br>Staff are not properly trained in managing information, and do not follow internal procedures.<br><br>Changes in working practises casuing unintended risk/exposure | **3** | **3** | **9** | Legal Services Team Manager | Head of Legal & Support Services | Policies and procedures are in place and rolled out. Regularly reviewed and compliance is monitored.<br><br>Corporate Governance training is undertaken annually and includes information governance as appropriate to reflect changes in legislation. E-learning module updated and rolled out as mandatory annual training for all staff.<br><br>The Council has a dedicated SIRO and DPO.<br><br>Corporate Governance Groups are in place to scrutinise impacts/issues arising.<br>Internal audit was carried out in December 2019. The outcome of the audit was a Grade 1. One medium risk recommendation<br><br>Information Governance Team to cooperate with the supervisory authority and monitor compliance with Data Protection laws. | **2** | **2** | **4** | **Stable** |
| 6 | **LEGAL / REPUTATIONAL / COMMERCIAL Failure to respond to an emergency in an appropriate manner** | General public at risk of harm or unable to access relevant services (e.g. emergency accommodation or rest centre). | Lack of planning, training and exercising of Emergency plans | **4** | **3** | **12** | Head of Human Resources and Organisation Development | Chief Executive | Business continuity plans have been documented, policies and procedures are in place. | **4** | **1** | **4** | **Stable** |

| Corporate Risk Register | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Ref No. | Risk Description | Consequence | Cause | Inherent Risk | | | Responsibility of | Responsible to | Control Measures | Residual Risk | | | Movement of Risk |
| | | | | Impact | Likelihood | Rating | | | | Impact | Likelihood | Rating | |
| | | Adverse publicity.<br>"Business as usual" not possible without appropriate business continuity plan in place. | Inadequate Corporate Business Continuity Management. | | | | | | The LRF partnership arrangement with all Leicestershire and Rutland authorities provide resilience during civil emergency situations. | | | | |
| | | Breakdown in relationship with other responders. | Lack of procedural understanding | | | | | | Business Continuity exercises show the readiness of the Council to deal with emergencies.<br>System of ICO / FLM duty rotas is in place & continued reassessment for ongoing incidents. COVID experience shows capability and ability to perform. | | | | |
| 7 | **LEGAL/ TECHNOLOGICAL/ COMMERCIAL Infiltration of ICT systems** | "Business as usual" would not be possible. Cost of repelling cyber threat and enhancing security features. | Systems not in place or kept current to deflect any foreseeable cyber attack.<br><br>Limited staff awareness of possible threats.<br><br>Lapse in security awareness and basic processes from a technical and human perspective. | **4** | **4** | **16** | ICT Manager | Head of Customer Services | Fully resilient environment in place with no single points of failure for core systems, other critical systems use cold standby equipment.<br><br>Yearly IT security health check and PEN (penetration) testing carried out, by a CREST security accredited supplier, with remediation action plan in place to mitigate any risks found.<br>Phishing campaigns ran twice a year to test staff security awareness and feed back results to CLT, with improvement plans in place for those who have not passed the test.<br><br>Quarterly Cyber Security awareness training held for staff and new starters, to protect staff at work and in the office.<br><br>New business services are run in remote fully resilient data centres and existing systems are being progressively migrated to these cloud computing centres.<br>Diversity of environments used to avoid single poitn of failure risk<br>Latest Audit / assessments all confirm secure environment | **3** | **2** | **6** | **Stable** |

| Corporate Risk Register | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Ref No. | Risk Description | Consequence | Cause | Inherent Risk | | | Responsibility of | Responsible to | Control Measures | Residual Risk | | | Movement of Risk |
| | | | | Impact | Likelihood | Rating | | | | Impact | Likelihood | Rating | |
| | | | | | | | | | Improved business recovery arrangements have been implemented to minimise recovery time. Accreditation to Cyber Essentials Plus and the Public Services Network. | | | | |
| 8 | **COMMERCIAL / POLITICAL / FINANCIAL Projects are poorly managed** | Failure of proposed projects could result in failure to achieve overall objectives. Inefficient use / waste of resources. | Failure to implement project management techniques. Poor corporate oversight of projects. Inadequate controls on expenditure and poor budget monitoring. Inadequate monitoring of external contracts. Failure to engage project management expertise when required. | **3** | **4** | **12** | Head of Human Resources and Organisation Development | Chief Executive | Greater use of professional project managers for key projects. Work ongoing to address project methodologies deployed across the council. Greater use of external / out of subject board members. Board structure covering all major porjects in place<br><br>An annual external audit of IT assessed the organisation's IT arrangements in a range of areas against best practice. (The outcome of the audit in 2020 was, GRADE 1, with one recommendation, which has already been addressed and provides assurance that the organisation's IT arrangements are<br><br>2022 audit has identified areas of weakness in controls and upon implementation of these the risk will be reduced and therefore these will continue to be monitored | **3** | **2** | **6** | **Stable** |
| 9 | **LEGAL / POLITICAL / REPUTATIONAL Council makes ultra vires (beyond the council's powers and functions) decisions** | Potential litigation against the Council, resulting in increased costs / compensation. Reputational damage. | Staff / Members proceeding without established governance arrangements. Failure to consult with Legal / Monitoring Officer. Lack of understanding of the implications of dealing with a particular matter. | **4** | **3** | **12** | Legal Services Team Manager | Head of Legal & Support Services | Properly convened project teams with PID and project plan in place, including project risk registers. Progress on corporate projects scrutinised by CLT. Implementation of contract management framework for outsourced services. Scrutiny of quarterly monitoring reports on capital expenditure. | **4** | **1** | **4** | **Stable** |

| Corporate Risk Register | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Ref No. | Risk Description | Consequence | Cause | Inherent Risk | | | Responsibility of | Responsible to | Control Measures | Residual Risk | | | Movement of Risk |
| | | | | Impact | Likelihood | Rating | | | | Impact | Likelihood | Rating | |
| 10 | **FINANCIAL / LEGAL / REPUTATIONAL**<br>**Council is subject to serious fraud, corruption or theft** | Financial, reputational and political damage to Council. | Lack of checks and balances within financial regulations. | **4** | **3** | **12** | Head of Finance. All Team Managers & Heads of Service. | Directors | Utilising Internal Audit to conduct audits of individual projects or Project management more widely. Use of external resources to be used to support the Coalville and Leisure projects. Scrutiny of risk registers or project management framework of individual projects by Risk Scrutiny Group. | **3** | **2** | **6** | **Stable** |
| | | | Poor budget / contract management. | | | | | | Policies & procedures in place, governance processes are documented and in operation, ongoing assessments and reviews are performed. Completion of the Annual Governance statement. | | | | |
| | | | Poor monitoring of / adherence to financial systems | | | | | | A policy framework that includes Anti-Fraud and Corruption Policy, Confidential Reporting (Whistleblowing) Policy and Anti-Money Laundering Policy. Policy Refreshed late 2020 - refresh of training underway. | | | | |
| | | | Changes in working practises casuing unintended risk/exposure | | | | | | The Internal Audit annual planning process takes into account high risk areas, which considers fraud risks. Fraud risks are considered as part of specific audits with testing designed to detect fraud where possible. The Council is also subject to External Audit. New Covid related Grants all subject to external audit and compliance checks.<br><br>Internal control and governance arrangements such as segregation of duties, schemes of delegation, bank reconciliations of fund movements, and verification processes.<br><br>Participation and strengthening of involvement in National Fraud Initiative (mandatory) | | | | |

| Corporate Risk Register | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Ref No. | Risk Description | Consequence | Cause | Inherent Risk | | | Responsibility of | Responsible to | Control Measures | Residual Risk | | | Movement of Risk |
| | | | | Impact | Likelihood | Rating | | | | Impact | Likelihood | Rating | |
| | | | | | | | | | Leicestershire Revenues and Benefits Partnership have two trained officers working solely on Council Tax Reduction Scheme Fraud and act as Single Point of Contact for DWP referrals.<br>Information on how to report fraud is on the website including relevant links. | | | | |
| 11 | **FINANCIAL / COMMERCIAL / ECONOMIC**<br>**The Council is subject to a reduction in income long term** | Services are unable to be delivered. Potential staff redundancies.<br>Funding of external groups is withdrawn.<br>Potential breach of statutory duties. | Gov plans reduction in business rates share to NWL.<br>Changes to the local authority financial settlement.<br>Economic downturn / recession.<br>Commercial opportunities not progressed.<br>Changing rent policies. | **4** | **4** | **16** | Head of Finance.<br>All Heads of Service. | Directors.<br>Chief Executive. | Medium Term Financial Strategy in place, and will be reviewed at key events. Change in budgeting focus from incremental to outcomes focussed expected to identify quick wins and pland for longer term self-sufficiency. Head of Finance monitoring of Local Government funding reviews.<br>Funding advisor engaged.<br>Economic Development Team promotes business offer.<br>Participation in Business Rates Pilots.<br>Accessing external funding where appropriate.<br>Income collection procedures in Revs & Bens Service and Housing. | **2** | **3** | **6** | **Stable** |

| Corporate Risk Register | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Ref No. | Risk Description | Consequence | Cause | Inherent Risk | | | Responsibility of | Responsible to | Control Measures | Residual Risk | | | Movement of Risk |
| | | | | Impact | Likelihood | Rating | | | | Impact | Likelihood | Rating | |
| 12 | **POLITICAL / ORGANISATIONAL The Council is affected by Local Government Reorganisation** | a) Change to Local Government structure in Leicestershire/East Midlands, including potential merger of district councils/county council or development of a Combined Authority for the East Midlands, or elected Major either of which could lead to:<br>- Change in location for service delivery/staff<br>- Reduction of control over local matters<br>- Change in financial situation<br>- Staff redundancies<br>- Alternative political structure and governance arrangements<br>- Changes in services to be provided and organisation culture<br>- Deterioration in staff morale and negative effect on staff recruitment and retention<br>- Ineffective engagement with staff, Members and residents in considering, and responding to, proposals.<br>- Diversion of senior staff resources to respond to proposals. | Political direction to consolidate local government tiers to potentially seek greater efficiency and co-ordination | **4** | **3** | **12** | Chief Executive and Head of Legal and Support Services. | Chief Executive | Active engagement with political leaders and Chief Executives across the County and East Midlands so NWL's needs are taken into account in any proposals.<br>Open and transparent communication of NWL position to all stakeholders.<br>Senior management and politicians stay close to project and monitor progress. Internal and external communication plans in place, including for key decision points. Gov stance changed to no longer pursue wholesale LGR - County Deals not linked to LGR. Leicestershire Cat 2 County Deal | **1** | **3** | **3** | **Stable** |
| 13 | **POLITICAL / ORGANISATIONAL The Council is affected by the UK's departure from the EU** | The UK's departure from the EU, leads to impacts on supply of goods, staff, services generally. Specifically increase in checks on goods by Environmental Officers at East Midlands Airport meaning increase in resources / costs. | UK departure from EU/Brexit | **4** | **4** | **16** | Chief Executive and Head of Economic Regeneration & Team Manager for Environmental Health | Strategic Director & Chief Executive | Engage with National Local Authority steering groups for border control at strategic & operational levels.<br>Implement communication strategy for local businesses so technical notices are shared, with appropriate signposting.<br>Work with LLEP and Chamber of Commerce to provide business advice and support to address changes to legislation & certification. Watching brief localised assessment of potential impact around East Midlands Airport. Participate in Multi-agency Leicestershire Resilience Forum framework , with risk assessment and mitigation plan to be prepared. Applied for and gainted additional support funding for Port activity | **2** | **2** | **4** | **Stable** |

| | Corporate Risk Register | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Ref No. | Risk Description | Consequence | Cause | Inherent Risk | | | Responsibility of | Responsible to | Control Measures | Residual Risk | | | Movement of Risk |
| | | | | Impact | Likelihood | Rating | | | | Impact | Likelihood | Rating | |
| 14 | **ORGANISATIONAL/FINANCIAL Council is subject to large scale and medium term reduction in staffing/supplies/increase in restrictions etc leading to risks and ongoing medium/long term impacts on either the financial or reputational standing of the Council** | Financial, reputational and political damage to Council. | Pandemic, national/global infrastructure interruption, supply chain mass failure over medium / long time period | **4** | **4** | **16** | Chief Executive, Directors, Heads of Service | Chief Executive | Balanced budget achieved with additonal government grant support. Continued active engagment and lobbying to ensure that all options for support are considered and actioned where possible. COVID 19 expereince has led to myriad of changes to make service provision more robust | **3** | **2** | **6** | **Stable** |

| | Corporate Risk Register | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Ref No. | Risk Description | Consequence | Cause | Inherent Risk | | | Responsibility of | Responsible to | Control Measures | Residual Risk | | | Movement of Risk |
| | | | | Impact | Likelihood | Rating | | | | Impact | Likelihood | Rating | |

Assessing the likelihood of a risk:

| | |
|---|---|
| ***1 Low*** | Likely to occur once in every ten years or more |
| ***2 Medium*** | Likely to occur once in every two to three years |
| ***3 High*** | Likely to occur once a year |
| ***4 Very high*** | Likely to occur at least twice in a year |

| | |
|---|---|
| ***1 Low*** | Loss of a service for up to one day,<br>Objectives of individuals are not met No injuries<br><br>Financial loss below £10,000<br>No media attention<br>No breaches in council working practices<br>No complaints / litigation |
| ***2 Medium*** | Loss of a service for up to one week with limited impact on the general public<br>Service objectives of a service unit are not met<br>Injury to an employee or member of the public requiring medical treatment<br>Financial loss over £10,000<br>Adverse regional or local media attention – televised or newspaper report<br>Potential for a complaint litigation possible<br>Breaches of regulations / standards |
| ***3 High*** | Loss of a critical service for one week or more with significant impact on the public and partner organisations<br>Service objectives of the directorate of a critical nature are not met<br>Non- statutory duties are not achieved<br>Permanent injury to an employee or member of the public<br>Financial loss over £100,000<br>Adverse national or regional media attention – national newspaper report<br>Litigation to be expected<br>Breaches of law punishable by fine |
| ***4 Very high*** | An incident so severe in its effects that a critical service or project will be unavailable permanently<br><br>Strategic priorities of a critical nature are not met<br><br>Statutory duties are not achieved<br>Death of an employee or member of the public<br>Financial loss over £1m.<br>Adverse national media attention – national televised news report<br>Litigation almost certain and difficult to defend<br>Breaches of law punishable by imprisonment |

**NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL**

**AUDIT AND GOVERNANCE COMMITTEE – WEDNESDAY, 27 JULY 2022**

| | | |
|---|---|---|
| **Title of Report** | **TREASURY MANAGEMENT ACTIVITY REPORT - QUARTER 1** | |
| **Presented by** | Anna Crouch<br>Finance Team Manager & Deputy S151 Officer | |
| **Background Papers** | Prudential Indicators and Treasury Strategies 2022/34– Council 24 February 2022 | **Public Report:** Yes/No |
| **Purpose of Report** | To inform Members of the Council's Treasury Activity for the first quarter of 2022/23 (April -June 2022). | |
| **Recommendations** | **THAT MEMBERS APPROVE THIS REPORT AND COMMENT AS APPROPRIATE.** | |

## 1.0 BACKGROUND

1.1 Treasury Management activity is underpinned by the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code), which requires local authorities to produce Prudential Indicators and a Treasury Management Strategy Statement annually on the likely financing and investment activity. The Prudential Indicators and Treasury Strategies were approved by Council on the 24 February 2022.

1.2 As a minimum, the code requires that the council reports on the performance of the Treasury Management function at least twice yearly (mid-year and at year end. Documented in Appendix A is the first report to be presented in 2022/23 designed to inform Members of the council's treasury activity and enable scrutiny of activity and performance.

## 2.0 CARBON ZERO AND ECONOMICAL, SOCIAL AND GOVERNANCE (ESG) UPDATE

2.1 The Council declared a climate emergency in June 2019 and has a target to achieve a Net Carbon Council by 2030 and a Net Carbon District by 2050. Within the Council's Treasury Management activity there is opportunity to ensure that investment counterparties comply with this target.

2.2 Work has been ongoing to review the Council's current treasury position in regard to the Net Carbon target alongside Environmental, Social and Governance (ESG) standards. This is an area for development, and we will be reviewing the Council's Treasury Management Strategy for 2023/24 to ensure compliance. Although no action has yet been taken around this, confirmation has been sought that all our investment

counterparties currently have a 2050 net carbon zero goal and integrated ESG policies.

## 3.0 TREASURY MANAGEMENT ADVISORS' COMMENTARY – ARLINGCLOSE LTD

3.1 This commentary below has been provided by our treasury management advisors:

3.2 NWLDC is currently taking a relatively low credit and liquidity risk approach to its investment strategy by investing mainly in Money Market Funds (MMFs), local authorities, UK central government and a small number of UK banks, for short terms (up to 12 months). Most of these options avoid the direct bail-in risk associated with bank deposits (although indirect exposure is held via the MMFs, this is highly diversified).

3.3 Interest rates have started to rise globally, including UK Bank Rate, and this is expected to continue at least in the short term. The council's investment returns have therefore started to increase but the level of real return (i.e. adjusting for inflation) is negative given current high inflation. The latest client investment benchmarking exercise that NWLDC took part in (June 2022) showed the council's credit risk (as measured by credit ratings) and return were slightly better than the average for other local authorities on internally managed investments.

3.4 Other investment options that may fit with the council's current risk appetite could include longer- term loans to local authorities (the council has done this before), covered bonds and loans to Registered Providers (housing associations), which would also require a longer investment horizon (3 to 5 years).

3.5 Going beyond this would be an alternative approach – that a portion of the investment portfolio is invested strategically for income. This would involve investing in asset classes such as property, bonds and equities (typically via pooled funds). This would carry a different and typically higher set of risks but also generate a higher return. An appropriate risk/return balance is key and these would be long-term investments, the value of which would fluctuate over time. These types of investments may need to be part of a documented strategy to manage liquidity, interest rate, exchange rate and/or inflation risks.

## 4.0 SUMMARY

4.1 In compliance with the requirements of the CIPFA code of practice, Appendix A provides Members with a summary report of the Treasury Management activity for the period April 2022 to June 2022. A prudent approach has been taken in relation to investment activity with priority being given to security and liquidity over yield.

4.2 For the reporting period, there has been no breaches of Treasury Management Strategy Statement that need bringing to the attention of the committee and the Treasury Management practices have been complied with.

| Policies and other considerations, as appropriate | |
|---|---|
| Council Priorities: | The Treasury Strategies and Prudential Indicators help the Council achieve all its properties. |
| Policy Considerations: | Prudential Indicators and Treasury Strategies 2022/34– Council 24 February 2022 |
| Safeguarding: | Not applicable |
| Equalities/Diversity: | Not applicable |
| Customer Impact: | Not applicable |
| Economic and Social Impact: | Not applicable |
| Environment and Climate Change: | Not applicable |
| Consultation/Community Engagement: | Not applicable |
| Risks: | Borrowing and investment both carry an element of risk. This risk is mitigated through the adoption of the Treasury and Investment Strategies, compliance with the CIPFA code of Treasury Management and the retention of Treasury Management advisors (Arlingclose) to proffer expert advice. |
| Officer Contact | Anna Crouch<br>Finance Team Manager & Deputy S151 Officer<br>anna.crouch@nwleicestershire.gov.uk |

This page is intentionally left blank

# Appendix A

# Treasury Management Report Q1 2022/23

## 1. Introduction

1.1 The Authority has adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice* (the CIPFA Code) which requires the Authority to approve treasury management semi-annual and annual reports. This quarterly report provides an additional update.

1.2 The Authority's treasury management strategy for 2022/23 was approved at a Council on the 24 February 2022. The Authority has invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the Authority's treasury management strategy.

1.3 CIPFA published its revised Treasury Management Code of Practice [the TM Code] and Prudential Code for Capital Finance in December 2021. The key changes in the two codes are around permitted reasons to borrow, knowledge and skills, and the management of non-treasury investments. The principles within the two Codes took immediate effect although local authorities could defer introducing the revised reporting requirements within the revised Codes until the 2023/24 financial year if they wish. The Authority adopted the revised reporting requirements with effect from 2022/23.

1.4 Treasury risk management at the Authority is conducted within the framework of the TM Code. This Code now also includes extensive additional requirements for service and commercial investments, far beyond those in the 2017 version.

## 2. External Context

2.1 **Economic background:** Following Russia's invasion of Ukraine in February, global inflationary pressures have intensified sharply, leading to a sizeable deterioration in the outlook for world and UK growth.

2.2 The economic backdrop in the April-June quarter was characterised by higher oil, gas and commodity prices, fears of rising and persistent inflation and its damaging impact on consumers' cost of living, little indication of an imminent end to Russia-Ukraine hostilities and supply chain bottlenecks exacerbated by war in Ukraine and lockdowns in China.

2.3 Added to this was tough rhetoric and action by central bankers globally on fighting inflation through higher interest rates and quantitative tightening even as financial conditions became increasingly difficult for consumers, more so for those whose wages have not kept pace with inflation.

2.4 In the UK inflation remained elevated. Ofgem, the energy regulator, increased the energy price cap by 54% in April, equivalent to around £700 for a household with average energy consumption (the cap had already increased 12% back in October 2021). May data showed CPI edging higher to 9.1% while the core CPI rate, which removes energy, fuel and food was 5.9%. RPI rose to 11.7%.

2.5 The labour market continued to show signs of tightness as employers struggled to fill vacancies with workers with skill sets matching their requirements. The unemployment rate 3m/year for April fell to 3.8% and is now below pre-pandemic levels. Pay growth was 6.8% for total pay (including bonuses) and 4.2% for regular pay; however, adjusted for inflation, growth in total pay was just 0.4%, whilst regular pay fell 2.2%.

2.6 Unsurprisingly, with disposable income squeezed and another energy cap increase due in October, consumer confidence plummeted to the level last seen during the 2008/09 financial crisis. Quarterly GDP growth was 0.8% in the January-March quarter and the Bank of England now expects a decline of 0.3% in Q2 2022.

2.7 Having increased interest rates by 0.25% in April, the Bank of England's Monetary Policy Committee on the 15th of June 2022 voted 6-3 to increase the official Bank Rate by 0.25% to 1.25%. Those members in the minority preferred to increase Bank Rate by 0.5%. Rises in the input and output producer price measures suggest further inflationary pressure is in the pipeline. The Bank of England is therefore unlikely to become complacent, so further rate rises look likely in the near term.

2.8 Annual inflation in the US rose to 8.6% in May, the highest in nearly 40 years. The Federal Reserve also stepped up its fight against inflation with a 0.5% hike in rates in May followed by a further increase of 0.75% in June, the latter its most aggressive hike since 1994 and higher than markets expected, taking policy rates to a range of 1.5% - 1.75%.

2.9 Inflation in the Eurozone also pushed higher to 8.1%, with energy price pressures a major contributor. Europe is heavily impacted by the energy crisis following the Russian invasion of Ukraine, but concerns about the Eurozone's peripheral members and highly indebted members states complicates the European Central Bank's response as it seeks to normalise monetary policy. The ECB stated it would end quantitative easing at the beginning of July and then increase interest rates by 0.25% later in the month, the first hike since 2011. The central bank's Governing Council also convened an emergency meeting in June to address 'fragmentation' risks.

2.10 **Financial markets:** Heightened uncertainty characterised financial market sentiment and bond yields were similarly volatile but with a general upward trend as concern over higher inflation and higher interest rates dominated.

2.11 Over the quarter the 5-year UK benchmark gilt yield rose from 1.41% to 1.89%, the 10-year gilt yield rose from 1.61% to 2.35% and the 20-year yield from 1.82% to 2.60%. The Sterling Overnight Rate (SONIA) averaged 0.89% over the period.

2.12 **Credit review:** In May Moody's affirmed the long-term rating of Guildford Borough Council at Aa3, a reflection of the Council's solid track record of budgetary performance and high level of usable reserves, but changed the 'outlook' (the longer-term direction of travel) to negative. The agency downgraded the long-term rating of Warrington Borough Council from A2 to A3 and that of Transport for London (TfL) from A3 to Baa1.

2.13 Having completed its full review of its credit advice on unsecured deposits at UK and non-UK banks, in May Arlingclose extended the maximum duration limit for five UK banks, four Canadian banks and four German banks to six months. The maximum duration for unsecured deposits with other UK and non-UK banks on Arlingclose's recommended list is 100 days.

2.14 Arlingclose continued to monitor and assess credit default swap levels for signs of credit stress but made no changes to the counterparty list or recommended durations. Nevertheless, increased market volatility is expected to remain a feature, at least in the near term and, as ever, the institutions and durations on the Authority's counterparty list recommended by Arlingclose remains under constant review.

## 3. Local Context

3.1 The treasury management position on 30 June 2022 and the change during over the year is shown in Table 2 below.

Table 1: Treasury Management Summary

| | 31.3.22 Balance £m | Movement £m | 30.06.22 Balance £m | 30.06.22 Rate % |
|---|---|---|---|---|
| Long-term borrowing | 62,577 | 0 | 62,577 | 3.57% |
| Short-term borrowing | 2,206 | 0 | 2,206 | 4.35% |
| **Total borrowing** | **64,783** | **0** | **64,783** | **3.60%** |
| Long-term investments | 0 | 0 | 0 | 0 |
| Short-term investments | 31,000 | 5,000 | 36,000 | 0.89% |
| Cash and cash equivalents | 18,000 | -1,700 | 16,300 | 0.96% |
| **Total investments** | **49,000** | **3,300** | **52,300** | **0.91%** |
| **Net borrowing** | **15,783** | **-3,300** | **12,483** | |

3.2 The increase in short term investments is largely due to an increased treasury balance partly as a result of receipts of Council tax, Rates and Rents receipts. Additionally there are a number of grants and reimbursements awaiting repayment to Leicestershire County Council and Central Government bolstering treasury balances.

## 4. Borrowing

4.1 PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield. The Authority intends to avoid this activity in order to retain its access to PWLB loans.

On 31 March 2022 the Authority held £9.1m in commercial investments that were purchased prior to the change in the CIPFA Prudential Code. Before undertaking further additional borrowing the Authority will review the options for exiting these investments.

## 5. Borrowing strategy and activity

5.1 As outlined in the treasury strategy, the Authority's chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Authority's long-term plans change being a secondary objective. The Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio.

5.2 Over the April-June quarter, short-term rates rose between 0.5% and 0.9% and long-term rates rose between 0.6% and 0.8%.

5.3 In keeping with the Authority's objectives, no new borrowing was undertaken. Additionally, loans will be allowed to mature without replacing them. This strategy enabled the Authority to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk.

## 6. Borrowing Strategy during the period

6.1 At 30 June 2022 the Authority held £65m of loans (the same as at 31st March 2022) as part of its strategy for funding previous and current years' capital programmes. Outstanding loans on 30 June 2022 are summarised in Table 2 below.

Table 2: Borrowing Position

| | 31.03.22 Balance £m | Net Movement £m | 30.06.22 Balance £m | 30.06.22 Weighted Average Rate % | 30.06.2022 Weighted Average Maturity (years) |
|---|---|---|---|---|---|
| Public Works Loan Board | 56 | 0 | 56 | 3.41% | 16.23 |
| Banks (LOBO) | 4 | 0 | 4 | 4.80% | 32.63 |
| Banks (fixed-term) | 4 | 0 | 4 | 4.74% | 31.64 |
| Local authorities (long-term) | 0 | 0 | 0 | 0 | 0 |
| Local authorities (short-term) | 1 | 0 | 1 | 6.88% | 0.22 |
| **Total borrowing** | **65** | **0** | **65** | **3.62%** | **17.81** |

6.2 The Authority's chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Authority's long-term plans change being a secondary objective.

6.3 In keeping with these objectives no new borrowing was undertaken. This strategy enabled the Authority to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk.

6.4 LOBO loans: The Authority continues to hold £3.5m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate as set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no additional cost. No banks exercised their option during the year.

## 7. Treasury Management Investment Activity

7.1 CIPFA revised TM Code defines treasury management investments as those which arise from the Authority's cash flows or treasury risk management activity that ultimately represents balances which need to be invested until the cash is required for use in the course of business.

7.2 The Authority holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held and money borrowed in advance of need. During the reporting period, the Authority's investment balances ranged between £44 and £59 million due to timing differences between income and expenditure. The investment position is shown in table 3 below.

Table 3: Treasury Investment Position

| | 31.03.22 Balance £m | Net Movement £m | 30.06.22 Balance £m | 30.06.22 Income Return % | 30.06.22 Weighted Average Maturity days |
|---|---|---|---|---|---|
| Banks & building societies (unsecured) | 3 | -0.7 | 2.30 | 0.82% | 82.74 |
| Government (incl. local authorities) | 29 | 5.0 | 34.00 | 0.95% | 98.12 |
| Money Market Funds | 17 | -1.0 | 16.00 | 0.96% | 1.00 |
| **Total investments** | **49** | **3.30** | **52.30** | **0.95%** | **67.73** |

7.3 Both the CIPFA Code and government guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

7.4 The 0.25% increases in Bank Rate at the MPC's meetings in May and June and with the prospect of more increases to come, short-dated cash rates, which had ranged between 0.7% - 1.5% at the end of March, rose on average by 0.65% over the quarter.

7.5 At the end of June, the rates on DMADF deposits ranged between 1.05% and 1.78% and the return on sterling low volatility net asset value (LVNAV) Money Market Funds ranged between 0.9% - 1.1%

7.6 The Authority's investments are diversified into more secure and/or higher yielding asset classes as shown in table 3 above. No funds are invested in longer term investments.

7.7 The risk and return metrics are shown in the extracts from Arlingclose's quarterly investment benchmarking as at 30 June 2022 in Table 4 below.

Table 4: Investment Benchmarking – Treasury investments managed in-house

| | Credit Score | Credit Rating | Bail-in Exposure | Weighted Average Maturity (days) | Rate of Return % |
|---|---|---|---|---|---|
| **31.03.2022** | 4.00 | AA- | 41% | 71 | 0.39% |
| **30.06.2022** | 3.76 | AA- | 31% | 75 | 0.98% |
| **Similar LAs** | 4.44 | AA- | 64% | 45 | 1.38% |
| **All LAs** | 4.46 | AA- | 64% | 16 | 1.76% |

7.8 The above shows a reduced rate of return between the Council and other local authorities. As can be seen in the full benchmarking information shown in Appendix A, the rate of return on internal investments which the Council portfolio entirely consists of is 0.98%. This is actually higher than other local authorities showing a good rate of return on these types of investments. The discrepancy arises from the Strategic funds which the Council does not invest in which offer a higher rate of return but do require a longer investment period and higher risk appetite.

7.9 The Authority has budgeted £11,000 income from investments in 2022/23. Income received to date is £100,000. This variance is largely due to the unexpected increase in Bank rate which was not forecasted by our treasury advisors when budgeting took place. This has also coincided with a higher treasury Investment balance than anticipated. Both leading to increased returns.

## 8. Non-Treasury Investments

8.1 The definition of investments in CIPFA's revised 2021 Treasury Management Code covers all the financial assets of the Authority as well as other non-financial assets which the Authority holds primarily for financial return. Investments that do not meet the definition of treasury management investments (i.e. management of surplus cash) are categorised as either for service purposes (made explicitly to further service objectives) and or for commercial purposes (made primarily for financial return).

8.2 Investment Guidance issued by the Department for Levelling up Housing and Communities (DLUHC) also broadens the definition of investments to include all such assets held partially or wholly for financial return.

8.3 The Authority held £9.1m of investments made for commercial purposes. This consisted entirely of directly owned property and land. A full list of the Authority's non-treasury investments is available in the Investment Strategy 2022-23 document. These investments generated £387,800 of investment income for the Authority after taking account of direct costs.

8.4 The main purpose of these investments is regeneration of the local area rather than investment income. All commercial investments are located within the District.

## 9. Treasury Performance

9.1 The Authority measures the financial performance of its treasury management activities both in terms of its impact on the revenue budget and its relationship to benchmark interest rates.

9.2 Since the beginning of the reporting period the Council has paid £43,125 in interest. The forecasted amount to be spent on interest on loans for the financial year 22/23 in total is £2.3m. This represents an overall borrowing interest rate of 3.5%. For comparison purposes the current PWLB Maturity Loan rate for new 10 year borrowing is 3.2%.

9.3 We will be repaying one loan this year at the value of £1m in September. No further borrowing is expected to take place.

9.4 Investment interest yield during the reporting period was £100,000. The budgeted yield for the year was £11,000 as detailed above.

9.5 Investment interest return percent on 30 June 2022 was 0.98% this was higher than other local authorities for internal investments but lower when taking into account other types of investments (shown in appendix A benchmarking data). For comparison purposes the Daily Sterling Overnight Index Average (SONIA) which is used for benchmarking purposes was 1.19% on 30 June 2022.

## 10. Compliance

10.1 The Section 151 Officer reports that all treasury management activities undertaken during the first quarter of the year complied fully with the CIPFA Code of Practice and the Authority's approved Treasury Management Strategy. Compliance with specific investment limits is demonstrated in table 5 below.

10.2 Compliance with the authorised limit and operational boundary for external debt is demonstrated in table 5 below.

Table 5: Debt Limits

| | Q1<br>Maximum | 30.06.22<br>Actual | 2022/23 Operational Boundary | 2022/23 Authorised Limit | Complied? |
|---|---|---|---|---|---|
| Borrowing | £64.8m | £64.8m | £72.9m | £82.9m | Yes |

10.3 Since the operational boundary is a management tool for in-year monitoring it is not significant if the operational boundary is breached on occasions due to variations in cash flow, and this is not counted as a compliance failure. Total debt has not gone above the operational boundary since 1 April 2022.

Table 6: Investment Limits

| | Q1 Maximum | 30.06.2022 Actual | 2022/23 Limit | Complied? |
|---|---|---|---|---|
| The UK Government | Unlimited | £24m | Unlimited | Yes |
| Local authorities & other government entities | £5m | £5m | £5m | Yes |
| Secured investments | £5m | £0 | £5m | Yes |
| Banks (unsecured) | £2.5m | £2.3m | £2.5m | Yes |
| Building societies (unsecured) | £2.5m | £0 | £2.5m | Yes |
| Registered providers (unsecured) | £2.5m | £0 | £2.5m | Yes |
| Money market funds | £5m | £5m | £5m | Yes |
| Strategic pooled funds | £5m | £0 | £5m | Yes |
| Real estate investment trusts | £5m | £0 | £5m | Yes |
| Other investments | £2.5m | £0 | £2.5m | Yes |

## 11. Treasury Management Indicators

11.1 The Authority measures and manages its exposures to treasury management risks using the following indicators.

11.2 **Security:** The Authority has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

| | 31.06.22 Actual | 2022/23 Target | Complied? |
|---|---|---|---|
| Portfolio average credit rating | **AA-** | **A-** | **Yes** |

11.3 **Liquidity:** The Authority has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three-month period, without additional borrowing.

| | 30.06.22 Actual | 2022/23 Target | Complied? |
|---|---|---|---|
| Total cash available within [3] months | £33.3m | £2.5m | Yes |

11.4 **Interest Rate Exposures**: This indicator is set to control the Authority's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interests was:

| Interest rate risk indicator | 30.06.22 Actual | 2022/23 Limit | Complied? |
|---|---|---|---|
| Upper limit on one-year revenue impact of a 1% rise in interest rates | -302,104 | -200,000 | No |
| Upper limit on one-year revenue impact of a 1% fall in interest rates | 302,104 | 200,000 | No |

11.5 The impact of a change in interest rates is calculated on the assumption that maturing loans and investment will be replaced at current rates. Although the indicator has not been complied with this is not a compliance failure as it reflects the increase in investment balances over the year and the fact that all of the authority's investments are due to mature this year. Longer investments would reduce the interest rate risk but would expose the authority to higher liquidity risk.

11.6 **Maturity Structure of Borrowing:** This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of all borrowing were:

| | 30.06.22 Actual £ | 30.06.22 Actual % | Upper Limit | Lower Limit | Complied? |
|---|---|---|---|---|---|
| Under 12 months | 5,713,657 | 9% | 30% | 0% | Yes |
| 12 months and within 24 months | 2,740,936 | 4% | 30% | 0% | Yes |
| 24 months and within 5 years | 3,892,820 | 6% | 30% | 0% | Yes |
| 5 years and within 10 years | 3,033,321 | 5% | 30% | 0% | Yes |
| 10 years and above | 49,477,609 | 76% | 90% | 0% | Yes |

11.7 Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

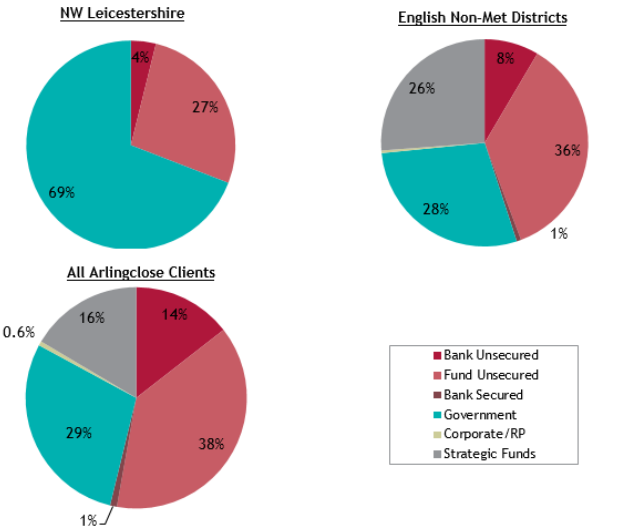
11.8 **Principal Sums Invested for Periods Longer than a year:** The purpose of this indicator is to control the Authority's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end were:

| | 2022/23 | 2023/24 | 2024/25 |
|---|---|---|---|
| Actual principal invested beyond year end | £0 | £0 | £0 |
| Limit on principal invested beyond year end | £10m | £10m | £10m |
| Complied? | Yes | Yes | Yes |

## Appendix A

**Investment Benchmarking**
**30 June 2022**

| | NW Leicestershire | 40 English Non-Met Districts Average | 109 LAS Average |
|---|---|---|---|
| Internal Investments | £59.3m | £40.2m | £81.5m |
| Cash Plus & Short Bond Funds | £0.0m | £2.1m | £3.0m |
| Strategic Pooled Funds | £0.0m | £15.2m | £13.1m |
| TOTAL INVESTMENTS | £59.3m | £57.5m | £97.5m |
| **Security** | | | |
| Average Credit Score | 3.76 | 4.44 | 4.46 |
| Average Credit Rating | AA- | AA- | AA- |
| Average Credit Score (time-weighted) | 3.28 | 4.24 | 4.20 |
| Average Credit Rating (time-weighted) | AA | AA- | AA- |
| Number of Counterparties / Funds | 10 | 15 | 14 |
| Proportion Exposed to Bail-in | 31% | 64% | 64% |
| **Liquidity** | | | |
| Proportion Available within 7 days | 33% | 42% | 50% |
| Proportion Available within 100 days | 61% | 60% | 71% |
| Average Days to Maturity | 75 | 45 | 16 |
| **Market Risks** | | | |
| Average Days to Next Rate Reset | 84 | 58 | 44 |
| Strategic Fund Volatility | - | 3.8% | 5.1% |
| **Yield** | | | |
| Internal Investment Return | 0.98% | 0.89% | 0.92% |
| Cash Plus Funds - Income Return | - | 0.45% | 0.40% |
| Strategic Funds - Income Return | - | 3.69% | 3.80% |
| Total Investments - Income Return | 0.98% | 1.63% | 1.38% |
| Cash Plus Funds - Capital Gain/Loss | - | -1.40% | -1.27% |
| Strategic Funds - Capital Gain/Loss | - | 2.84% | 4.25% |
| Total Investments - Total Return | 0.98% | 1.38% | 1.76% |




**Notes**

- Unless otherwise stated, all measures relate to internally managed investments only, i.e. excluding external pooled funds.
- Averages within a portfolio are weighted by size of investment, but averages across authorities are not weighted.
- Credit scores are calculated as AAA = 1, AA+ = 2, etc.
- Volatility is the standard deviation of weekly total returns, annualised.

This page is intentionally left blank

**NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL**

**AUDIT AND GOVERNANCE COMMITTEE – WEDNESDAY, 27 JULY 2022**

| | | |
|---|---|---|
| **Title of Report** | **ANNUAL REVIEW OF CORPORATE GOVERNANCE POLICIES** | |
| **Presented by** | Mark Walker<br>Head of Finance | |
| **Background Papers** | None | **Public Report:** Yes |
| **Purpose of Report** | To receive the committee's comments on the Councils Governance Policies ahead of Cabinet | |
| **Recommendations** | **THAT THE COMMITTEE PROVIDES ANY COMMENTS IT MAY HAVE FOR CONSIDERATION BY CABINET WHEN IT MEETS TO CONSIDER THE POLICIES ON 20 SEPTEMBER 2020.** | |

## 1.0 BACKGROUND

1.1 The Council is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards. In discharging this responsibility the Council has in place arrangements for governance of its affairs and staff.

1.2 The following documents constitute the Council's suite of Corporate policies:

| Policy | Last Reviewed |
|---|---|
| Anti-Fraud and Corruption Policy | 2021 |
| Anti-Money Laundering Policy | 2021 |
| Confidential Reporting (Whistleblowing Policy) | 2021 |
| Risk Management Policy | 2021 |
| RIPA Policy | 2021 |
| Information Management Policy | 2021 |
| Data Protection Policy | 2021 |
| ICT & Cyber Security Policy | 2021 |
| Local Code of Corporate Governance | 2021 |

1.3 An annual review of the suite of policies has been undertaken and the revised draft policies are appended to this report. The Committee's views are sought ahead of consideration of the policies at Cabinet in September 2022.

## 2.0 POLICY REVIEW

2.1 The policies have been reviewed by a team comprising Legal, Internal Audit, ICT, the Monitoring Officer, the Strategic Director of Housing and Customer Services, the Data Protection Officer and the Section 151 Officer.

The main changes to each policy are summarised below:

2.2 Anti-Fraud and Corruption Policy

There have been no changes in legislation that affect this policy since the previous review, therefore, only minimum amendments have been made, namely, the updated officer details.

2.3 Anti-Money Laundering Policy

There have been no changes in legislation that affect this policy since the previous review, therefore, only minimum amendments have been made, namely, the updated officer details.

2.4 Confidential Reporting (Whistleblowing Policy)

There have been no changes in legislation that affect this policy since the previous review, therefore, only minimum amendments have been made, namely, the updated officer details.

2.5 Risk Management Policy

The Risk Management policy remains substantively unchanged. Minor updates to reflect current practise have been made. Following the audit earlier in the year and agreed by this committee, the outstanding action regarding risk appetite, tolerance and detailing roles of particular officers have been added in the form of a new section 5 and additional detail to the annex to the policy.

2.6 RIPA Policy

There have been no changes to this Policy.

2.7 Information Management Policy

There have been no changes to this Policy.

2.8 Data Protection Policy

There have been no changes to this Policy.

2.9 ICT & Cyber Security Policy

There have been no changes to this Policy.

2.10 Local Code of Corporate Governance

The table in section 1.3 has been updated to reflect the current CIPFA document. No changes to narrative only presentational in terms of format an colours.

Inserting section 1.7. which now includes reference to the Nolan Principles. These are the 7 principles which the Code is based on, however the previous version did not include any reference to Nolan. It is important for clarity that the Council sets out the 7 principles and Nolan principles are one and the same. A link to the Government website has also been incorporated for reference.

| Policies and other considerations, as appropriate | |
|---|---|
| Council Priorities: | Our communities are safe, healthy and connected |
| Policy Considerations: | All those detailed within this report |
| Safeguarding: | Whistleblowing, surveillance using RIPA and Protecting people's data are all considered to be safeguarding our communities |
| Equalities/Diversity: | The opportunity for whistleblowing helps to ensure any risk of inequality or lack of diversity can be highlighted |
| Customer Impact: | Anti-fraud, anti-money laundering and corruption will protect the customer from financial impact |
| Economic and Social Impact: | Anti-fraud, anti-money laundering and corruption will protect the customer from economic impact |
| Environment and Climate Change: | N/A |
| Consultation/Community Engagement: | N/A |
| Risks: | Risk Management Policy |
| Officer Contact | Mark Walker<br>Head of Finance<br>MARK.WALKER@nwleicestershire.gov.uk |

This page is intentionally left blank

# ANTI-FRAUD AND CORRUPTION POLICY

## A guide to the Council's approach to preventing fraud and corruption and managing suspected cases

**Version Control**

| Version No. | Author | Date |
|---|---|---|
| 2.1 | Anna Wright, Senior Auditor | September 2015 |
| 2.2 | Lisa Marron, Audit Manager | October 2019 |
| 2.3 | Kerry Beavis, Senior Auditor | May 2020 |
| 2.4 | Kerry Beavis, Senior Auditor | June 2021 |
| 2.5 | Kerry Beavis, Audit Manager | June 2022 |

**Version 2.5**
**June 2022**

Contents

# ANTI-FRAUD AND CORRUPTION POLICY

## 1. INTRODUCTION

1.1 North West Leicestershire District Council has a duty to ensure that it safeguards the public money that it is responsible for. The Council expects the highest standards of conduct and integrity from all that have dealings with it including staff, members, contractors, volunteers and the public. It is committed to the elimination of fraud and corruption and to ensuring that all activities are conducted ethically, honestly and to the highest standard of openness and accountability so as to protect public safety and public money.

1.2 All suspicions or concerns of fraudulent or corrupt practise will be investigated. There will be no distinction made in investigation and action between cases that generate financial benefits and those that do not. Any investigations will not compromise the Council's commitment to Equal Opportunities or the requirements of the Human Rights Act or any other relevant statutory provision.

## 2. SCOPE

2.1 This policy provides an overview of the measures designed to combat any attempted fraudulent or corrupt act, whether attempted internally or externally. The policy is designed to:

- encourage prevention;
- promote detection;
- ensure effective investigation where suspected fraud or corruption has occurred;
- prosecute offenders where appropriate; and
- recover losses in all instances of fraud or financial irregularity where possible.

## 3. DEFINITIONS

3.1 Fraud

The Fraud Act 2006 is legislation that has been introduced in order to provide absolute clarity on the subject of fraud. Section 1 of the Act introduced a new general offence offraud and three ways of committing it:

- fraud by false representation;
- fraud by failing to disclose information; and
- fraud by abuse of position.

Fraud by false representation requires:

- dishonesty;
- an intent to make gain or cause loss; and
- the person makes the representation knowing that it is or might be untrue ormisleading.

Fraud by failing to disclose information requires:

- dishonesty;
- an intent to make gain or cause loss; and

- failure to disclose information where there is a legal duty to disclose.

Fraud by abuse of position requires:

- dishonesty;
- an intent to make gain or cause loss; and
- abuse of a position where one is expected to safeguard another person's financialinterests.

3.2 Corruption

Corruption is a form of dishonesty or criminal activity undertaken by a person ororganisation entrusted with a position of authority, often to acquire illicit benefit.

3.3 Bribery

Broadly the Bribery Act 2010 defines bribery as giving or receiving a financial or other advantage in connection with the "improper performance" of a position of trust, or a function that is expected to be performed impartially or in good faith.

3.4 Money Laundering

Money laundering describes offences involving the integration of the proceeds of crime, or terrorist funds, into the mainstream economy. Whilst the risk of money laundering to the Council is relatively low and the provision of The Money Laundering Regulations 2007 do not strictly apply to the Council, the Council has adopted an AntiMoney Laundering policy as good practice. This policy supports staff in complying with the money laundering provisions included within the Proceeds of Crime Act 2002 and theTerrorism Act 2000.

## 4. CULTURE

4.1 We have determined that the culture and tone of the organisation will be one of honesty and opposition to fraud and corruption. We will not tolerate malpractice or wrongdoing in the provision of our services and are prepared to take vigorous action to stamp out any instances of this kind of activity. The fight against fraud and corruption can only be truly effective where these acts are seen as anti-social unacceptable behaviour and whistle blowing is perceived as a public-spirited action.

4.2 The prevention/detection of fraud/corruption and the protection of public money are responsibilities of everyone, both internal and external to the organisation. The Council's elected members and employees play an important role in creating and maintaining this culture. They are positively encouraged to raise concerns regarding fraud and corruption, immaterial of seniority, rank or status, in the knowledge that such concerns will wherever possible be treated in confidence. The public also has a role to play in this process and should inform the Council if they feel that fraud/corruption may have occurred. The Nolan Committee on Standards in Public Life set out the seven guiding principles (Appendix A) that apply to people who serve the public.

4.3 Concerns must be raised when members, employees or the public reasonably believe that one or more of the following has occurred or is in the process of occurring or is likely to occur:

- a criminal offence;
- a failure to comply with a statutory or legal obligation;
- improper or unauthorised use of public or other official funds;
- a miscarriage of justice;
- maladministration, misconduct or malpractice;

- endangering an individual's health and/or safety;
- damage to the environment; and
- deliberate concealment of any of the above.

4.4 The Council will ensure that any allegations received in any way, including by anonymous letter or telephone call, will be taken seriously and investigated in an appropriate manner. The Council has a Confidential Report (Whistleblowing) policy that sets out the approach to these types of allegation in more detail.

4.5 The Council will take action against those who defraud the Council or who are corrupt or where there has been financial malpractice. There is, of course, a need to ensure that any investigation process is not misused and, therefore, any abuse (such as employees raising malicious allegations) may be dealt withas a disciplinary matter.

4.6 Where fraud or corruption has occurred due to a breakdown in the Council's systems or procedures, the Head of Service will ensure that appropriate improvements in systems of control are implemented in order to prevent re- occurrence.

## 5. RESPONSIBILITIES

5.1 Responsibilities of Elected Members

As elected representatives, all members of the Council have a duty to protect the Council and public money from any acts of fraud and corruption. This is done through existing practice, compliance with the Members' Code of Conduct, the Council's Constitution including Financial Regulations and Standing Orders and relevant legislation.

5.2 Responsibilities of the Monitoring Officer

The Monitoring Officer is responsible for ensuring that all decisions made by the Council are within the law. The Monitoring Officer's key role is to promote and maintain high standards of conduct throughout the Council by developing, enforcing and reporting appropriate governance arrangements including codes of conduct and other standards policies.

5.3 Responsibilities of the Section 151 Officer

The Head of Finance has been designated as the statutory officer responsible for financial matters as defined by s151 of the Local Government Act 1972. The legislation requires that every local authority in England and Wales should 'make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has the responsibility for the administration of those affairs'.

Under the Head of Finance's responsibilities, 'proper administration' encompasses allaspects of local authority financial management including:

- compliance with the statutory requirements for accounting and internal audit;
- managing the financial affairs of the Council;
- the proper exercise of a wide range of delegated powers both formal and informal;
- the recognition of the fiduciary responsibility owed to local tax payers.

Under these statutory responsibilities the Section 151 Officer contributes to the antifraud and corruption framework of the Council.

5.4 Responsibilities of Employees

Each employee is governed in their work by the Council's Standing Orders and Financial Regulations, and other codes on conduct and policies (Employee Code of Conduct, Health and Safety Policy, ICT and Cyber Security Policy). Included in the Employee Code of Conduct are guidelines on Gifts and Hospitality, and advice on professional and personal conduct and conflicts of interest. These are issued to all employees when they join the Council. Appropriate disciplinary procedures will be invoked where thereis a breach of policy.

Employees are responsible for ensuring that they follow instructions given to them by management, particularly in relation to the safekeeping of the assets of the Council.

Employees are expected always to be aware of the possibility that fraud, corruption and theft may exist in the workplace and be able to share their concerns with management.

5.5 Role of the Leicestershire Revenues and Benefits Partnership Fraud Investigation Team

The Fraud Team based at the Leicestershire Revenues and Benefits Partnership are responsible for the investigation of all revenues and benefit related alleged/suspected fraud cases. Due to the specialised nature of these investigations, a separate sanctions policy has been developed that covers all aspects of the investigation process.

5.6 Role of the External Auditors

Independent external audit is an essential safeguard of the stewardship of public money. This is currently carried out by Mazars LLP through specific reviews that are designed to test (amongst other things) the adequacy of the Council's financial systems and arrangements for preventing and detecting fraud and corruption. It is not the external auditor's function to prevent fraud and irregularities, but the integrity of public funds is at all times a matter of general concern. External auditors are always alert to the possibility of fraud and irregularity, and will act without undue delay if grounds for suspicion come to their notice.

5.7 Role of the Public

This policy, although primarily aimed at those within or associated with the Council, enables concerns raised by the public to be investigated, as appropriate, by the relevant person in a proper manner.

5.8 Conflicts of Interest

Both elected members and employees must ensure that they avoid situations where there is a potential for a conflict of interest. Such situations can arise with externalisation of services, internal tendering, planning and land issues etc. Effective role separation will ensure decisions made are seen to be based on impartial advice and avoid questions about improper disclosure of confidential information.

## 6. PREVENTION AND DETERRENCE

6.1 Responsibilities of the Senior Management Team

Managers at all levels are responsible for the communication and implementation of this policy. They are also responsible for ensuring that their employees are aware of the Council's policies and procedures relating to financial management and conduct and that the requirements are being met. Managers are expected to create an environment in which their staff feel able to approach them with any concerns they may have about suspected irregularities. Special arrangements may be applied from time to time for example where employees are responsible for cash handling or are in charge of financial systems and systems that generate payments, for example payroll or the Council Tax system. These procedures should be supported by relevant training.

Management has responsibility for the prevention of fraud and corruption within all departments. It is essential that managers understand the importance of soundly designed systems which meet key control objectives and minimise opportunities for fraud and corruption. They are responsible for assessing the potential for fraud and corruption within their own department's activities and for implementing appropriate strategies to minimise this risk.

The Council recognises that a key preventative measure in dealing with fraud and corruption is for managers to take effective steps at recruitment stage to establish, as far as possible, the honesty and integrity of potential employees, whether for permanent, temporary or casual posts and agency staff. The Council's formal recruitment procedures contain appropriate safeguards in the form of written references, the verification of qualifications held and employment history. Disclosure and Barring Service (DBS) checks are undertaken for employees working with or who may have contact with children and vulnerable adults.

6.2 Role of Internal Audit

Internal Audit plays a preventative role in trying to ensure that systems and procedures are in place to prevent and deter fraud and corruption. Internal Audit may be requested to investigate cases of suspected financial irregularity, fraud or corruption, except Benefit fraud investigations and Single Person Discount fraud, in accordance with agreed procedures. Within the Financial Procedures Rules in the Constitution, representatives of Internal Audit have the authority to:

- enter any Council owned or occupied premises or land at all times (subject to anylegal restrictions outside the Council's control);
- have access at all times to the Council's records, documents and correspondence;
- require and receive such explanations from any employee or member of the Council as he or she deem necessary concerning any matter under examination; and
- require any employee or member of the Council to produce cash, stores or any other Council owned property under their control.

Internal Audit liaises with management to recommend changes in procedures to reduce risks and prevent losses to the Authority.

6.3 Working with Others and Sharing Information

The Council is committed to working and co-operating with other organisations to prevent fraud and corruption and protect public funds. The Council may use personal

information and data-matching techniques to detect and prevent fraud, and ensure public money is targeted and spent in the most appropriate and cost-effective way. In order to achieve this, information may be shared with other bodies for auditing or administering public funds including the Cabinet Office, the Department of Work and Pensions, other local authorities, National Anti-Fraud Network, HM Revenues and Customs, and the Police.

6.4 National Fraud Initiative (NFI)

The Council participates in the National Fraud Initiative (NFI). This requires public bodies to submit a number of data sets, for example payroll, Council Tax, and accounts payable (but not limited to these) which is then matched to data held by other public bodies. Any positive matches (e.g. an employee on the payroll in receipt of housing benefit) are investigated.

6.5 Data Sharing

In the interests of protecting the public purse and the prevention and detection of fraud, members of staff are actively encouraged to report any instances of fraud. We have published fair processing notices on our website and also display this information in our public areas, notifying members of the public that we will share information held between departments and other third party organisations as appropriate in order to prevent and detect crime.

6.6 Training and Awareness

The successful prevention of fraud is dependent on risk awareness, the effectiveness of training and the responsiveness of staff throughout the Council. The Council recognises that the continuing success of this policy and its general credibility will depend in part on the effectiveness of training and awareness for members and employees and will therefore take appropriate action to raise awareness levels.

6.7 Disciplinary Action

The Council's Disciplinary Procedures will be used to facilitate a thorough investigation of any allegations of improper behaviour by employees. Theft, fraud and corruption are serious offences which may constitute gross misconduct against the Council and employees will face disciplinary action if there is evidence that they have been involved in these activities, including benefit fraud. Disciplinary action will be taken in addition to, or instead of, criminal proceedings depending on the circumstances of each individual case.

Members will face appropriate action under this policy if they are found to have been involved in theft, fraud or corruption against the Authority. Action will be taken in addition to, or instead of criminal proceedings, depending on the circumstances of each individual case but in a consistent manner. If the matter is a breach of the Members' Code of Conduct then it will be dealt with under the arrangements agreed by the Council in accordance with the Localism Act 2011.

6.8 Prosecution

In terms of proceedings the Council will endeavour to take action in relevant cases todeter others from committing offences against the Authority. Any prosecution will be in accordance with the principles contained within The Code for Crown Prosecutors.

6.9 Publicity

The Council will optimise the publicity opportunities associated with anti-fraud and corruption activity within the Council. Wherever possible, where the Council has suffered a financial loss action will be taken to pursue the recovery of the loss.

All anti-fraud and corruption activities, including the update of this policy, will be publicised in order to make employees and the public aware of the Council's commitment to taking action on fraud and corruption when it occurs.

## 7. DETECTION AND INVESTIGATION

7.1 Although audits may detect fraud and corruption as a result of the work that they are undertaking, the responsibility of the detection of financial irregularities primarily rests with management. Included within the audit plans are reviews of system controls including financial controls and specific fraud and corruption tests, spot checks and unannounced visits.

In addition to Internal Audit, there are numerous systems and management controls in place to deter fraud and corruption but it is often the vigilance of employees and members of the public that aids detection. In some cases frauds are discovered by chance or 'tip-off' and the Council will ensure that such information is properly dealt with within its Confidential Reporting (Whistleblowing) policy.

The Council is committed to the investigation of all instances of actual, attempted and suspected fraud committed by employees, members, consultants, suppliers and other third parties and the recovery of funds and assets lost through fraud.

Any suspected fraud, corruption or other irregularity should be reported to Internal Audit.The Audit Manager will decide on the appropriate course of action to ensure that any investigation is carried out in accordance with Council policies and procedures, key investigation legislation and best practice. This will ensure that investigations do not jeopardise any potential disciplinary action or criminal sanctions.

Action could include:

- investigation carried out by Internal Audit staff;
- joint investigation with Internal Audit and relevant directorate management;
- directorate staff carry out investigation and Internal Audit provide advice andguidance;
- referral to the Police.

The responsibility for investigating potential fraud, corruption and other financial irregularities within the Council lies mainly (although not exclusively) with the Internal Audit section.

## 8. RAISING CONCERNS

8.1 All suspected or apparent fraud or financial irregularities must be raised, in the first instance, directly with the manager or if necessary in accordance with the Council's Confidential Reporting (Whistleblowing) Policy. Advice and guidance on how to pursue matters of concern may be obtained from the Council's nominated contact points who are:

- Chief Executive: Allison.thomas@nwleicestershire.gov.uk
  Telephone 01530 454500
- Monitoring Officer: elizabeth.warhurst@nwleicestershire.gov.uk
  Telephone 01530 454762
- Section 151 Officer: mark.walker@nwleicestershire.gov.uk
  Telephone 01530 454707
- Audit Manager: kerry.beavis@nwleicestershire.gov.uk
  Telephone 01530 454728

## 9. Review

9.1 This policy will be reviewed annually or if legislation changes if this is sooner,

## APPENDIX A

## THE SEVEN PRINCIPLES OF PUBLIC LIFE

**Selflessness**

Holders of public office should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family, or their friends.

**Integrity**

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisation that might influence them in the performance of their official duties.

**Objectivity**

In carrying out public business, including making public appointments, awarding contracts or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

**Accountability**

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

**Openness**

Holders of public office should be as open as possible about all the decisions and action that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

**Honesty**

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

**Leadership**

Holders of public office should promote and support these principles by leadership and example.

*Committee on Standards in Public Life - The Nolan Report (1995)*

This page is intentionally left blank

# ANTI-MONEY LAUNDERING POLICY

## A guide to the Council's anti-money laundering safeguards and reporting arrangements

**Version Control**

| Version No. | Author | Date |
|---|---|---|
| 2.1 | Anna Wright, Senior Manager | September 2015 |
| 2.2 | Kerry Beavis, Senior Auditor | May 2020 |
| 2.3 | Kerry Beavis, Senior Auditor | June 2021 |
| 2.4 | Kerry Beavis, Audit Manager | June 2022 |

**Version 2.4**
**June 2022**

Contents

# ANTI-MONEY LAUNDERING POLICY

## 1. INTRODUCTION

1.1 The Council is committed to the highest possible standards of conduct and has, therefore,put in place appropriate and proportionate anti-money laundering safeguards and reporting arrangements. Although local authorities are not directly covered by the requirements of the Money Laundering and Terrorist Financing (Amendment) Regulations 2019, they are bound by the Proceeds of Crime Act 2002 and the Terrorism Act 2006, both of which place a number of duties and responsibilities on local authorities and employees and members of the same, in order that they do not find themselves subject to criminal prosecution.

## 2. SCOPE OF THE POLICY

2.1 This policy applies to all employees, whether permanent or temporary, and members of the Council. Its aim is to enable employees and members to respond to a concern they have in the course of their dealings for the Council. Individuals who may have a concern relating to a matter outside work should contact the Police.

## 3. DEFINITION OF MONEY LAUNDERING

3.1 Money laundering is a term designed to cover a number of offences. These offences relateto the improper handling of funds that are the proceeds of criminal acts, or terrorist acts, so that they appear to come from a legitimate source. It relates to both the activities of organised crime but also to those who benefit financially from dishonest activities such as receiving stolen goods. The Proceeds of Crime act 2002 (POCA), asamended by the Serious Organised Crime and Police Act 2005, creates a range of criminal offences arising from dealing with proceeds of crime.

The four main offences that may be committed under money laundering legislation are:

- concealing, disguising, converting, transferring or removing criminal property fromanywhere in the UK;
- entering into or becoming concerned in an arrangement which a person knows, or suspects facilitates, the acquisition, retention, use or control of criminal property byor on behalf of another person;
- acquiring, using or possessing criminal property*;
- entering into or being concerned in an arrangement which facilitates the retentionor control by or on behalf of another person of terrorist property ** by concealment,removal, transfer or in any other way.

It is also an offence to attempt, conspire or incite to commit any of the above offences and to aid, abet, counsel, or procure the commission of any of the above offences.

* Criminal property is something which constitutes a person's benefit from criminal conduct or represents such benefit; it is not limited to money and there is no minimum amount.
** Terrorist property includes money or other property likely to be used for terrorism, proceeds of terrorist acts, and proceeds of acts carried out for the purposes of terrorism.

There are also two ‘third party’ offences:

- failing to disclose information relating to money laundering offences (in respect ofboth criminal property and terrorist property) where there is reasonable grounds for knowledge or suspicion ***; and,
- tipping off or informing someone who is, or is suspected of, being involved in moneylaundering activities, in such a way as to reduce the likelihood of or prejudice an investigation.

*** It is important to note that whilst the disclosure obligations and tipping off offencesin relation to criminal property will not always strictly apply to local authorities all individuals and businesses have an obligation to report knowledge, reasonable grounds for belief or suspicion about the proceeds from terrorism, proceeds of actscarried out for the purposes of terrorism or likely to be used for terrorism, where that information has come to them in the course of their business or employment.

3.2 The Terrorism Act made it an offence of money laundering to become concerned in an arrangement relating to the retention or control of property likely to be used for the purpose of terrorism or resulting from acts of terrorism.

3.3 Although the term ‘money laundering’ is generally used to describe the activities of organised crime for most people it will involve a suspicion that someone they know, or know of, is benefiting financially from dishonest activities.

3.4 Potentially very heavy penalties (unlimited fines and imprisonment up to fourteen years) can be handed down to those who are convicted of one of the offences above.

## 4. REQUIREMENTS OF THE MONEY LAUNDERING LEGISLATION

4.1 The main requirements of the legislation are:

- to appoint a money laundering reporting officer;
- maintain client identification procedures in certain circumstances;
- implement a procedure to enable the reporting of suspicions of money laundering;
- maintain record keeping procedures.

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

5.1 The Council has designated the Section 151 Officer as the Money LaunderingReporting Officer (MLRO). He can be contacted on 01530 454707 or at mark.walker@nwleicestershire.gov.uk.

In the absence of the MLRO or instances where it is suspected that the MLRO themselvesare involved in suspicious transactions, concerns should be raised with the DeputySection 151 Officer. She can be contacted on 01530 454492 or at anna.crouch@nwleicestershire.gov.uk.

## 6. CLIENT IDENTIFICATION PROCEDURES

6.1 Although not a legal requirement, the Council has developed formal client identification procedures which must be followed when Council land or property is being sold. These procedures require individuals and, if appropriate, companies to provide proof of identity and current address.

If satisfactory evidence is not obtained at the outset of a matter, then the transaction must not be progressed and a disclosure report, available on the intranet, must be submitted to the Money Laundering Reporting Officer.

All personal data collected must be kept in compliance with the Data Protection Act 2018.

## 7. REPORTING PROCEDURE FOR SUSPICIONS OF MONEY LAUNDERING

7.1 Where you know or suspect that money laundering activity is taking/has taken place or become concerned that your involvement in a matter may amount to a prohibited act under the Act, you must disclose this as soon as practicable to the MLRO. The disclosure should be within 'hours' of the information coming to your attention, not weeks or months.

7.2 Your disclosure should be made to the MLRO using the disclosure form, available on the intranet.

The report must include as much detail as possible including:

- full details of the person involved;
- full details of the nature of their/your involvement;
- the types of money laundering activity involved;
- the dates of such activities;
- whether the transactions have happened, are ongoing or are imminent;
- where they took place;
- how they are undertaken;
- the (likely) amount of money/assets involved; and
- why, exactly, you are suspicious.

Along with any other available information to enable the MLRO to make a sound judgement as to whether there are reasonable grounds for knowledge or suspicion of money laundering and to enable them to prepare their report to the National Crime Agency (NCA), where appropriate. You should also enclose copies of any relevant supporting documentation.

7.3 If you are concerned that your involvement in the transaction would amount to a prohibited act under sections 327-329 of the Proceeds of Crime Act 2002, then your report must include all relevant details, as you will need consent fromthe NCA, via the MLRO, to take any further part in the transaction – this is the case even if the client gives instructions for the matter to proceed before such consent is given. You should therefore make it clear in the report if such consent is required and clarify whether there are any deadlines for giving such consent e.g. a completion date or court deadline.

7.4 Once you have reported the matter to the MLRO you must follow any directions they may give you. You must NOT make any further enquiries into the matter yourself, any necessary investigation will be undertaken by the NCA. Simply report your suspicions to the MLRO who will refer the matter on to the NCA if appropriate. All members of staff will be required to co-operate with the MLROand the authorities during any subsequent money laundering investigation.

7.5 Similarly, at no time and under no circumstances should you voice any suspicions to the person(s) whom you suspect of money laundering, even if the NCA has given consent to a particular transaction proceeding, without the specific consent of the MLRO; otherwise, you may commit a criminal offence of 'tipping off'.

7.6 Do not, therefore, make any reference on a client file, to a report having been made to the MLRO - should the client exercise their right to see the file, then such a note will obviously tip them off to the report having been made and may render you liable to prosecution. The MLRO will keep the appropriate records in a confidential manner.

## 8. CONSIDERATION OF THE DISCLOSURE BY THE MONEY LAUNDERING REPORTING OFFICER

8.1 Upon receipt of a disclosure report, the MLRO must note the date of receipt on their sectionof the report and acknowledge receipt of it. They should also advise you of the timescalewithin which they expect to respond to you.

8.2 The MLRO will consider the report and any other available internal information they think is relevant, e.g.

- reviewing other transaction patterns and volumes;
- the length of any business relationship involved;
- the number of any one-off transactions and linked one-off transactions;
- any identification evidence held;

and undertake such other reasonable enquiries they think appropriate in order to ensure that all available information is taken into account in deciding whether a report to the NCA is required (such enquiries being made in such a way as to avoid any appearance of tipping of those involved). The MLRO may also need to discuss the report with you.

8.3 Once the MLRO has evaluated the disclosure report and any other relevant information, they must make a timely determination as to whether:

- there is an actual or suspected money laundering taking place; or
- whether there are reasonable grounds to know or suspect that this is the case; and
- whether they need to seek consent from the NCA for a particular transaction toproceed.

8.4 Where the MLRO does so conclude, then they must disclose the matter as soon as practicable to the NCA on their standard report form and in the prescribed manner, unless they has a reasonable excuse of non-disclosure to the NCA (for example, if you are a lawyer and you wish to claim legal professional privilege for not disclosing the information).

8.5 Where the MLRO suspects money laundering but has a reasonable excuse for nondisclosure, then they must note the report accordingly, they can then immediately give their consent for any ongoing or imminent transactions to proceed. In cases where legal professional privilege may apply, the MLRO must liaise with the Council's Monitoring Officer to decide whether there is a reasonable excuse for not reporting the matter to the NCA.

8.6 Where consent is required from the NCA for a transaction to proceed, then the transaction(s) in question, must not be undertaken or completed until the NCA has given specific consent, or there is deemed consent through the expiration of the relevant time limits in which the NCA must respond, and no response has been received.

8.7 Where the MLRO concludes that there are no reasonable grounds to suspect money laundering then they shall mark the report accordingly and give their consent for any ongoing or imminent transaction(s) to proceed.

8.8 All disclosure reports referred to the MLRO and reports made by them to the NCA must be retained by the MLRO in a confidential file kept for that purpose, for a minimum of five years.

8.9 The MLRO commits a criminal offence if they know or suspect, or have reasonable grounds to do so, through a disclosure being made to them, that another person is engaged in money laundering and does not disclose this as soon as practicable to the NCA.

## 9. TRAINING

9.1 Officers considered likely to be exposed to suspicious situations, will be made aware of these by their senior officer and provided with appropriate training.

9.2 Additionally, all employees and members will be familiarised with the legal and regulatoryrequirements relating to money laundering and how they affect both the Council and themselves.

9.3 Notwithstanding the paragraphs above, it is duty of officers and members to report all suspicious transactions whether they have received their training or not.

## 10. REVIEW

10.1 This policy will be reviewed annually and whenever the relevant legislation changes.

This page is intentionally left blank

# CONFIDENTIAL REPORTING (WHISTLEBLOWING) POLICY

## Policy Statement

**Version Control**

| Version No. | Author | Date |
|---|---|---|
| 2.1 | Kerry Beavis, Senior Auditor | May 2020 |
| 2.2 | Kerry Beavis, Senior Auditor | June 2021 |
| 2.3 | Kerry Beavis, Audit Manager | June 2022 |

**Version 2.3**
**June 2022**

Contents

# CONFIDENTIAL REPORTING (WHISTLEBLOWING) POLICY

"North West Leicestershire District Council is committed to the prevention, deterrence, detection and investigation of fraud, corruption and malpractice in all forms. It encourages employees and members of the Council and its contractors who have serious concerns aboutany aspect of its work, including matters of health and safety, to voice those concerns."

## 1. INTRODUCTION

1.1 The Council is committed to the highest possible standards of openness, probity and accountability. In line with that commitment we expect employees, members and others that we deal with, who have serious concerns about any aspect of the Council's work to come forward and voice those concerns. This Confidential Reporting Policy is intended to encourage and enable employees, members, contractors or suppliers to raise serious concerns **within** the Council rather than overlooking a problem or "blowing the whistle" outside.

1.2 This Policy provides guidance on the way in which concerns may be raised.

This Policy also sets out how matters can be taken further if a person remains dissatisfiedwith the Council's response to any concerns raised.

1.3 Employees, members, contractors and suppliers are often the first to realise that there may be something seriously wrong within the Council. However, they may not express their concerns because they feel that speaking up would be disloyal to their colleagues or to the Council, or they perceive that it could harm their chances of future business or their career prospects. They may also fear harassment or victimisation. In such circumstances individuals may consider it to be easier to ignore the concern rather than report what may only be a suspicion of malpractice. This Policy document makes it clear that individuals raising concerns will do so without fear of victimisation, subsequent discrimination or disadvantage.

1.4 It is recognised that, where concerns are raised, most cases will have to proceed on a confidential basis. The Council will do everything it can to protect the confidentiality of those individuals raising concerns. However, there may be times when the person making the complaint can be identified due to the nature of the allegation made and in such cases it will not be possible to keep the identity of the complainant confidential. In addition, there may be times when the Council will believe it is appropriate to let the subject of a complaint know who made any allegation.

1.5 The Council recognises that individuals raising concerns, termed "qualifying disclosures" under the Public Interest Disclosure Act 1998 are entitled to protection under that Act and/or this Policy and may be eligible to compensation if they subsequently suffer victimisation, discrimination or disadvantage. Under the Enterprise and Regulatory Reform Act 2013, any disclosure using the Whistleblowing Policy, within reasonable belief of the worker making the disclosure will only be protected if it is made in the public interest. It must also show one or more of the following:

(a) that a criminal offence has been committed, is being committed or is likely to be committed,
(b) that a person has failed, is failing or is likely to fail to comply with any legal obligation to which he is subject,
(c) that a miscarriage of justice has occurred, is occurring or is likely to occur,

(d) that the health or safety of any individual has been, is being or is likely to be endangered,
(e) that the environment has been, is being or is likely to be damaged, or
(f) that information tending to show any matter falling within any one of the preceding paragraphs has been, is being or is likely to be deliberately concealed.

1.6 This policy is designed for workers. Workers include:

- Employees;
- Agency workers;
- People that are training with an employer;
- Self-employed workers, if supervised or working on site.

1.7 The procedures outlined in this Policy **are in addition to** the Council's complaints procedures and other statutory reporting procedures applying to some divisions.

1.8 This Policy has been discussed with the relevant trade unions and has their support.

1.9 The principles of this Policy also apply to concerns of the general public.

## 2. AIMS AND SCOPE OF THE POLICY

2.1 This Policy aims to:

- encourage you to feel confident in raising concerns that are in the public interestand to question and act upon your concerns;
- provide avenues for you to raise those concerns and receive feedback on anyaction taken;
- ensure that you receive a response to your concerns and that you are aware ofhow to pursue matters if you are not satisfied;
- reassure you that you will be protected from the risk of reprisals or victimisation ifyou have a reasonable belief that you have made any disclosure in good faith.

2.2 If Council employees have concerns relating to their employment with the organisation, these should be raised under the Council's Grievance Policy. This Policy is intended to cover major concerns that fall outside the scope of other policies and procedures. As stated in paragraph 1.5, these include:

- conduct which is an offence or a breach of law,
- disclosures related to miscarriages of justice,
- health and safety risks, including risks to the public as well as other employees,
- damage to the environment,
- the unauthorised use of public funds,
- possible fraud and corruption,  sexual or physical abuse of clients, or
- other unethical conduct.

## 3. SAFEGUARDS - HARASSMENT OR VICTIMISATION

3.1 The Council is committed to good practice and high standards and aims to be supportiveof employees and others using this policy.
3.2 The Council recognises that the decision to report a concern can be a difficult one to

make.You are legally entitled to protection from unfair treatment if:

(a) you honestly think what you are reporting is true,

(b) you believe that you are telling the right person,

(c) you believe that raising your concerns is in the public interest.

Put simply, if you are acting in good faith when raising any concerns, you should have nothingto fear because you will be doing your duty to your employer, and/or the Council and those for whom the Council provides a service. In the event that the concerns raised are substantiated, you will be ensuring that bad practice / unethical behaviour / illegalconduct is curtailed.

3.3 The Council will not tolerate any harassment or victimisation (including informal pressures) against individuals who raise concerns in good faith under this Policy and will take appropriate action to protect those who raise a concern ingood faith and, where necessary, will take action against those subjecting any complainant to harassment, victimisation or any other pressures as a result ofraising concerns.

3.4 Any investigation into allegations of matters listed in paragraph 2.2 of this Policy will not influence, or be influenced by, any disciplinary, redundancy or similar procedures which may already affect either the person raising the concerns or the individual(s) who are the subject of those concerns.

## 4. CONFIDENTIALITY

4.1 All attempts will be made to ensure any concerns raised will be treated in confidence andto protect your identity if you so wish. The Council cannot ensure your confidentiality ifyou have informed others of any alleged concerns.

4.2 In addition, there may be times when the identity of the person making the complaint is clear due to the nature of any allegations made. In such cases, the Council cannot take any steps to protect your identity. You will, however, still be entitled to the same protection against harassment, victimisation and other pressures as if your identity remained confidential.

4.3 In a small number of cases, the Council may find it is appropriate to disclose your identityto the person who is the subject of any complaint. It will, however, inform you of this before doing so. Again, you will receive the same protection against harassment, victimisation and other pressures as if your identity had remained confidential.

4.4 You should note that, whilst every effort will be made to protect your identity, the Council may, at an appropriate time ask you to come forward as a witness. If you do become a witness in any case, you will be entitled to the same protection against harassment,victimisation and other pressures that you are entitled to when making the initial complaint under this Policy.

## 5. ANONYMOUS ALLEGATIONS

5.1 This Policy aims to protect those raising concerns and, therefore, it is hoped that any person raising concerns will do so in their own name whenever possible.

5.2 Whilst any concern will be taken seriously, those expressed anonymously will carry

less weight but will be given consideration by the Council; an investigation into the mattersraised will be investigated at the discretion of the Council.

5.3 In exercising this discretion the factors to be taken into account will include:

- the nature and seriousness of the issues raised,
- the apparent credibility of the concern, and
- the probable likelihood of being able to confirm the allegation from attributablesources.

5.4 If the Council does not know who has made an allegation, it will not be possible for the Council to offer reassurance and protection to the individual.

## 6. UNTRUE ALLEGATIONS

6.1 If an allegation is made in good faith, but is not confirmed following an investigation by theCouncil, no action will be taken against the person making the allegation. This shouldencourage those who have concerns to raise it in the appropriate manner without fearof any reprisals.

6.2 If, however, an allegation is made frivolously, maliciously or for personal gain, disciplinaryaction may be taken against the person making that allegation where appropriate.

## 7. HOW TO RAISE A CONCERN

7.1 Advice and guidance on how to pursue matters of concern may be obtained from the Council's nominated contact points who are:

- Chief Executive: Allison.thomas@nwleicestershire.gov.uk
  Telephone 01530454500
- Monitoring Officer:elizabeth.warhurst@nwleicestershire.gov.uk
  Telephone 01530 454762
- Section 151 Officer: mark.walker@nwleicestershire.gov.uk
  Telephone 01530454707
- Audit Manager: kerry.beavis@nwleicestershire.gov.uk
  Telephone 01530 454378

7.2 Concerns may be raised verbally or in writing, to any of the above named individuals. If raising a concern in writing, it should be addressed to the named individual at the:

Council Offices
North West Leicestershire District Council
Whitwick Road
Coalville
Leicestershire
LE67 3FJ

Clearly mark the envelope "Confidential".

If you wish to make a written report you are invited to use the following format:

- the background and history of the concern (giving relevant dates);
- the reason why you are particularly concerned about the situation.

7.3 If you wish to make a verbal report of any concerns that you have identified, you are invited to contact one of the officers named at paragraph 7.1 above toarrange a mutually convenient appointment. When arranging an appointment,it would be helpful if you could mention that you would like to speak to them about a matter under the Confidential Reporting Policy.

7.4 When making a verbal report, you are invited to set out the facts using the same format identified at paragraph 7.2 above.

7.5 The earlier you express any concerns the easier it is for the Council to investigate and take any relevant action.

7.6 Although you are not expected to prove beyond doubt the truth of an allegation,you will need to demonstrate to the person contacted that there are reasonablegrounds for your concern.

7.7 You may wish to consider discussing your concern with a colleague or trade union representative first and you may find it easier to raise the matter if thereare two (or more) of you who share any concerns.

7.8 You may invite your trade union, professional association representative or a member of staff to be present during any meetings or interviews in connectionwith the concerns you have raised.

7.9 If you feel unable to raise your concerns directly with the Council, you should report the matter to a "prescribed person". This will ensure that your legal rightsare protected. The list of prescribed persons can change and so up to date information can be obtained by accessing an online brochure entitled

"Whistleblowing: list of prescribed people and bodies"
available at www.gov.uk

## 8. HOW THE COUNCIL WILL RESPOND

8.1 The Council will respond to your concerns but within the constraints of maintaining confidentiality or observing any legal restrictions. In any event, a confidential record of the steps taken will be kept in accordance with the Data Protection Act 2018.

8.2 The Council may also ask to meet with you in order to gain further information from you. Do not forget that testing out your concerns is not the same as either accepting or rejecting them. It is sometimes necessary to test out any concerns raised in order to identify how strong any evidence may be.

8.3 Where appropriate, the matters raised may be:

- investigated internally,
- referred to the police,
- referred to the external auditor,
- made the subject of an independent enquiry.

Following any of the action above, a concern may be upheld or may be dismissed.

8.4 In order to protect individuals and those accused of misdeeds or possible malpractice, the Council will undertake initial enquiries to decide whether an investigation is appropriate and, if so, what form it should take. In most cases,it is anticipated that these initial enquiries will be completed within ten workingdays of an allegation being made. The overriding principle which the Council will have in mind when deciding what steps to take is whether the matter falls within the public interest. Any concerns or allegations which fall within the scope of any other specific procedures (for example, misconduct or discrimination issues) will normally be referred to the relevant service area forconsideration under those procedures.

8.5 Some concerns may be resolved by agreed action without the need for investigation. If urgent action is required this will be taken before any investigation is conducted.

8.6 Within seven working days of a concern being raised, the nominated contact will write to you:

- acknowledging that the concern has been received,
- indicating how we propose to deal with the matter,
- giving an estimate of how long it will take to provide a final response,
- telling you whether any initial enquiries have been made,
- supplying you with information on staff support mechanisms, and
- telling you whether further investigations will take place and if not, why not.

8.7 The amount of contact between the officers considering the issues and you willdepend on the nature of the matters raised, the potential difficulties involved and the clarity of the information provided. If necessary, the Council will seekfurther information from you.

8.8 Where any meeting is arranged, off-site if you so wish, you can be accompanied by a trade union or professional association representative or a friend.

8.9 The Council will take steps to minimise any difficulties which you may experience as a result of raising a concern. For instance, if you are required togive evidence in criminal or disciplinary proceedings the Council will arrange for you to receive advice about the procedure.

8.10 The Council accepts that you need to be assured that the matter has been properly addressed. Thus, subject to legal constraints, we will inform you of theoutcome of any investigation.

## 9. THE RESPONSIBLE OFFICER

9.1 The Chief Executive has overall responsibility for the maintenance and operation of this Policy. That officer maintains a record of concerns raised and the outcomes (but in a form which does not endanger your confidentiality) and will immediately notify the Monitoring Officer and Section 151 Officer of all issues raised under this Policy and will report as necessary to the Council.

## 10. HOW THE MATTER CAN BE TAKEN FURTHER

10.1 This Policy is intended to provide you with an avenue within the Council to raise concerns.The Council hopes you will be satisfied with any action taken. If you are not, and if youfeel it is right to take the matter outside the Council, the following are possible contactpoints:

- one of the “prescribed persons”
- your trade union
- your local Citizens Advice Bureau
- relevant professional bodies or regulatory organisations
- a relevant voluntary organisation (Public Concern at Work - 020 7404 6609)
- the Police.

10.2 If you take the matter outside the Council, you should ensure that you do not disclose confidential information. Check with one of the Council’s nominated contact points about that (see 7.1).

## 11. Review

11.1 This policy will be reviewed annually and whenever the relevant legislation changes

This page is intentionally left blank

# DATA PROTECTION POLICY

**Version Awareness**

The audience of this document should be aware that a physical copy may not be the latest available version. The latest version, which supersedes all previous versions, is available on our website. Those to whom this policy applies are responsible for familiarising themselves periodically with the latest version and for complying with policy requirements at all times.

**Version Control**

| Version No. | Author | Date Issued | Update Information |
|---|---|---|---|
| V1.0 | B Wilson | 21.05.2018 | Original approved version. |
| V1.1 | N Taylor | 28.01.2019 | Amended to reflect updated policy. |
| V1.2 | N Taylor | 28.05.2020 | Updated Sections 4.2, 8.1 and 9.1 |

**May 2020**

# DATA PROTECTION POLICY

## 1. INTRODUCTION

Background

1.1 North West Leicestershire District Council (NWLDC) needs to collect person-identifiable information about individuals in order to carry out its functions and fulfil its objectives. Personal data is defined as 'information which relates to a living individual and from which they can be identified, either directly or indirectly'.

1.2 Personal data at NWLDC can include employees (present, past and prospective), service users, contractors and third parties, private and confidential information as well as sensitive information, whether in paper, electronic or other form.

1.3 Irrespective of how information is collected, recorded and processed person-identifiable information must be dealt with properly to ensure compliance with the Data Protection Act 2018 (DPA) and the General Data Protection Regulations 2018 (GDPR).

1.4 The DPA and the GDPR requires NWLDC to comply with the key Data Protection Principles (see Appendix A below) and to notify the Information Commissioner about the data that we hold and why we hold it. This is a formal notification and is renewed annually.

1.5 The DPA and the GDPR gives rights to data subjects (people that we hold information about) to access their own personal information, to have it corrected if wrong, in certain permitted circumstances to ask us to stop using it and to seek damages where we are using it improperly (see Appendix C below).

1.6 The lawful and correct treatment of person-identifiable information by NWLDC is paramount to the success of the organisation and to maintaining the confidence of its service users and employees. This policy will help NWLDC ensure that all person-identifiable information is handled and processed lawfully and correctly.

Data Protection and the GDPR Principles

1.7 NWLDC has a legal obligation to comply with all relevant legislation in respect of data protection and information / IT security. The organisation also has a duty to comply with guidance issued by the Information Commissioners Office.

1.8 All legislation relevant to an individual's right to the confidentiality of their information and the ways in which that can be achieved and maintained are paramount to the Council. Significant penalties can be imposed upon the organisation or its employees for non-compliance.

1.9 The aim of this policy is to outline how the NWLDC meets its legal obligations in safeguarding confidentiality and adheres to information security standards. The obligations within this policy are principally based upon the requirements of the DPA and GDPR, as the key legislative and regulatory provisions governing the security of person-identifiable information.

1.10 Other relevant legislation and guidance referenced and to be read in conjunction with this policy, is outlined together with a brief summary at Appendix B (below).

1.11 GDPR requires Public Authorities to appoint a Data Protection Officer. A Data Protection Officer (DPO) is an enterprise security leadership role required by the General Data Protection Regulation (GDPR). Data Protection Officers are responsible for overseeing data protection strategy and implementation to ensure compliance with GDPR requirements.

## 2. WHAT INFORMATION IS COVERED

2.1 Personal data within the respective legislative and regulatory provisions covers 'any data that can be used to identify a living individual either directly or indirectly'. Individuals can be identified by various means including but not limited to, their address, telephone number or e-mail address. Anonymised or aggregated data is not regulated by the provisions, providing the anonymisation or aggregation of the data is irreversible.

## 3. POLICY STATEMENT

3.1 This document defines the data protection policy for NWLDC. It applies to all person-identifiable information obtained and processed by the organisation and its employees.

It sets out:

- the organisation's policy for the protection of all person-identifiable information that is processed;
- the responsibilities (and best practice) for data protection;
- the key principles of the DPA and the GDPR.

## 4. PRINCIPLES

4.1 The objective of this policy is to ensure the protection of information NWLDC keeps in accordance with relevant legislation, namely:

- **To ensure notification;**

  Annually notified the Information Commissioner about the NWLDC's use of person-identifiable information.

- **To ensure professionalism;**

  All information is obtained, held and processed in a professional manner in accordance with the provisions of the DPA 2018 and the GDPR.

- **To preserve security;**

  All information is obtained, held, disclosed and disposed of in a secure manner.

- **To ensure awareness;**

  Provision of appropriate training and promote awareness to inform all employees of their responsibilities.

- **Data Subject Access;**

  Prompt and informed responses to subject access requests.

4.2 The policy will be reviewed periodically by the NWLDC Information Governance Team. Where review and update is necessary due to legislative changes this will be done immediately.

4.3 In accordance with the council's equality and diversity policy statement, this procedure will not discriminate, either directly or indirectly, on the grounds of gender, race, colour, ethnic or national origin, sexual orientation, marital status, religion or belief, age, union membership, disability, offending background or any other personal characteristic.

## 5. SCOPE OF THIS POLICY

5.1 This policy will ensure that person-identifiable information is processed, handled, transferred, disclosed and disposed of lawfully. Person-identifiable information should be handled in the most secure manner by authorised staff only, on a need to know basis.

5.2 The procedures cover all person identifiable information, electronic or paper which may relate to employees, contractors and third parties about whom we hold information.

## 6. POLICY

6.1 NWLDC obtains and processes person-identifiable information for a variety of different purposes, including but not limited to:

- staff records and administrative records;
- Service Users records including the administering of benefits, council tax, housing records, elections, grants, planning applications, licensing applications, etc;
- matters relating to the prevention, detection and investigation of offences, fraud and corruption;
- matters relating to the enforcement of primary and secondary legislation;
- complaints and requests for information.

6.2 Such information may be kept in either computer or manual records. In processing such personal data, NWLDC will comply with the data protection principles within the DPA and GDPR.

## 7. DATA PROTECTION RESPONSIBILITIES

Overall Responsibilities

7.1 The Council is the 'data controller' and permits the organisation's staff to use computers and relevant filing systems (manual records) in connection with their duties. The Council has legal responsibility for the notification process and compliance with the DPA and the GDPR.

7.2 The Council whilst retaining its legal responsibilities has delegated data protection compliance to the Data Protection Officer.

Data Protection Officer's (DPO) Responsibilities

7.3 The Data Protection Officer's responsibilities include:

- ensuring that the policy is produced and kept up to date.
- Ensuring that the appropriate practice and procedures are adopted and followed by the Council.
- Provide advice and support to the Senior Management Team on data protection issues within the organisation.
- Work collaboratively with Human Resources, the Head of Law and Governance and the Compliance Team to help set the standard of data protection training for staff.
- Ensure data protection notification with the Information Commissioner's Office is reviewed, maintained and renewed annually for all use of person identifiable information.
- Ensure compliance with individual rights, including subject access requests.
- Act as a central point of contact on data protection issues within the organisation.
- Implement an effective framework for the management of data protection.
- Review Retention Schedule annually in January to ensure that it is accurate and up to date.
- Conduct department reviews to ensure that all departments are compliant and act in accordance with the retention schedule.

Line Managers' Responsibilities

7.4 All line managers across the Council's service areas are directly responsible for:

- ensuring their staff are made aware of this policy and any notices;
- ensuring their staff are aware of their data protection responsibilities;
- ensuring their staff receive suitable data protection training.

General Responsibilities

7.5 All NWLDC employees, including temporary and contract staff are subject to compliance with this policy. Under the GDPR individuals can be held personally liable for data protection breaches.

7.6 All NWLDC employees have a responsibility to inform their line manager and the Data Protection Officer of any new use of personal data, as soon as reasonably practicable after it has been identified.

7.7 All NWLDC employees will, on receipt of a request from an individual for information held, known as a subject access request or concerns about the processing of personal information, immediately notify the Compliance Officer.

7.8 Employees must follow the subject access request procedure (see Appendix C below).

## 8. MONITORING

8.1 Compliance with this policy will be monitored by the Corporate Leadership Team, together with internal audit reviews where necessary.

8.2 The Data Protection Officer is responsible for the monitoring, revision and updating of this policy document on an annual basis or sooner, should the need arise.

## 9. VALIDITY OF THIS POLICY

9.1 This policy will be reviewed at least annually by the Information Governance Team. Associated data protection standards will be subject to an ongoing development and review programme.

## APPENDIX A

## GENERAL DATA PROTECTION REGULATION 2018 - THE DATA PROTECTION PRINCIPLES

1. Lawfulness, Fairness and Transparency: Personal data shall be processed lawfully, fairly and in a transparent manner in relation to individuals.

2. Purpose Limitation: Personal data shall be collected for specified, explicit and legitimate purposes and not further processed in a manner that is incompatible with those purposes; further processing for archiving purposes in the public interest, scientific or historical research purposes or statistical purposes shall not be considered to be incompatible with the initial purposes.

3. Data Minimisation: Personal data shall be adequate, relevant and limited to what is necessary in relation to the purposes for which they are processed.

4. Accuracy: Personal data shall be accurate and, where necessary, kept up to date; every reasonable step must be taken to ensure that personal data that are inaccurate, having regard to the purposes for which they are processed, are erased or rectified without delay.

5. Storage Limitation: Personal data shall be kept in a form which permits identification of data subjects for no longer than is necessary for the purposes for which the personal data are processed; personal data may be stored for longer periods insofar as the personal data will be processed solely for archiving purposes in the public interest, scientific or historical research purposes or statistical purposes subject to implementation of the appropriate technical and organisational measures required by the GDPR in order to safeguard the rights and freedoms of individuals.

6. Integrity and Confidentiality: Personal data shall be processed in a manner that ensures appropriate security of the personal data, including protection against unauthorised or unlawful processing and against accidental loss, destruction or damage, using appropriate technical or organisational measures.

7. Accountability: The controller shall be responsible for, and be able to demonstrate compliance with, the previous six principles.

## APPENDIX B

## SUMMARY OF RELEVANT LEGISLATON AND GUIDANCE

### General Data Protection Regulations (GDPR)

A legal basis must be identified and documented before personal data can be processed. 'Controllers' and 'Processors' will be required to document decisions and maintain records of processing activities.

### Human Rights Act 1998

This Act binds public authorities to respect and protect an individual's human rights. This will include an individual's right to privacy (under Article 8) and a service user's right to expect confidentiality of their information at all times.

Article 8 of the Act provides that "everyone has the right to respect for his private and family life, his home and his correspondence". However, this article also states "there shall be no interference by a public authority with the exercise of this right except as is in accordance with the law and is necessary in a democratic society in the interests of national security, public safety, or the economic well-being of the country, for the prevention or disorder or crime, for the protection of health or morals, or for the protection of the rights and freedoms of others".

Each organisation must act in a way consistent with these requirements. It must take an individual's rights into account when sharing personal information about them.

### Freedom of Information Act 2000

This Act gives individuals rights of access to information held by public authorities.

### Regulation of Investigatory Powers Act 2000

This Act combines rules relating to access to protected electronic information as well as revising the "Interception of Communications Act 1985". The aim of the Act was to modernise the legal regulation of interception of communications, in the light of the Human Rights laws and rapidly changing technology.

### Crime and Disorder Act 1998

This Act introduces measures to reduce crime and disorder, including the introduction of local crime partnerships around local authority boundaries to formulate and implement strategies for reducing crime and disorder in that local area. The Act allows disclosure of person-identifiable information to the Police, Local Authorities, Probation Service or the Health Service but only if the purposes are defined within the Crime and Disorder Act. The Act does not impose a legal requirement to disclose person identifiable information and responsibility for disclosure rests with the organisation holding the information.

### The Computer Misuse Act 1990

This Act makes it a criminal offence to access any part of a computer system, programs and/or data that a user is not entitled to access. NWLDC issues each employee with an individual user id and password, which will only be known to the individual and must not be divulged to other staff. This is to protect the employee from the likelihood of their inadvertently contravening this Act. NWLDC will adhere to the requirements of the Computer Misuse Act 1990, by ensuring that its staff are aware of their responsibilities regarding the misuse of

computers for fraudulent activities or other personal gain. Any member of staff found to have contravened this Act will be considered to have committed a disciplinary offence and be dealt with accordingly.

**The Telecommunications (Lawful Business Practice) (Interception of Communications) Regulations 2000**

This Act allows employers to intercept and record communications in certain prescribed circumstances for legitimate monitoring, without obtaining the consent of the parties to the communication.

## APPENDIX C

## INDIVIDUAL RIGHTS OF THE DATA SUBJECT

1. The Right to be Informed: Individuals have the right to be provided with clear and concise information about what an organisation does with their personal data. NWLDC has published Privacy Notices for each of its departments that outline in detail what data we collect, how that data is used, the lawful basis for processing the data and for how long we will retain that data. These can be found on our website at:

   https://www.nwleics.gov.uk/pages/data_protection_notice

2. The Right of Access: Individuals have the right to access their personal data that is held by an organisation (commonly referred to as Subject Access). You have the right to obtain a copy of your personal data by making a Subject Access Request as detailed below.

3. The Right to Rectification: Individuals have the right to have inaccurate personal data rectified, or completed if it is incomplete. You can make a request for rectification as detailed below.

4. The Right to Erasure: Individuals have the right to have their personal data erased or 'forgotten' in certain circumstances. These include when the data is no longer necessary for the purpose in which we originally collected or processed it, when we are relying on your consent to process the data and you choose to withdraw that consent, when we are relying on legitimate interests as our basis for processing and you object to this processing (so long as there is no overriding legitimate interest to continue this processing), we have processed the personal data unlawfully, we have to do it to comply with a legal obligation or we have processed the personal data to offer information society services to a child. The Right to Erasure is not an absolute right and only applies in these circumstances listed; however, we will make every effort to assist you. You can make a request for erasure as detailed below.

5. The Right to Restrict Processing: Individuals have the right to restrict or suppress the processing of their personal data where they have a particular reason for wanting the restriction. This is not an absolute right and only applies in certain circumstances. When processing is restricted, we are permitted to store the data, but not to use it. This right may apply if you are contesting the accuracy of your data and we are verifying that accuracy, if the data has been unlawfully processed and rather than invoking the Right to Erasure you request restriction instead, if we no longer need the personal data but you need NWLDC to keep it in order to establish, exercise or defend a legal claim, or you object to our processing of your data and we are considering whether our legitimate grounds for processing override your request. You can request the restriction of data processing as detailed below.

6. The Right to Data Portability: Individuals have the right to obtain and reuse their personal data for their own purposes across different services. This allows you to move, copy or transfer personal data easily from one IT environment to another in a safe and secure way, without affecting its usability. You have the right to request that we transfer the data you have provided to NWLDC directly to another Data Controller. This right only applies when the lawful basis for processing the information is consent or for the performance of a contract and we are carrying out the processing by automated means (in other words, it excludes paper files). You can make a data portability request as detailed below.

7. The Right to Object: Individuals have the right to object to the processing of their data in certain circumstances. You have the absolute right to stop your data being used for direct marketing. You may also object to processing if it is for a task carried out in the public interest, the exercise of official authority vested in us or our legitimate interests (or those of a third party); however, the right to object is not absolute in these circumstances. You can make an objection as detailed below.

8. Rights in Relation to Automated Decision Making and Profiling: The GDPR has provisions on making a decision solely by automated means without any human involvement and the automated processing of personal data to evaluate certain things about an individual. All automated decision-making and profiling is subject to the GDPR and NWLDC will identify, when applicable, whether any of our data processing relies solely on automated decision-making or whether we use profiling of any kind. This information is available on our website at:

   https://www.nwleics.gov.uk/pages/data_protection_notice

To invoke these rights, simply submit your request to us in writing either by email at dpo@nwleicestershire.gov.uk or to:

North West Leicestershire District Council
Council Offices
Whitwick Road
Coalville
Leicestershire
LE67 3FJ

For all requests, NWLDC will have one calendar month in which to respond.

## Document Control

| | |
|---|---|
| **Prepared By** | Data Protection Officer |
| **Original Authorisation By** | Senior Management |
| **Review Period** | One year |
| **Classification** | Public |

This page is intentionally left blank

# ICT AND CYBER SECURITY POLICY

**Version Control**

| Version No. | Author | Date | Update Information |
|---|---|---|---|
| 2.4 | Sam Outama | 16.04.2021 | Update to section 5.2 |
| 2.3 | Sam Outama | 22.06.2020 | General review and update |
| 2.2 | Sam Outama | 30.05.2019 | Update to Cyber Security |
| 2.1 | Sam Outama | 14.09.2017 | Update Password Control |
| 2 | Sam Outama | 25.07.2017 | General Update |
| 1.1 | Ivan Arkinstall | 09.07.2013 | Revised |
| 1 | Phil Clarke | 04.03.2009 | Revised |

**April 2021**

# ICT AND CYBER SECURITY POLICY

## FORWARD

North West Leicestershire District Council is dependent upon its Information and Communications Technology (ICT) systems for its normal day to day business activities. It is therefore essential for the continued successful operation of the Council that the confidentiality, integrity and availability of its ICT systems and data are maintained at a high level at all times. There is also an obligation on the Council and all employees to comply with relevant legislation such as the General Data Protection (GDPR) Acts, the Copyright, Designs and Patents Act and the Misuse of Computers Act.

The majority of information used by the Council is now available and kept in an electronic format and this policy is centred on the need to ensure that our technology and IT systems are sufficiently secure to protect the underlying information and suitably protected. This does, however, need to be backed by a wider culture of confidentiality and security of information in any form including direct conversations, telephone conversations and the written word.

It follows that the highest standard of IT security is required within the Council. To achieve this, the ICT Security and Cyber Security Policy has been introduced and everyone who uses IT equipment is expected to read it and ensure that its provisions are complied with. There is also a short summary of this policy containing the main aspects affecting the average user.

The key to ensuring that the Council's data and systems remain secure is to ensure that all staff are aware of their own responsibilities they will be required to:

- acknowledge receipt and understanding of this policy document;
- in the case of staff having access to RESTRICTED data via the Government Connect Secure Extranet (GCSx) or Government Secure Intranet (GSi) will agree to abide by specific ICT security rules regarding such information (see Appendix 2).

**Wilful failure to follow the procedures stated in this policy may lead to disciplinary action, prosecution and may also render the person personally liable for the cost of replacing or reinstating damaged or corrupt equipment and data.**

The policy will be reviewed periodically (at least annually) and updated by the ICT Manager. If you have any doubts about the meaning of any part of this policy, or believe that it could be improved in any way, please contact the ICT Manager.

## POLICY OBJECTIVES

This policy also sets out the overall objective and principles underlying ICT and cyber security at North West Leicestershire District Council and specifies the management arrangements and key responsibilities.

The objective of this ICT and Cyber Security Policy and its supporting policies is to ensure the highest standards are maintained across the Council at all times so that:

(a) the public and all users of the Council's information are confident of the confidentiality, integrity and availability of the information used and produced.

(b) Business damage and interruption caused by cyber security incidents are minimised.

(c) All legislative and regulatory requirements are met.

(d) The Council's information is used responsibly, securely and with integrity at all times and that this applies to manual and electronic information.

The main objectives of this policy are:

- to ensure adequate protection of all the Council's assets, locations, people, programs, data and equipment, on a cost-effective basis, against any threat which may affect their security, integrity and/or the level of IT service required by the Council to conduct its business;
- to ensure awareness amongst the Council's officers and members of all relevant legislation and that they fully comply with such legislation;
- to ensure awareness within the Council of the need for IT and cyber security to be an integral part of the day to day operation of the Council's business;
- to ensure user security awareness training is in place and all staff have access to that training.

The strategic approach to cyber security is based on:

- consistency of approach with the implementation of key processes and procedures
- the application of recognised security management good practice such as the Cyber Essentials PLUS and ISO/IEC 27000 family of information management systems standards;
- implementation of physical, personal, procedural and technical counter and mitigation measures;
- annual cyber security assessments and risk mitigations of external and internal threats, commonly called ICT security penetration test carried out by a third party CREST/IASME accredited supplier;
- the continuing availability of specialist security advice;
- cyber security is a vital area of concern, with ever increasing threat vector, that will receive the regular attention of senior management, through the risk and management committee and the Corporate Leadership team;
- all users have an essential role to play in maintaining sound IT and cyber security and will be fully supported by attending QTRLY user awareness security training;
- yearly IT audits conducted by an external supplier, to provide assurance on key ICT controls.

**SCOPE**

This Information Technology and Cyber Security Policy will apply to:

- all the Council's employees, members, contractors, partners and agents;
- all assets owned by the Council;
- information held or owned by North West Leicestershire District Council, any ICT equipment and infrastructure used, and the physical environment in which the information and/or supporting ICT is used;
- all members of the Council who use the Council's ICT facilities;
- employees and agents of other organisations who directly or indirectly support the Council's IT services;
- members of the public using IT resources to access data on Council premises;
- Council's systems in a hosted / cloud environment.

Where access is to be granted to any third party (e.g. contractors, service providers, voluntary agencies, and partners) compliance with this policy must be agreed and documented, following the third party code of connections policy in Appendix 3. A copy of this policy and the summary document will be issued to all the above.

## 1. SECURITY ORGANISATION

Objective:

To manage information and cyber security within North West Leicestershire District Council to the highest level.

1.1 Responsibilities

The ICT Manager is responsible for:

- assigning security roles and responsibilities;
- co-ordinating the implementation of the security policy across the Council;
- reviewing and if appropriate updating the Security Policy;
- reviewing and monitoring security incidents;
- reviewing third party access and security arrangements;
- monitoring exposure to major threats to information assets;
- agreeing and supporting Council-wide security initiatives;
- ensuring patch management of devices is performed on a monthly basis and monitored.

The security of all hardware situated in departments and sections is the responsibility of the departmental or service manager.

The security of all other hardware, operating systems, PC application, networking, infrastructure and corporate software is the responsibility of the ICT Manager.

Departmental application software is the responsibility of:

| **Application** | **System Administrator** | **System and Data Owner** |
|---|---|---|
| General Ledger | Financial Planning | Head of Finance |
| Creditors and Debtors | Exchequer Services | Head of Finance |
| Payroll | HR | Head of HR and Organisation Development |
| Revenues and Benefits | Partnership | Head of Customer Services |
| Housing Management | Strategic Housing | Head of Housing |
| Housing repairs | Strategic Housing | Head of Housing |
| Cash Receipting | Exchequer services | Head of Finance |
| Planning, Building Control | ICT | Head of Planning and Regeneration |

| | | |
|---|---|---|
| Geographic Information System | ICT | Head of Planning and Regeneration |
| Environmental Health and Licensing | ICT | Head of Community Services |
| Electoral Registration and Elections | Elections Officer | Head of Legal and Commercial Services |
| Personnel | HR and Organisation Development | Head of HR and Organisation Development |
| Land Charges | ICT | Head of Planning Services and Regeneration |
| Electronic Document Management | ICT | Head of Planning services and Regeneration |
| Leisure Services Bookings | Business Development manager (Leisure) | Head of Community Services |

1.2 Acquisition of Information and Communications Technology

All acquisitions of Information and Communications Technology (ICT) shall be in accordance with Council Procurement Procedures and be co-ordinated by the ICT Manager who shall obtain specialist advice if he considers it appropriate.

All new acquisitions of a corporate nature shall be agreed by the Corporate Leadership Team.

Departmental acquisitions shall be agreed between the appropriate Head of Service and the ICT Manager.

The ICT Manager has delegated authority to replace obsolete equipment in accordance with an agreed replacement program and to upgrade/replace office productivity tools and software within an agreed programme.

All new projects will be in accordance with the Council's corporate project management policies, have associated business case / justification documents and be in accordance with the current ICT strategy / road map.

1.3 Security Information Advice

Specialist advice on information security is available internally from the ICT Manager or Internal Audit.

1.4 Security Incidents

All suspected and actual security incidents shall be reported immediately to the ICT Service desk. Each incident will be recorded, investigated and corrective action implemented where appropriate. If the incident is perceived to be of a serious or urgent nature it will be escalated to the ICT manager or the Head of Customer Services.

The Council has a separate ICT Security Incident Reporting Procedure which gives full details on how to report any security incidents and this includes a copy of the reporting form which you may be asked to complete by the ICT Service desk.

This document is available from within the IT section of the Council Intranet

1.5 Independent Review of Information Security

The content, implementation and practice of this policy will be reviewed independently to provide assurance that organisation practices properly reflect the policy and that the policy is feasible and effective. Independent reviews will be carried out by the internal Audit team and External Auditors (KPMG) or one that has been appointed.

## 2. SECURITY OF THIRD PARTY ACCESS

Objective:

To maintain the security of organisational ICT facilities and information assets accessed by third parties. Either on premise or hosted environment.

2.1 Identification of Risks from Third Party Connections

Where there is a business need for third party access to ICT facilities and information assets the security implications and requirements will be determined, and controls agreed with the third party.

All new systems will be assessed for risks from third party connections and, where appropriate, controls will be defined in a contract with the third party, as described in Appendix 3.

Arrangements involving third party access, e.g. Support engineers, subcontractors, consultants will be based on a formal contract or security agreement containing, or referring to, all of the necessary security conditions to ensure compliance with the Council's security policy including obtaining an indemnity in respect of any loss caused by erasure or alteration of data or incorrect alteration of programs. The contract should be in place before access to the ICT facilities is provided.

See Appendix 3 for sample security agreement for use by third parties.

The implementation of any changes to systems should be strictly controlled using formal change control procedures. Any third party organisation carrying out work for the Council will be expected to comply with these change control procedures and will ensure that all system changes are documented. The ICT change control policy is available via the ICT intranet page.

All third party access will be controlled and is available to service providers via a secure internet connection using an SSL (secured sockets layer) VPN appliance, or an application such as Team Viewer.

Where reasonably possible, for all access will use multi factor authentication using a soft token delivered via SMS to the user's mobile phone or a mobile app. The remote support user will be given an access code and a onetime use password for that session.

All systems have passwords enabled to ensure only authorised parties can access the Council's ICT, at agreed times and that each third party can only access the relevant systems.

All contractors, consultants or other temporary staff will be issued with a unique user code and password in line with current procedures for the particular system being used. **Under no circumstances should Council staff allow their own user code or password to be used by anyone else**.

In certain circumstances it may be necessary to divulge a password for access by technical support staff and in such cases, it must be changed immediately after the authorised activities are completed. A log of such activity is maintained by the ICT department.

A log of all third party access will be recorded on the Service Desk management system, with a copy of the completed third party access control form. All third parties accessing Council systems or data must have had their own IT Security tested by a trusted third party or hold a valid accreditation such as Cyber Essentials or ISO 27001.

## 3. ASSETS CONTROL

Objective:

To maintain appropriate protection of organisational assets:

### 3.1 Inventory of Assets

An inventory of ICT assets shall be maintained by the ICT Manager who shall promptly update it for all acquisitions, disposals, updates and management of our cyber assets (this include transfer of assets to another user).The accuracy of the inventory shall be verified annually in accordance with Financial Procedure Rules. This includes equipment at staff homes for those who are working in an agile manner.

All users must notify ICT if they move an asset to another location, within the Council Offices or a remote site.

## 4. PERSONNEL SECURITY

Objective:

To reduce the risks of human error, theft, fraud or misuse of facilities:

### 4.1 General

Security roles and responsibilities for all staff using ICT facilities will be included in job descriptions and contracts where appropriate by the relevant manager. Managers are responsible for ensuring job descriptions or codes of conduct address all relevant security responsibilities.

All potential recruits will be screened by:

- obtaining two satisfactory references;
- confirming academic and professional qualifications.

All employees and third party users of ICT facilities will be required to sign a confidentiality (non-disclosure) undertaking. Revenue Services benefits staff will be subject to recruitment procedures included in the Benefits Anti-Fraud Strategy.

The appointment of employees with access to information classified as PROTECT or RESTRICTED (see Appendix 1) will be subject to the specific Baseline Personnel Security Standards available on request from the Human Resources department.

All users are responsible for the equipment issued to them and information that they have access to. Third party access to ICT equipment and data, without prior arrangement with IT is prohibited. When accessing Council information, they must ensure that they do so in a secure environment and that persons who are not authorised to view said information cannot view it.

4.2 ICT and Cyber Security Training

Objective:

To ensure that users are aware of information security and cyber threats and concerns, and are equipped to comply with and support the Council's security policy in the course of their work:

All users will need to undertake a cyber security user awareness e-learning training module.

All ICT users will be briefed in security procedures and the correct use of ICT facilities by IT staff in order to minimise possible security risks to the confidentiality, integrity and availability of data or services through user error. Managers are responsible for ensuring such training is provided to their staff.

New user accounts will only be established and issued to staff who have received appropriate ICT induction and have been authorised by the relevant Head of Service or Director. All new ICT users will be issued with either a paper copy of the current ICT and Cyber Security Policy or given access to the document on the Council's intranet. They must read the document and sign to acknowledgement the terms and conditions within 2 working weeks otherwise network access will be denied.

All new ICT users who will have access to the Government Connect Secure Extranet (GCSx) or Government Secure Internet (GSi) networks will be also be required to comply with a Personal Commitment Statement pertaining to those services.

Access levels to review / amend / delete data will be determined by the relevant Head of Service in association with the system owner(s) of any ICT applications which the new user intends to use.

All third party suppliers, contractors and temporary staff will be required to read and acknowledge the terms and conditions before being granted access to Council ICT resources.

In the case of third party support companies where individual users may not be easily identifiable a board level representative of the company will be required to acknowledge the terms and conditions.

4.3 Responding to Incidents

Objective:

To minimise the damage from security incidents and malfunctions, and to monitor, learn from and reinforce procedures in the light of such incidents:

A security incident shall mean:

- any event arising from negligence or deliberate default that has, or could have, resulted in loss or damage to the Council's IT systems or data;
- a compromise to the confidentiality, integrity or availability of IT systems or data;
- an action that is in breach of the security policy;
- any cyber security threat or incident.

All security incidents shall be reported immediately to the ICT Service Desk who will pass the calls to the ICT Security Officer or ICT Manager who will instigate an investigation and report any incidents that cause serious loss or damage to the Head of Customer services and the Data protection officer. Any security incident that may have the potential to lead to disciplinary action will involve the appropriate involvement and consultation with the Head of Human Resources and Organisation Development and/or (depending upon the nature of the incident) the Audit Services Manager.

The Council has a separate ICT Security Incident Reporting Procedure which gives full details on how to report any incidents and this includes a copy of the reporting form which you may be asked to complete by the ICT Service desk. This document is available from within the IT section of the Council Intranet. The security incident will also be logged on the ICT Service Desk system.

Any security incident which leads to loss or damage, or wilful abuse of the conditions of this policy may be cause for investigation and, where appropriate, formal action, in accordance with the Council's agreed disciplinary policy.

Any incident or suspected incident must be handled in the manner as laid out in the Council's Incident and Response Policy and Procedures. The above Incident Response Policy and Procedures will be reviewed on a yearly basis.

## 5. PHYSICAL AND ENVIRONMENTAL SECURITY

Objective:

To prevent unauthorised access, damage and interference to ICT services to prevent loss, damage or compromise to assets and to the confidentiality, integrity or availability of IT systems or data, and interruption to business activities:

5.1 Secure Areas

ICT facilities such as servers, server rooms and hosting facilities, hubs and routers supporting critical or sensitive business activities shall be housed in secure areas, i.e. protected from unauthorised access, damage and interference.

Except for systems specifically intended for public use, ICT facilities should only be available to authorised persons, and wherever possible should be kept away from

public access, and preferably view. Specialised IT equipment should be further restricted to authorised staff only in areas of extra security.

The following specific conditions will apply to such secure areas:

- server rooms will be protected by electronic locking systems or digital locks on all entry points and will always be kept locked;
- access to any hosted / Data Centre facility is only for NWLDC ICT staff, with proof of identification and access granted via a request system or logging portal;
- access to server rooms will be only to ICT support staff or to others acting under their close supervision;
- server rooms will be protected with fire detection and control equipment (FM200 Gas). Such equipment will be integrated into the Council's overall fire detection system;
- servers will be protected by Uninterruptible Power Supplies (UPS) enough to allow continuous working of equipment for a minimum of 2 hours in the event of loss of electrical supply to the rooms;
- server rooms will be regularly monitored to ensure an adequate operating environment for the equipment contained;
- network distribution cabinets will be protected with UPS enough to allow continuous working for a minimum of one hour;
- network distribution cabinets will always be kept locked and access granted only to ICT network support staff or others acting under their close supervision;
- remote access may be allowed to server, network and telephony equipment but will be limited to ICT support staff and specified third party support organisations. (Access by third parties will be subject to agreements specific to the software / equipment concerned and, always, will be with the express permission of ICT staff). This includes completing the Permit to work and Risk assessment documents, for all external contractors requiring access to the server room;
- A complete log of remote access by third party support organisations will be maintained.

5.2 Equipment Security

ICT equipment and cabling should be protected from spillage or leaks and must be sited away from where staff or the public walk and also to minimise opportunities for unauthorised access or removal. Staff should also be warned of the dangers of spilling liquids or food on IT equipment. **Except for laptop and portable computers only IT staff should move, or supervise the moving, of IT equipment**.

All critical ICT equipment shall be protected by an uninterruptible power supply (UPS). UPS equipment should be self-testing and shall also be manually tested by IT staff at least every six weeks and serviced as necessary.

Officers and members should always ensure that computer equipment and screens are positioned to prevent unauthorised viewing of data.

Any faulty ICT equipment shall be reported to the IT section who will arrange for its repair or replacement. **Under no circumstances shall members of staff attempt to repair, move, change equipment or open casings except for printers to replace consumables or clear a paper jam**.

Computers provided by the Council for use at home are for the sole use of that officer or member, no unauthorised third party is allowed access to the computer equipment

for any reason. **The officer or member will be responsible for ensuring that computer is, always, used in accordance with Council conditions of use**.

Laptop, portable computers and smart phones (unless permanently assigned to an officer or member) may be borrowed, with the permission of the officer's manager, from the IT section who will maintain a record of issue and returns. Such equipment must be transported in appropriate carrying cases, such equipment must be transported in appropriate carrying cases and must not be left in clear view. If left in a vehicle it MUST be out of sight. **Officers should treat laptop, smart phones and portable computers as if it were their own possession and uninsured**.

Any laptops, smart phones or computers currently assigned on a permanent basis to an officer or member can be recalled for a software audit on a one-week notice. The officer or member must arrange a mutually convenient time when the computer can be returned to the IT department within that week period. Once the audit has been conducted the IT department will either return the computer or inform the officer or member and arrange a collection time and date.

5.3 Equipment and Data Destruction

Obsolete equipment shall be checked by IT staff and all hard disks will be thoroughly cleansed of data before disposal, whether by sale, donation or destruction. Equipment will normally be disposed of via a third party accredited data disposal organisation who will ensure recycling, where possible. Any PCs disposed of by sale / donation will not include the operating system installed and no application software.

All ICT equipment will be disposed of in accordance with the relevant environmental legislation e.g. WEEE Directives.

A separate procedure document "Managing, Tracking and disposing of ICT assets", is available on the ICT intranet page.

5.4 Remote Access to Systems and Data

Where there is a business need, the Council will allow employees and members to have remote access to data and systems from locations not covered by the Council local and wide area networks. This will include 'roaming' users who with suitable technology are able to access data anywhere and 'fixed point' users such as home workers. Access to systems from non-council devices, will be controlled via multi factor authentication.

The Council will allow such remote users to make use of their own PC equipment subject to meeting minimum security standards including having up to date anti-virus and firewall software.

Remote access to Council systems will only be granted on the Authority of the relevant Head of Service or Director

Remote access will be only available by using multi factor authentication (i.e. the use of a 2 part password). NWLDC operates soft tokens which require the use of a unique personal PIN either sent to the work mobile combination with a dynamically generated pass code or generated with a mobile app.

Specific conditions and responsibilities will apply to those users:

- data must not be stored on non-Council devices used for remote access;
- confidential data must be encrypted on storage devices supplied by the ICT department;
- particular care should be taken with removable storage devices such as USB sticks, etc and if these are used to move or transfer data it must be stored in encrypted format using supplied “Safe Sticks”;
- any Council data downloaded or stored on employees’ remote users’ PC equipment must be kept secure and inaccessible to others. Data must be removed as soon as is practicable when it is no longer required;
- any loss of equipment (own or Council) must be reported immediately to the ICT Service Desk;
- any actual or perceived security threat relating to remote use of Council IT systems must be reported immediately to the ICT Service Desk;
- no RESTRICTED information should ever be used on employees / members own equipment.

When undertaking video or conference calls discussing or displaying Council information, they must ensure that no unauthorised person are privy to that information.

## 6. COMPUTER AND NETWORK MANAGEMENT

### 6.1 Operational Procedures and Responsibilities

Objective:

To ensure the correct and secure operation of computer and network facilities:

The ICT Manager is responsible for the management and operation of all servers and networks and associated specialised hardware. Departmental managers are responsible for the safe day to day operation of portable and desktop computers and printers issued to them or their staff.

Appropriate documented procedures for the management and operation of all servers and networks will be established by computer staff.

Clearly documented procedures shall be prepared by computer staff and/or the system administrator for all operational computer systems to ensure their correct, secure operation.

### 6.2 System Planning and Acceptance

Objective:

To minimise the risk of systems failure:

Advance planning and preparation are required to ensure the availability of adequate capacity and resources.

Acceptance procedures for new systems will include the following:

- performance and computer capacity;
- preparation of error recovery and restart procedures;

- preparation and testing of routine operating procedures;
- evidence that the new system will not adversely affect existing systems, particularly at peak processing times;
- training in the operation or use of new systems;
- formal consideration of the need for ongoing maintenance and support by a third party.

Emergency fall back arrangements should be identified for each system and adequate fall-back arrangements made wherever possible. Fall back arrangements for each system should be fully documented and responsibility for this lies with the relevant system administrator.

6.3 Configuration and Change Management

Objective:

To document and manage the ICT structure and any changes thereto:

Operational changes must be controlled to reduce the risk of system or security failures. The ICT Manager is responsible for ensuring that changes to software or hardware are carried out in a controlled manner and appropriately documented.

A formal change control (and authorisation) is in place which requires significant changes to software and hardware to be assessed, tested and verified before completion. This procedure will apply to anyone making such changes including permanent staff, temporary and contract staff, suppliers and third party support organisations.

All PCs and servers are configured and installed with a standard security configuration, which may be changed only on the authority of the ICT Manager. Any attempts to amend the standard configuration will be logged and monitored.

Specific protective measures are applied to servers accessed by users outside the Council's main network. Such servers are in a separate secure zone of the network known as a de-militarised zone or DMZ.

Please refer to "ICT Server Build Policy" and "ICT PC Build Policy" for full details.

Changes to software and hardware will, wherever possible, be applied in a test environment before being applied to operational systems.

6.4 Protection from Malicious and Unauthorised Software

Objective:

To safeguard the integrity of software and data:

It is essential that special measures, as detailed below, are implemented to prevent the introduction of malicious software such as computer viruses, ransomware and malware or the use of unauthorised software. Using unlicensed software can result in a raid (authorised by the courts) to identify the use of such unlicensed software which can result in a fine, adverse publicity and a block on the use of ANY computers until the licences are paid for or the offending software is removed, resulting in very serious disruption to the organisation's activities.

In extreme cases staff could face imprisonment. A computer virus or similar can cause severe damage to data and hence serious disruption. Every precaution must be taken to protect Council data and programs.

Unauthorised software is software that has not been purchased by, or whose purchase or use has not been agreed by the ICT Manager.

To reduce the risks of infection or use of unauthorised software the following preventive, detective and corrective measures will be instituted:

- **the introduction and/or use of unauthorised software, including screensavers, is prohibited and may lead to the application of relevant, formal disciplinary action;**
- software licences will be complied with at all times;
- Reputable, up to date anti-virus software will be used to detect and remove or isolate viruses and malware;
- **staff or members must not transfer data from their home PC to the Council computers, whether by removable storage media or e-mail, unless their home PC has up to date (i.e. definitions updated within the previous week) anti-virus software and firewall installed. The anti-virus software used must be one verified by the Council's ICT support staff;**
- **removable storage media devices are blocked from being connected to corporate devices;**
- any suspected viruses must be reported immediately to the computer section and, where appropriate, logged as a security incident;
- except where there is a justifiable business reason that has been expressly agreed with the ICT Manager, users should not open unsolicited e-mails from unverifiable sources and especially any attachments as there is a significant risk, they may contain a virus;
- **users must not attempt to download executable files, i.e. program software, from the Internet without prior specific clearance from IT staff;**
- any incoming e-mail that contains executable or compressed attachments will be automatically quarantined and routed to IT staff for checking before delivery to the intended recipient.

USB devices and removable media are not allowed on any machine. Device management software is in place to detect and block this type of activity. ICT can provide encrypted USB "safe sticks" for transfer of data, which is prohibited on all machines.

6.5 Housekeeping

Objective:

To maintain the integrity and availability of IT services:

Housekeeping measures are required to maintain the integrity and availability of services.

Routine procedures will be established by computer staff for taking back-up copies of data, logging events and, where appropriate, monitoring the equipment environment.

Documented procedures for each system shall include:

- data back-up,
- operator logs,
- fault logging,
- environmental monitoring,
- network and application restart procedures,
- change request logs,
- system updates / upgrades.

6.6 Network Management

Objective:

To ensure the safeguarding of information in networks and the protection of the supporting infrastructure:

Appropriate controls must be implemented to ensure the security of data in networks and the protection of connected services from unauthorised access.

Each authorised user will be allocated a unique logon identifier by ICT Support staff and a password that the user must change at least every 90 days. The password must contain at least eight characters including a mixture of three of the following four elements (a complex password):

- lower case alpha characters,
- upper case alpha characters,
- numbers,
- special characters.

The password policy is to be reviewed on a yearly basis following guidance issued by NCSC.

Access to the network is automatically barred after four successive unsuccessful attempts to logon. Users are responsible for ensuring the secrecy and quality of their password and shall be held responsible for all actions recorded against their unique logon identifier.

The ICT Manager is responsible for ensuring the security of the networks.

A separate procedure document is available “Starters and Leavers Process Including Domain Account Administration” on the ICT intranet page.

6.7 Media Handling and Security

Objective:

To prevent damage to assets and interruptions to business activities:

Computer media containing data shall be controlled and physically protected.

Appropriate operating procedures will be established to protect computer media (tapes, disks, cassettes) input / output data and system documentation from damage, theft and unauthorised access.

At least one copy of all computer media containing data or critical software will be stored in media fire safes. A copy of all such media should also be kept securely offsite.

Computers that rarely physically connect to the network such as laptops or computers provided to members and some officers are not covered under our backup policy and data backups of these computers is the responsibility of the member or officer. A means of backing up the computer and a lesson on how to backup data will be provided by the ICT department

6.8 Data and Software Exchange

Objective:

To prevent loss, modification or misuse of data:

Exchanges of data or software between the Council and third parties should be managed in accordance with the data classification table in Appendix 1.

For critical or sensitive data and software, formal agreements, (including software escrow agreements where appropriate) for exchange of data and software (whether electronic or manual) between organisations should be established. These agreements should specify appropriate security conditions which reflect the sensitivity of the information involved, including:

- management responsibilities for controlling and notifying transmission, despatch and receipt,
- minimum technical standards for packaging and transmission,
- courier identification standards,
- responsibilities and liabilities in the event of loss of data,
- data and software ownership and responsibilities for data protection, software copyright compliance and similar considerations,
- technical standards for recording and reading data and software,
- any special measures required to protect very sensitive items
- The use of personal e-mails for sharing of data is prohibited

In order to ensure security of physical media in transit reliable transport couriers should always be used. Packaging should be sufficient to protect the contents from any physical damage during transit and should be in accordance with manufacturers' instructions.

Data in transit should be sealed with tamper proof or evidence devices and have accompanying documentation to list package contents.

All electronic commerce should be in accordance with the Council's Contract Procedure Rules / Financial Procedure Rules and subject to formal contract(s) drawn up between the Council and the trading partner(s), including the specialised areas of communication processes, transaction message security and data storage. Managers will need to obtain the appropriate specialised advice upon, identify and take into account all external and internal requirements affecting this activity. These requirements are likely to include the acts and directives listed in section 9.1 of this policy. Also relevant will be international and local (to other countries) laws and directives, any national or international professional regulations such as accounting practice and tax regimes, any conditions specified by the Council's insurers, fair trade and human rights standards, and the requisite information and technology standards

and controls to preserve the timeliness, accuracy and integrity, security, recoverability and processing of this activity.

6.9 Connection to Other Networks

Objective:

To facilitate use of this means of communication while preventing risks to the Council from inappropriate use:

For operational purposes, the Council will sometimes require access to external networks both to make use of business applications and to exchange data. Access to such networks is only allowed under the following conditions:

- must be authorised by the relevant Head of Service;
- must be agreed by the ICT manager or ICT Security Officer;
- must be protected by a firewall configured to provide protection of all networks concerned;
- must be subject to a suitable data sharing agreement / contract;
- must have protocols in place to protect data in transit and at rest.

6.10 Electronic Mail

Objective:

To facilitate use of this means of communication while preventing risks to the Council from inappropriate use:

Controls to reduce the security risks associated with electronic mail (e-mail) should be implemented covering:

- vulnerability to unauthorised interception or modification. Confidential data should only be sent in encrypted form;
- vulnerability to error, for example incorrect addressing;
- legal considerations such as the need for proof of origin, despatch, delivery and acceptance;
- publication of directory entries;
- remote access to e-mail accounts.

All staff have internal e-mail facilities, and external e-mail will be made available to all members and those officers with the authorisation of their director or head of service.

All use of e-mail shall be in accordance with the Electronic Communications Policy and Guidelines. Users shall avoid responding to unsolicited e-mails from unverifiable sources, and in particular, except where there is a justifiable business reason that has been expressly agreed with the ICT Manager, shall not open such mail or any attachments in such circumstances as there is a significant risk they may contain a virus. IT staff shall monitor usage of e-mail and report any concerns to the appropriate director or head of service.

All e-mail sent to external parties shall contain a standard disclaimer inserted by the e-mail system and in a form approved by the Council's Legal Officer.

All e-mail inbound and outbound will be subject to security scans for spyware, malware and viruses.

Electronic e-mail is not to be used via the Outlook App installed on personal devices.

Forwarding of e-mails to personal e-mail accounts is prohibited.

The use of personal e-mails for sharing of data is prohibited.

6.10.1 Confidential or RESTRICTED Information

Specific conditions apply to the use of RESTRICTED information:

- mail must not be forwarded to lower classification domains i.e. to organisations not within the government secure intranet network (GCSi) or government secure extranet (GCSx)

6.10.2 Use of E-mail Outside the UK

- **Due to the inherent increased security risk of accessing data via non-UK networks mail must not be accessed from outside the UK without the specific authorisation of the relevant Director.**
- Any user planning to do so must be aware of the relevant guidelines issued by FCO regarding the use of mobile telephones and IT services outside the UK.

6.11 Internet

Objective:

To facilitate use of this major source of information while preventing risks to the Council from inappropriate use:

The use of the Internet on the Council's computer systems shall be controlled and monitored to prevent:

- users wasting time and public resources by playing or "surfing" when they are paid to work;
- users accessing sites and importing material which the Council, as a matter of policy, may find unacceptable;
- users accessing sites and importing illegal material;
- users importing a virus or other malicious software and hence compromising the accuracy, availability and confidentiality of Council systems;
- users committing the Council to expenditure in an unauthorised fashion.

Internet access is to be used only for access to sites relevant to work or vocational training during an individual's working hours (this does not apply to members).

For staff in the main Council Offices this will be from 08:00 to 18:00 Monday to Friday. Officers using remote access facilities from home may use the Council's central internet connection between 07:00 and 22:30 on any day.

**Personal use of the internet is permitted outside of staff's working hours and is subject to compliance with the Council's "Internet and E-mail Access - Conditions of Use" policy document.**

This "Conditions of Use" policy will apply to those Members and Officers accessing the internet to view Web pages or to send / receive e-mails.

Internet access and e-mail is provided via a central connection to the internet which incorporates security features (intrusion detection and intrusion prevention) to safeguard the security and integrity of the Council's IT systems and data. This connection will always be used by Officers and members located at Council offices unless specifically authorised to use other methods. The key terms and conditions are as follows:

- Authority to use the Internet and/or e-mail facility will only be granted by the Chief Executive, Directors, Heads of Service or Service Managers.
- All Officers and Members using the facility will be required to sign the "Conditions of Use" document to confirm that they have read and agree to abide by its conditions. A breach of the conditions of use may result in disciplinary action and/or criminal proceedings.
- All "Conditions of Use" forms must be countersigned electronically or manually, by a designated authorising supervisor and completed documents will be held by the IT section and Human Resources section.
- All users of the facility will be issued with their own unique User ID and password and users will be deemed responsible for any activity logged against the user ID so User IDs and passwords should not be disclosed to other persons.
- The Council maintains logs of activity on our central Internet connection and may analyse and monitor those logs and all internet traffic.

Copies of the ‘conditions of use’ form are available on the Council’s intranet or are available from the ICT department.

All access to the Internet will be traceable to an originating user ID, both currently and retrospectively.

All access and attempted access to the Internet will be logged by the IT section, and comprehensive information on usage, including the time and length of visits, will be supplied on request or in the event of concerns by the ICT Manager, to a user’s director or head of service or Chief Executive in the case of members.

The IT section has implemented and maintains an automatic method for restricting which Internet sites may be accessed. No user shall attempt to access an Internet site which, from its address, may reasonably be considered to contain pornographic material or any other material prohibited by the **“**Conditions of use” policy. The corporate leadership team will define which sites are not to be accessed and any deliberate attempt to access such site/s will be considered in accordance with the disciplinary procedure.

Intrusion protection system (IPS) is in place, to detect, monitor, analyse and alert on attempted cyber-attacks.

Access to restricted and prohibited sites is automatically monitored and reports of activity will be made available to the user’s director or head of service. A monthly security review will be conducted to ensure security and compliance, led by the ICT security officer.

The IT section has implemented and maintains a resilient security gateway device or "firewall" (software and hardware facilities) to control and vet and filter, incoming data to guard against recognised forms of Internet assaults and malicious software.

Only IT staff may download software, including freeware from the Internet. This does not apply to documents, i.e. Word, Excel, PDF format.

## 7. SYSTEM ACCESS CONTROL

7.1 Business Requirements for System Access

Objective:

To control access to business information:

Access to computer services and data should be controlled on the basis of business requirements, but accesses granted to a system should not compromise situations where separation (segregation) of duties is important.

Each system administrator will set up the system access rights of each user or group of users according to authorised business needs. Update access rights should be restricted to the minimum number of people commensurate with the need to maintain service levels.

System access controls are reviewed by Internal Audit during their routine systems audit work programme.

Domain privileged access will be reviewed periodically.

7.2 User Access Management

Objective:

To prevent unauthorised computer access:

Formal procedures will be developed for each system by the system administrator to cover the following:

- formal user registration and de-registration procedure for access to all multi-user IT services;
- restricted and controlled use of special privileges;
- Allocation of passwords securely controlled;
- ensuring the regular change and where appropriate quality and complexity of passwords;
- regular review of user access rights and privileged access rights;
- controlled availability of master passwords in emergencies.

A separate procedure document is available "Starters and Leavers Process Including Domain Account Administration" on the ICT intranet page.

User access will be suitably administered to ensure that the type of account granted to employees is such that it allows them to perform their day-to-day user activities and prevents access to any sensitive information not required for the purpose of undertaking their duties.

Ensuring members of staff, contractors and third party access to information systems does not exceed the needs of the role on a 'need to know' basis; that their use of ICT is appropriate and the starter, leaver and amendments changes are properly processed and authorised.

Network accounts which have not been logged into for 90 days will be reviewed and actioned taken. This activity will occur every 90 days to ensure accounts are disabled in quick and secure manner.

7.3 User Responsibilities

Objective:

To prevent unauthorised computer access:

Effective security requires the co-operation of authorised users. Users must comply with Council policies, standards and procedures regarding access controls, in particular the use of passwords and the security of equipment.

**In order to maintain security users must:**

- **not** write passwords down where others may readily discover them;
- **not** tell anyone else their password/s;
- **not** use obvious passwords such as their name;
- **not** let other people observe when entering their password;
- use a password with at least eight characters in it including numeric or special characters;
- promptly change their password if they suspect anyone else may be aware of it;
- log out of applications if they will be away from their desk for any length of time;
- 'lock' their PC when away from their desk to prevent it being used by others (by using Ctrl + Alt + Del keys or the Windows key + L key);
- if working at home the device must be shut down at the end of the day, so that security polices can be applied on next start up and stored in a secure location, when not in use;
- follow the Council's ICT security policy (including reading and signing confidentiality and conditions of use agreements);
- restart PCs and laptops as required after the application of security updates;
- report security incidents to the ICT Service Desk;
- not to open e-mails containing suspicions attachments;
- check e-mail and names of people they received a message from to ensure they are legitimate;
- report scams, privacy breaches and hacking attempts;
- do not re-use password from other systems.

**Staff will be held responsible for all activities logged to their unique user ID.**

7.4 Network Access Control

Objective:

Protection of networked services:

Connections to networked services shall be controlled in order to ensure that connected users or services do not compromise the security of any other networked services.

The ICT Manager is responsible for the protection of networked services.

All machines including servers are patched every month, this is the patch management cycle, to keep our estate up to date and protected.

A daily operations check is carried out as part of the daily checks procedure to ensure Antivirus, Antimalware and Anti Spyware updates are up to date on all PCs laptops and desktops

Devices not purchased by the ICT department are not to be plugged into or connected wirelessly to the Council's corporate network unless authorised by the ICT Manager or ICT Security officer.

All mobile devices and including tablets, laptops and smartphones will be encrypted using device management software.

7.5 Computer and Application Access Control

Objective:

To prevent unauthorised access to computers and information held:

Access to computer facilities should be restricted to authorised users. Computer facilities that serve multiple users should be capable of:

- identifying and verifying the identity of each authorised user, particularly where the user has update access;
- recording successful and unsuccessful attempts to access the system including files and folders;
- providing a password management system which ensures quality passwords;
- where appropriate restricting the connection times of users;
- controlling user access to data and system functions;
- restricting or preventing access to system utilities which override system or application controls;
- complete 'lock out' of user access after a pre-agreed number of unsuccessful attempts to access data.

## 8. SYSTEMS DEVELOPMENT AND MAINTENANCE

8.1 Security Requirements in Systems

Objective:

To ensure that security is built into IT systems and applications:

All security requirements, including a risk analysis and the need for fall back arrangements, should be identified at the requirements phase of a project by the officer requesting the system in consultation with computer and audit staff. Security requirements should be justified, agreed and documented.

The analysis of security requirements should:

- consider the need to safeguard the confidentiality, integrity and availability of information assets;
- identify controls to prevent, detect and recover from major failures or incidents;
- when specifying that a system requires a particular security feature, the quality of that feature must be specified, e.g. Password controlled - *"the password must be held in encrypted format. Passwords must expire after a number of days set by the system administrator, passwords should not be reusable, the system administrator should be able to specify a minimum length and other rules concerning password composition"*.

In order to ensure IT staff and users are aware of security controls in place, controls must be explicitly defined by the relevant system administrator in all relevant documentation.

8.2 Security of Application System Files

Objective:

To ensure that IT projects and support activities are conducted in a secure manner:

Access to application software, data files and system management files should be formalised and documented according to the sensitivity and importance of the system.

Maintaining the integrity of applications is the responsibility of the system administrator who will ensure that:

- strict control is exercised over the implementation of software on the operational system;
- test data is protected and controlled.

8.3 Security in Development and Support Environments

Objective:

To maintain the security of application systems software and data:

All proposed system changes must be reviewed to ensure they do not compromise the security of either the system or operating environment. The ICT Manager is responsible for all operating systems and the appropriate system administrator is responsible for the application. It is essential that both parties work together to ensure the security of application software and data is maintained.

Unsupported modifications to packaged software will only be authorised in exceptional circumstances. Wherever possible the required changes should be obtained from the vendor as standard program updates.

The implementation of any changes to systems should be strictly controlled using formal change control procedures. All system changes will be documented.

It should be a standard that any operational system has separate and secure test, training and development environments.

## 9. COMPLIANCE

9.1 Compliance with Legal Requirements and Codes of Practice

Objective:

The Council's statutory obligation to have sound information and cyber security arrangements in place originates in the Data Protection Act 1998, which states:

"Appropriate technical and organisational measures shall be taken against unauthorised or unlawful processing of personal data and accidental damage or destruction of personal data."

The Council depends on the confidentiality, integrity and availability of its information and ICT to such an extent however, that a serious breach of information security could impact on the Council's ability to deliver a wide range of statutory services.

In addition the Council has contractual obligations to ensure sound security if it is to use the Government Public Services Network (PSN) or receive or share information with partner agencies under information sharing arrangement

There are a number of laws which relate directly or indirectly to IT and its use and it is essential that these statutory requirements are met. Legislation which applies includes:

- The Copyright, Designs and Patents Act 1988
- The Data Protection Act 1998
- The Computer Misuse Act 1996
- Regulation of Investigatory Powers Act 2000
- The Human Rights Act 1998
- Telecommunications (Lawful Business Practice)(Interception of Communications) Regulations 2000
- Health and Safety at Work etc Act 1974
- EC Directives.

In order to ensure security and integrity of data held and shared within both central government departments and local government the Council is obliged to adhere to set of standards defined in the 'code of connection' document issued by Department of Work and Pensions April 2008. The standard must be met before government departments such as Department of Work and Pensions will share data with the Council

Note: Failure to adhere to the required standard will result in electronic data sharing with government departments being suspended.

9.1.1 Control of Proprietary Software Copying

Objective:

To ensure that the Council complies with current legislation:

Proprietary software is usually supplied under a licence agreement which limits the number of users and/or limits the use to a specified machine. Copyright infringement can lead to legal action, fines and adverse publicity.

It is Council policy that no copyright material is copied without the owner's consent.

9.1.2 Use of Unlicensed Software

Except for freeware, the use of unlicensed software amounts to theft and the Council's policy is only to use licensed software. The Federation Against Software Theft (FAST) and the Business Software Alliance are particularly active in detecting and prosecuting organisations (especially councils) who use unlicensed software.

The introduction and/or use of unlicensed software is prohibited and may be treated as gross misconduct.

9.1.3 Safeguarding of the Council's Records

Important records must be protected from loss, destruction and falsification. All financial records need to be retained for seven years or more to meet audit requirements.

All historic data should be periodically archived by the relevant system administrator with copies being retained in media fire safes on and off site, in accordance with GDPR regulations.

9.1.4 Auditing and logging the use of ICT resources

The Council maintains audit logs of events taking place across its complete network. This includes, but not limited to:

- user login times;
- details if failed login attempts;
- details of access to data files and software applications (user ID, times);
- details of any privileged access to system;
- software and hardware configuration changes;
- details of internet web usage and restricted access reports;
- details of files, folder and network access to objects.

9.1.5 Data Protection

Personal information on living individuals who can be identified from the information that is stored or processed on a computer is subject to data protection legislation. The Data Protection Act 2018 extended this to information held in certain paper based systems. Disclosure of information is also governed by the Freedom of Information Act 2000.

The officer responsible within the Council for data protection is the Records Management Officer who will provide guidance to managers and other staff on their individual responsibilities and the specific procedures that should be followed.

It is a manager's responsibility to inform either the ICT Manager or the Records Management Officer of any proposals to keep personal information on a computer and any changes in the use for which data is kept. With the assistance of the Records Management Officer, managers must ensure that the relevant staff are made aware of the data protection principles defined in the legislation.

The Council is required to register details of the data kept, the purposes to which it is applied and to whom it may be disclosed. It is a manager's responsibility to ensure that the registration is accurate and amended when necessary and to take note of any advice from the Information Commissioner before undertaking any data matching exercise.

Under the Act staff could be held legally responsible for the confidentiality of personal data. Staff must be very careful as to whom they disclose information to and be aware of the need for security of information in any format including printed documents and electronic mail. **Particular care must be taken in disclosing personal data on the telephone, if in any doubt as to the identity of a caller personal data must not be disclosed on the telephone**.

The six principles of the Data Protection Act are that personal data should be:

- processed lawfully, fairly, and in a transparent manner relating to individuals;
- collected for specified, explicit and legitimate purposes and not further processed in a manner that is incompatible with those purposes;
- adequate, relevant and limited to what is necessary in relation to the purposes for which they are processed;
- accurate and, where necessary, kept up to date;
- kept in a form which permits identification of data subjects for no longer than is necessary for the purposes for which the personal data are processed;
- processed in a manner that ensures appropriate security of personal data, including protection against unauthorised or unlawful processing and against accidental loss, destruction or damage, using appropriate technical or organisational measures.

9.1.6 Prevention of Misuse of IT Facilities

The Council's computer facilities are provided for Council business or in connection with approved study courses. Staff and members are allowed to use the Council's computer facilities for personal use for the following:

- personal use of e-mail in accordance with the "Internet and E-Mail Access – Conditions of Use" policy document;
- access to the Internet, if granted for work purposes, in accordance with the Internet and E-Mail Access - Conditions of Use" policy document;
- limited use of PC software, particularly word processing, in their own time.

The following conditions will apply:

- all private printing must be paid for unless an agreement has been reached with the ICT Manager or the printing service;
- unauthorised or excessive personal use may be subject to disciplinary action;
- The Computer Misuse Act 1990 introduced three criminal offences:
  1. unauthorised access;
  2. unauthorised access with intent to commit a further serious offence;
  3. unauthorised modification of computer material, i.e. alteration, erasure or addition to programs or data.

**Users should not attempt to gain access to systems they are not authorised to use or see, as they could face criminal prosecution.**

9.2 Security Reviews of IT Systems

Objective:

To ensure compliance of systems with the Council's ICT and Cyber Security Policy and standards:

The internal and external security of IT systems including external penetration testing, will be regularly reviewed and subject to cyber security and penetration testing

This will be carried out by an approved CREST/IASME

The review of security processes will be carried out by Internal Audit, External Audit and managers

ICT will use specialist third parties to perform external and internal security and cyber security health checks, annually in order to maintain the Cyber Essential PLUS accreditation as well as meeting out PSN security obligations.

Annual reviews will ensure compliance and assurance with the security policy, standards and best practice.

9.3 System Audit Considerations

Objective:

To minimise interference to / from the system audit process:

Audit requirements and activities involving checks on operational systems shall be carefully planned and agreed to minimise the risk of disruptions to business processes.

There should be controls to safeguard operational systems and audit tools during system audits.

The following are to be observed:

- audit requirements to be agreed with the appropriate manager;
- the scope of any checks to be agreed and controlled;
- checks to be limited to read only access to software and data wherever possible;
- access, other than read only, only to be allowed for isolated copies of system files which must be erased when the audit is completed;
- IT resources for performing checks should be identified and made available;
- requirements for special or additional processing should be identified and agreed with service providers;
- wherever possible access should be logged and monitored;
- all procedures and requirements should be documented.

Access to system audit tools should be controlled.

**APPENDIX 1**

## THE NATIONAL PROTECTIVE MARKING SCHEME FRAMEWORK

The National Protective Marking System provides a framework for users to share and protect information in an appropriate manner. As can be seen from the table, each protective marking is allocated an appropriate Impact Level (IL). Each IL describes a severity of impact to the UK of protectively marked information being released outside of normal government handling channels.

The IL value is used by security officers when performing a risk assessment on protectively marked information in order to determine how much protection these assets should be given.

| Protective Marking | Impact Level |
|---|---|
| TOP SECRET | 6 |
| SECRET | 5 |
| CONFIDENTIAL | 4 |
| RESTRICTED | 3 |
| PROTECT | 2<br>1 |
| Unclassified | 0 |

On 28 February 2007 the new sub-national caveat, PROTECT, was introduced. The purpose of PROTECT is to provide a difference in terms of the handling official information which needs to be protected from compromise of confidentiality, integrity and availability to a known level of assurance, but for which the measures required to safeguard National Security information at RESTRICTED are considered not to always meet the direct business need of the organisation. It is envisaged that in some organisations the use of RESTRICTED will be reduced as a consequence.

**At the Local Authority level and for users of GCSx it is envisaged that most protectively marked information will be of 'PROTECT' in nature.**

At a working level the baseline security objectives for PROTECT will be the same as for RESTRICTED, which are:

- handle, use and transmit with care;
- take basic precautions against accidental compromise or opportunist attack.

The distinction between the two markings is that PROTECT is not a National Security marking, and there is a revised calculation for asset value, or consequence of compromise. Depending on the severity of the circumstances either RESTRICTED or PROTECT may apply where compromise would be likely to:

- cause financial loss or loss of earning potential to, or facilitate improper gain or advantage for, individuals or companies;

- prejudice the investigation or facilitate the commission of crime;
- disadvantage government in commercial or policy negotiations with others.

N.B. Within the UK Government, CONFIDENTIAL is an explicit marking with clearly defined handling requirements. Sometimes, within certain local authorities 'Confidential' is used as a marking to indicate that information has a requirement for protection (in UK Government terms it is protectively marked). Care should be taken to ensure that information protectively marked with the national CONFIDENTIAL marking should be handled accordingly.

**The PROTECT Classification**

| | |
|---|---|
| Guidelines | • Cause substantial distress to individuals.<br>• Breach proper undertakings to maintain the confidence of information provided by third parties.<br>• Breach statutory restrictions on the disclosure of information. |
| Principles and Clearance Levels | • Information classified as PROTECT should be held, processed, transmitted and destroyed with discretion to make compromise highly unlikely.<br>• Only staff cleared by the organisation to access PROTECT level or above are authorised to handle the information. This includes all staff involved with transmission, storage and disposal. |
| Electronic Transmission | PROTECT information transmitted across public networks within the UK or across any networks overseas should be encrypted using an approved system. |
| Electronic Storage | Electronic files (including databases) must be protected against illicit internal use or intrusion by external parties through a judicious selection of two or more of the following mechanisms:<br>a. User challenge and authentication (username / password or digital ID / Certificate).<br>b. Logging use at level of individual.<br>c. Firewalls and intrusion-detection systems and procedures; server authentication.<br>d. OS-specific / application-specific security measures. |
| Electronic Disposal | Electronic files should be disposed of in a way that makes reconstruction highly unlikely. |
| Voice Telephone Conversation | Information protectively marked with PROTECT can be spoken about over the telephone. |
| Manual Transmission | • Within a single physical location. As determined by the information security officer.<br>• Transfer between establishments within or outside UK**:**<br>a. May be carried by ordinary postal service or commercial courier firms, provided the envelope / package is closed and the word PROTECT is not visible.<br>b. The outer envelope should be addressed to an individual by name and title. PROTECT mail for / from overseas posts should be carried by diplomatic airfreight. |

| | |
|---|---|
| | c. The outer envelope must clearly show a return address in case delivery is unsuccessful. In some cases due to the nature of the contents, identifying the originating organisation may be inappropriate and a return PO Box alone should be used. |
| Manual Storage | • In an office environment, PROTECT material should be held in a lockable storage area or cabinet.<br>• In a storage facility, all material should be protected through controlled access to the storage areas, and through a secure physical environment. |
| Manual Disposal | Disposed of or destroyed in a way that makes reconstruction highly unlikely. |

**The RESTRICTED Classification**

| | |
|---|---|
| Guidelines | • Affect diplomatic relations adversely.<br>• Hinder the operational effectiveness or security of the UK or friendly forces.<br>• Affect the internal stability or economic well-being of the UK or friendly countries adversely. |
| Principles and Clearance Levels | • Information classified as RESTRICTED should be held, processed, transmitted and destroyed with discretion to make compromise highly unlikely.<br>• Only staff cleared by the organisation to access RESTRICTED level or above is authorised to handle the information. This includes all staff involved with transmission, storage and disposal. |
| Electronic Transmission | All RESTRICTED information transmitted across public networks within the UK or across any networks overseas must be encrypted using an approved system. |
| Electronic Storage | Electronic files (including databases) must be protected against illicit internal use or intrusion by external parties through a judicious selection of two or more of the following mechanisms:<br>a. User challenge and authentication (username / password or digital ID / Certificate).<br>b. Logging use at level of individual.<br>c. Firewalls and intrusion-detection systems and procedures, server authentication.<br>d. OS-specific / application-specific security measures. |
| Electronic Disposal | Electronic files should be disposed of in a way that makes reconstruction highly unlikely. |
| Voice Telephone Conversation | Telecommunications made at RESTRICTED (Confidentially IL 3) level can no longer be guaranteed as secure. Appropriate secure communications should be used. |
| Manual Transmission | • Within a single physical location. As determined by the information security officer. |

| | |
|---|---|
| | • Transfer between establishments within or outside UK**:**<br>a. May be carried by ordinary postal service or commercial courier firms, provided the envelope / package is closed and the word RESTRICTED is not visible.<br>b. The outer envelope should be addressed to an individual by name and title<br>c. The outer envelope must show clearly a return address in case delivery is unsuccessful. In some cases, due to the nature of the contents, identifying the originating organisation may be inappropriate and a PO box should be used. |
| Manual Storage | • In an office environment, RESTRICTED material should be held in a lockable storage area or cabinet.<br>• In a storage facility, all material should be protected through controlled access to the storage areas, and through a secure physical environment. |
| Manual Disposal | Disposed of or destroyed in a way that makes reconstruction highly unlikely. |

**Major Differences Between PROTECT and RESTRICTED**

For Local authorities such as NWLDC the two protective markings which will be most commonly seen in the workplace are PROTECT and RESTRICTED. Out of these two protective markings it is anticipated that PROTECT will be the most common.

Information with the PROTECT protective marking will be handled in the same way as RESTRICTED in most circumstances. The primary difference is that Council Staff will be allowed to have telephone conversations with regard to information protectively marked as PROTECT. Information protectively marked as RESTRICTED is not allowed to be passed over the telephone.

## *SIGN BELOW TO ACCEPT THE ICT SECURITY POLICY AND HAND THE FORM TO THE ICT DEPARTMENT*

## North West Leicestershire District Council
## Information and Communications Technology (ICT) and Cyber Security Policy

North West Leicestershire District Council is dependent upon its Information and Communications Technology (ICT) systems for its normal day to day business activities. It is therefore essential for the continued successful operation of the Council that the confidentiality, integrity and availability of its ICT systems and data are maintained at a high level. There is also an obligation on the Council and all employees, contractors and advisors to comply with the relevant legislation such as the Data Protection Acts, the Copyright, Designs and Patents Act and the Misuse of Computers Act.

It follows that a high standard of information security is required within the Council. To achieve this, the ICT and Cyber Security Policy has been adopted and everyone who uses IT equipment or accesses Council information must read the policy and ensure that they understand the obligations contained within it.

Once you have **read** and **understood** the ICT and Cyber Security Policy please sign and return the slip below to the ICT Service Desk.

North West Leicestershire District Council ICT and Cyber Security and Policy can be found on our intranet site

✂----------✂

## North West Leicestershire District Council
## Information and Communications Technology (ICT) and Cyber Security Policy

I have read and understand the North West Leicestershire District Council's ICT Security Policy.

Print Name_____ Signed_____ Date _____

**(Note: When completed, this should be forwarded to the IT Section, who will copy it to the Human Resources Section)**

**APPENDIX 2**

**NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL -**
**GCSx PERSONAL COMMITMENT STATEMENT**

I understand and agree to comply with the security rules of my organisation as well as the GCSx Code of Connection.

For the avoidance of doubt, the security rules relating to secure e-mail and IT systems usage include:

1. I acknowledge that my use of the GCSx may be monitored and/or recorded for lawful purposes.

2. I agree to be responsible for any use by me of the GCSx using my unique user credentials (user ID and password, access token or other mechanism as provided) and e-mail address.

3. I will not use a colleague's credentials to access the GCSx and will equally ensure that my credentials are not shared and are protected against misuse.

4. I will protect such credentials at least to the same level of secrecy as the information they may be used to access, (in particular, I will not write down or share my password other than for the purposes of placing a secured copy in a secure location at my employer's premises).

5. I will not attempt to access any computer system that I have not been given explicit permission to access.

6. I will not attempt to access the GCSx other than from IT systems and locations which I have been explicitly authorised to use for this purpose.

7. I will not transmit information via the GCSx that I know, suspect or have been advised is of a higher level of sensitivity than my GCSx domain is designed to carry.

8. I will not transmit information via the GCSx that I know or suspect to be unacceptable within the context and purpose for which it is being communicated.

9. I will not make false claims or denials relating to my use of the GCSx (e.g. falsely denying that an e-mail had been sent or received).

10. I will protect any sensitive or not protectively marked material sent, received, stored or processed by me via the GCSx to the same level as I would paper copies of similar material.

11. I will not send Protectively Marked information over public networks such as the Internet.

12. I will always check that the recipients of e-mail messages are correct so that potentially sensitive or protectively marked information is not accidentally released into the public domain.

13. I will not auto-forward e-mail from my GCSx account to any other non-GCSx e-mail account.

14. I will disclose information received via the GCSx only on a ‘need to know’ basis.

15. I will not forward or disclose any sensitive or protectively marked material received via the GCSx unless the recipient(s) can be trusted to handle the material securely according to its sensitivity and forwarding is via a suitably secure communication channel.

16. I will seek to prevent inadvertent disclosure of sensitive or protectively marked information by avoiding being overlooked when working, by taking care when printing information received via the GCSx (e.g. by using printers in secure locations or collecting printouts immediately they are printed, checking that there is no interleaving of printouts, etc) and by carefully checking the distribution list for any material to be transmitted.

17. I will securely store or destroy any printed material.

18. I will not leave my computer unattended in such a state as to risk unauthorised disclosure of information sent or received via the GCSx (this might be by closing the e-mail program, logging-off from the computer, activate a password-protected screensaver, etc, so as to require a user logon for activation).

19. Where my organisation has implemented other measures to protect unauthorised viewing of information displayed on IT systems (such as an inactivity timeout that causes the screen to be blanked or to display a screensaver or similar, requiring a user logon for reactivation), then I will not attempt to disable such protection.

20. I will make myself familiar with the security policies, procedures and any special instructions that relate to the GCSx.

21. I will inform my manager immediately if I detect, suspect or witness an incident that may be a breach of security.

22. I will not attempt to bypass or subvert system security controls or to use them for any purpose other than that intended.

23. I will not remove equipment or information from my employer’s premises without appropriate approval.

24. I will take precautions to protect all computer media and portable computers when carrying them outside my organisation’s premises (e.g. leaving a laptop unattended or on display in a car such that it would encourage an opportunist thief).

25. I will not introduce viruses, Trojan horses or other malware into the system or GCSx.

26. I will comply with the Data Protection Act 1998 and any other legal, statutory or contractual obligations that my employer informs me are relevant.

27. If I am about to leave my employer, I will inform my manager prior to departure of any important information held in my account.

28. The GCSx Acceptable Usage Policy specifically states that all PROTECT and RESTRICT information will be appropriately labelled when sent over the GCSx and that public networks will not be used to send RESTRICT or PROTECT information.

29. I understand that use of GCSx / PSN services is subjected to Criminal conviction checks and I will declare any unspent convictions including cautions, reprimands, warnings, investigations or pending prosecutions to Human Resources.

***PLEASE SGN BELOW TO ACCEPT THE GCSx SECURITY POLICY AND HAND THE FORM TO THE ICT DEPARTMENT***

Name: ..... Dept: .....

Signed: .....Date: .....

Authorised: ..... Date: .....

This form can only be authorised by Team Managers or members of CLT.

**(Note: When completed, this should be forwarded to the IT Section, who will copy it to the Human Resources Section)**

**APPENDIX 3**

## THIRD PART NETWORK ACCESS AGREEMENT

### 1. Purpose

The purpose of this agreement is to outline the specific terms and conditions governing the access and use of the North West Leicestershire District Council (NWLDC) network and information technology resources by the Third Party.

This agreement is dated and made between **North West Leicestershire District Council** and the following Third Party:

| | | |
|---|---|---|
| Company name: | [ | ] |
| Address: | [ | ] |
| | [ | ] |
| | [ | ] |
| Contact Name: | [ | ] |
| Phone number: | [ | ] |
| E-mail address: | [ | ] |

### 2. Definitions

**Third parties** are defined as any individual, consultant, contractor, vendor or agent not registered as a NWLDC employee.

**Third party access** is defined as all local or remote access to the NWLDC network for any purpose.

**NWLDC network** includes all data, applications, systems, services, infrastructure and computer devices which are owned or leased by the NWLDC.

**Mobile computer devices** are defined as any handheld computer device, including but not limited to laptops, notebooks, tablet computers, smartphone devices (e.g. PDA, iPhone and Blackberry enabled devices, etc).

**Removable storage devices** are defined as any optical or magnetic storage device or media, including but not limited to floppy disks, CD, DVD, magnetic tapes, ZIP disk, USB flash drive (i.e. memory stick / pen / keys), external / portable hard drives and SD Cards.

### 3. Terms and Conditions

In consideration of NWLDC engaging the Third Party for services requiring third party access and allowing such third party access, the Third Party agrees to the following:

(a) The Third Party may only use the network connection for approved business purposes as specified by NWLDC and in accordance with NWLDC ICT policies. The use of the network connection for unapproved purposes, including but not limited to personal use or gain is strictly prohibited.

(b) The Third Party may only use access methods which have been defined by the NWLDC ICT Services.

(c) The Third Party must ensure that only their employees that have been nominated by the Third Party and approved by the NWLDC in advance, have access to the network connection or any NWLDC owned equipment.

(d) The Third Party shall be solely responsible for ensuring its nominated employees are not security risks, and upon request from the NWLDC, the Third Party will provide the NWLDC with any information reasonably necessary for the NWLDC to evaluate security issues.

(e) The Third Party will promptly inform the NWLDC in writing of any relevant employee changes. This includes the rotation and resignation of employees so that NWLDC can disable their usernames and remove / change passwords in order to secure its resources.

(f) As part of any service agreement review the Third Party will provide the NWLDC with an up to date list of their employees who have access to the network connection or any NWLDC owned equipment.

(g) The Third Party is solely responsible for ensuring that all usernames and passwords issued to them by the NWLDC remain confidential and are not used by unauthorised individuals. The Third Party must immediately contact NWLDC if they suspect these details have been compromised.

(h) The Third Party will be held responsible for all activities performed on the NWLDC network while logged in under their usernames and passwords.

(i) The Third Party must ensure at all times that all computer devices used by them to connect to the NWLDC network have reputable up to date anti-virus software and the appropriate security patches installed.

(j) Only in exceptional circumstances and with the prior written approval of the NWLDC should the Third Party hold NWLDC information on mobile computer devices or removable storage devices. Should the business requirements necessitate the Third Party to store NWLDC information on mobile computer devices or removable storage devices, the Third Party must ensure that only the absolute minimum amount of information as is absolutely necessary is stored on the mobile computer device or removable storage device and the information is securely deleted when it is no longer required. The Third Party must ensure that all NWLDC information stored on mobile computer devices and removable storage devices belonging to the Third Party is encrypted to standards approved by NWLDC. Under no circumstance encrypted or otherwise should NWLDC information be stored by the Third Party on USB memory keys / sticks.

(k) The Third Party must ensure that all mobile computer devices used by them to connect to the NWLDC network, are used in such a way that information belonging to the NWLDC is not displayed to unauthorised individuals or the general public.

(l) The Third Party must ensure that all their computer devices connected to the NWLDC network are not connected to any other network at the same time, with the exception of networks that are under the complete control of the Third Party.

(m) When the Third Party is connected to the NWLDC network they should not leave their computer devices unattended.

(n) The Third Party must ensure that when they are connected to NWLDC network their activity does not disrupt or interfere with other non-related network activity.

(o) All Third Party computer devices used to connect to the NWLDC network must, upon request by NWLDC be made available for inspection.

(p) The Third Party network connection will by default be granted read / execute privileges only. All requests for increased privileges must be submitted in writing to the NWLDC where they will be considered on a case by case basis.

(q) For security reasons all Third Party remote access accounts except those providing 24*7 support may be switched off (de-activated) by default. The Third Party will be required to e-mail (can be followed by phone) NWLDC ICT Services requesting that their account be switched-on (activated) for a stipulated period.

(r) The Third Party must obtain the written consent of the NWLDC before implementing any updates or amendments to the NWLDC network, information systems, applications or equipment. All approved updates and amendments implemented by the Third Party must be made in line with NWLDC policies and procedures.

(s) The Third Party must ensure all software is scanned and cleared of all viruses and other forms of malicious software before it is installed on any NWLDC information systems, applications or equipment. The Third Party will be held responsible for all disruptions and damage caused to the NWLDC network, information systems, applications or equipment which is traced back to infected software installed by the Third Party.

(t) The Third Party and their employees must comply with all UK, European and NWLDC rules and regulations concerning safety, environmental and security operations while on-site at an NWLDC site. All Third Party personnel must carry photographic identification with them when they are on-site at an NWLDC facility.

(u) Where the Third Party has direct or indirect access to NWLDC information, this information must not be copied, divulged or distributed to any other party without the prior written approval of the NWLDC.

(v) The Third Party must report all actual and suspected security incidents to the NWLDC immediately.

(w) The Third Party must manage and process all NWLDC information which they acquire from the NWLDC in accordance the Data Protection Act 1998 (as amended or replace) and any associated guidance.

(x) The NWLDC reserves the right to:

- Monitor all Third Party activity while connected (local and remote) to the NWLDC network.
- Audit contractual responsibilities or have those audits carried out by an NWLDC approved third party
- Revoke the Third Party's access privileges at any time.

(y) On completion of the services requiring third party access, the Third Party must return all equipment, software, documentation and information belonging to the NWLDC.

(z) Any violations of this agreement by the Third Party, may lead to the withdrawal of NWLDC network and information technology resources to that Third Party and/or the cancellation of any contract(s) between the NWLDC and the Third Party.

The Third Party agrees to abide by the terms and conditions of this agreement at all times.

**Signed (On behalf of the Third Party):**

Authorised Signature: .....

Name (Printed): .....

Title or Position: .....

Date: .....

This page is intentionally left blank

# INFORMATION MANAGEMENT POLICY

**Version Control**

| Version No. | Author | Date | Update Information |
|---|---|---|---|
| V1.0 | Lynn Wyeth | 20.11.2015 | Original Draft |
| V1.1 | Lynn Wyeth | 04.12.2015 | Amendments by NWLDC incorporated |
| V1.2 | Lee Mansfield | 15.12.2015 | Amendment made following CLT decision - SIRO |
| V1.3 | Lee Mansfield | 02.02.2016 | To reference legal as location of the IM team |
| V1.4 | Sabrina Doherty | 23.02.2017 | Changes made to team structures, functions, roles and responsibilities |
| V1.5 | Andrew Hickling / Louis Sebastian | 09.05.2018 | Changes made to team structures, functions, roles and responsibilities |
| V1.6 | Nicola Taylor / Mackenzie Keatley | 01.07.2020 | Change made to team structures, roles and responsibilities, training and support, legislation update |

**June 2020**

# INFORMATION MANAGEMENT POLICY

## POLICY STATEMENT

"Information is a vital corporate asset of the Council which is of extremely high value. North West Leicestershire District Council is committed to ensuring that information is efficiently managed and that appropriate policies, procedures, management accountability and structures provide a robust governance framework for information management."

## 1. INTRODUCTION

1.1 The key areas of Information Management are:

- Records Management;
- Information Risk;
- Information Security;
- Environmental Information Regulations 2004;
- Freedom of Information Act 2000;
- Data Protection Act 2018;
- General Data Protection Regulations;
- Local Government Transparency Code 2015;
- Privacy and Electronic Communication Regulations;
- Public Services Network Code of Connection;
- Payment Card Industry Security Standards;
- Confidentiality.

1.2 This policy is part of a set of information management policies and procedures that support the delivery of an Information Management framework, and should be read in conjunction with these associated documents, listed at section 4.

## 2. PURPOSE OF THE POLICY

2.1 This Information Management policy provides an overview of the Councils approach to information management, a guide to the procedures in use, and details about the management structures within the organisation.

2.2 This policy enables the Council to ensure that all information is dealt with legally, fairly, securely, efficiently, and effectively.

2.3 This policy ensures that the provisions of the Freedom of Information Act 2000 (FOI), the Environmental Information Regulations 2004 (EIRs), the Data Protection Act 2018 (DPA), the General Data Protection Regulation (GDPR) and the Public Services Network Code (PSN CoCo) are complied with.

## 3. SCOPE OF THIS POLICY

3.1 This policy, framework and supporting policies apply to:

- all information systems within the organisation (both electronic and paper based);
- all data, information, and records owned by the Council, but also including those held by contractors or partner organisations on behalf of, or as a result of their relationship with, the Council);

- any information that is owned by other organisations, but may be accessed and used by Council employees;
- information in whatever storage format and however transmitted (i.e., paper, voice, photo, video, audio or any digital format. It will also cover formats that are developed and used in the future.);
- all employees of the Council, Council members, temporary workers, volunteers, student placements, etc;
- the employees of any other organisations having access to Council information, for example, auditors, contractors, and other partner agencies where there is no specific information sharing protocol in place,

3.2 The procedures outlined in this Policy are in addition to the Council's complaints procedures and other statutory reporting procedures applying to some divisions.

3.3 This Policy has been discussed with the relevant trade unions and has their support.

## 4. PROCEDURES AND GUIDANCE

4.1 This Information Management Policy will be strengthened by other associated Council policies / procedures / material including but not limited to:

- ICT Security Policy;
- Request for Information Procedure;
- Security Incident Procedure;
- Records Management Procedure;
- Information Sharing Procedure;
- Whistleblowing Policy;
- RIPA Policy;
- Anti-Money Laundering Policy;
- Employment Practices Code - Information Commissioner's Office.

## 5. PRINCIPLES OF INFORMATION MANAGEMENT

5.1 The Council understands the need for an appropriate balance between openness and confidentiality in the management and use of information. The Council also understands the need to share information with others in a controlled manner.

5.2 To maximise the value of organisational assets the Council will endeavour to ensure that data is:

- held securely and confidentially;
- obtained fairly and lawfully;
- recorded accurately and reliably;
- used effectively and ethically;
- shared and disclosed appropriately and lawfully;

5.3 To protect the organisation's information assets from all threats, whether internal or external, deliberate or accidental, the Council will ensure:

- information will be protected against unauthorised access;
- confidentiality of information will be assured;
- integrity of information will be maintained;
- information will be supported by the highest quality data;

- regulatory and legislative requirements will be met;
- business continuity plans will be produced, maintained and tested;
- information security training will be mandatory for all staff;
- all breaches of information security, actual or suspected, will be reported via the Security Incident Procedure and investigated by the Data Protection Officer or Information Management Officer;
- significant breaches will be handled with support from Human Resources and/or ICT Manager and/or Legal Services;

## 6. ROLES AND RESPONSIBILITIES

6.1 Information Asset Owners

6.1.1 Information Asset Owners (IAOs) are Heads of Service who are the nominated owners for one or more identified information assets within the Council. Their role is to understand what information is held, added, removed, how information is moved and who has access and why.

6.1.2 Information Asset Owners will:

- know what information comprises or is associated with the asset, and understand the nature and justification of information that flows to and from the asset;
- know who has access to the asset, whether system or information, why access is required, and ensures access is monitored and compliant with policy;
- understand and address risks to the asset, providing assurance to the Senior Information Risk Owner;
- ensure there is a legal basis for processing data and for any disclosures made;
- refer queries about any of the above to the Information Governance Team.

6.2 Senior Information Risk Owner

6.2.1 From 1 July 2016 the Head of Legal and Commercial Services will become the SIRO.

The SIRO will report to the CLT on all matters relating to Information Management. The SIRO is an executive who is familiar with and takes ownership of the organisation's information risk policy, and acts as advocate for information risk.

6.3 Data Protection Officer

6.3.1 As of the 4 November 2018 the Council appointed a Data Protection Officer.

Under GDPR it is mandatory that a public authority appoint a Data Protection Officer (DPO).

The DPO's tasks are defined in Article 39 of the GDPR.

The DPO Information Management responsibilities include:

- implementing information management procedures and processes for the organisation;
- raising awareness about information management to all staff;
- ensuring that training is provided annually and is completed by all staff;

- co-ordinating the activities of any other staff given responsibilities for data protection, confidentiality, information quality, records management and Freedom of Information;
- conducting internal audits to ensure compliance on an ad-hoc basis;
- ensures the Council is responsible for the continued integrity of datasets and maintains and enforces applications of policies and standards;
- to co-operate with the supervisory authority (ICO).

6.4 Information Governance

6.4.1 Information management is co-ordinated and managed by the Information Governance Team. The Team will:

- assist the Senior Information Risk Owner in the implementation of their key responsibilities and any other matters as deemed appropriate and necessary;
- maintain an awareness of information management issues within the Council;
- review and update the information management policy in line with local and national requirements;
- review and audit all procedures relating to this policy where appropriate on an ad-hoc basis;
- ensure that line managers are aware of the requirements of the policy.

6.5 ICT Team Manager

6.5.1 The ICT Team Manager is responsible for:

- the formulation and implementation of ICT related policies and the creation of supporting procedures;
- developing, implementing and managing robust ICT security arrangements in line with best industry practice, legislation, and statutory requirements;
- effective management and security of the Council's ICT infrastructure and equipment;
- developing and implementing a robust IT Disaster Recovery Plan;
- ensuring that ICT security requirements for the Council are met;
- ensuring the maintenance of all firewalls, secure access servers and similar equipment are in place at all times.

6.6 Head of Service / Team Managers

6.6.1 Heads of Service / Team Managers will take responsibility for ensuring that the Information Management Policy is implemented within their team. All managers will ensure that:

- the requirements of the information management policy framework are met and its supporting policies and guidance are built into local procedures;
- there is compliance with all relevant information management policies within their area of responsibility;
- information management issues are identified and resolved whenever there are changes to services or procedures;
- their staff are properly supported to meet the requirements of information management and security policies and procedures, by ensuring that they are aware of:
  - the policies and procedures that apply to their work area;
  - their responsibility for the information that they use;

- where to get advice on security issues and how to report suspected security incidents.

6.7 Staff

6.7.1 It is the responsibility of each employee to adhere to this policy. Staff will receive instruction and direction regarding the policy from a number of sources, including:

- policy / strategy and procedure manuals;
- their line manager;
- the legal team;
- specific training courses;
- other communication methods, for example, team meetings; and staff intranet.

6.7.2 All staff (whether permanent, temporary, voluntary or on any type of placement / training scheme) and members must make sure that they use the Council's IT systems appropriately and adhere to the relevant ICT Policies of the Council. All members of staff are responsible for:

- ensuring that they comply with all information management policies and information security policies and procedures that are relevant to their service;
- seeking further advice if they are uncertain how to proceed;
- reporting suspected information security incidents.

6.7.3 Staff awareness is a key issue in achieving compliance with Information Management policies. Accordingly there will be:

- mandatory base line training in key information management competencies for all staff;
- additional support for all employees routinely handling 'personal data' as defined by the Data Protection Act 2018;
- all information management policies and procedures available on the intranet;
- staff with specialist knowledge available to advise across the full range of information management areas;
- communication and updates will be provided to staff regularly;
- services are encouraged to have an Information Champion to represent their service. Key messages, training and support are provided to the Information Champions who feed this back to their service. Information Champions can raise issues with the group to identify and remedy problems.

## 7. MAIN THEMES

7.1 Openness

7.1.1 Non-confidential information which the Council hold will be made available to the public through the Councils website wherever feasible and appropriate.

7.2 Legal Compliance

7.2.1 The main legislation applying to information management is the Data Protection Act 2018 and the Freedom of Information Act 2000. The Council will establish and maintain procedures to ensure compliance with the Data Protection Act 2018, the Freedom of Information Act 2000, the Environmental Information Regulations 2004, and the Humans Rights Act 1998.

7.3 Information Security

7.3.1 Information security is concerned with the confidentiality, integrity, and availability of information in any format, and the Council must comply with the requirements of the Public Services Network.

7.4 Information and Records Management

7.4.1 To ensure that information and records are effectively managed, and that the Council can meet its information management objectives, there will be a Records Management Policy that sets out the Council's standards for handling information during each phase of the information lifecycle.

7.5 Information Quality Assurance

7.5.1 The Council will undertake or commission regular assessments and audits of its information quality and records management arrangements.

7.5.2 Managers are expected to take ownership of, and seek to improve, the quality of data within their services. Training and awareness-raising sessions appropriate to staff groups will be provided.

7.6 Partnerships and Information Sharing

7.6.1 Any sharing of personal or confidential information with partner agencies or involving individual large transfers of such information will be the subject of a written Information Sharing Agreement (ISA). This will set out the expected process, the standards of security and information handling.

## 8. RISK

8.1 The Council must ensure it operates within a robust information management framework to reduce the risk of threats such as potential litigation, breach of legislation, or enforcement action from the ICO for failure to respond to information requests adequately.

## 9. TRAINING

9.1 Appropriate training will be mandatory for all staff.

9.2 All staff will be made aware of their obligations for information management through effective communication programmes.

9.3 Each new employee will be made aware of their obligations for information management during an induction-training programme and will be required to undergo mandatory data protection training before they can pass their probation period.

9.4 Training requirements will be reviewed annually to ensure that staff are adequately trained.

## 10. COMPLIANCE

10.1 Failure to observe the standards set out in this policy may be regarded as serious and any breach may render an employee liable to action under the Council's Disciplinary Procedure, which may include dismissal.

## 11. FEES AND CHARGES

11.1 The Council aims to provide as much information free of charge on the website for customers to download or view at home. The Council may charge in accordance with the charges set out in legislation or statutory guidance and for the cost of disbursements such as photocopying and postage.

## 12. COMPLAINTS

12.1 Any person who is unhappy with the way in which the Council has dealt with their request for information, or how their personal data has been handled, may ask for the matter to be reviewed. All complaints should be in writing to:

- DPO@NWLeicestershire.gov.uk (personal data requests)

- FOI@NWLeicestershire.gov.uk (non-personal information request)

- Data Protection Officer
  North West Leicestershire District Council
  Whitwick Road
  Coalville
  Leicestershire
  LE67 3FJ

12.2 Should the requester / complainant still be unhappy with the outcome of this review they have the right to pursue their complaint to the Data Protection Officer for a formal review. Following the Internal Review, the requester can contact the Information Commissioners Office (ICO, www.ico.org.uk) by writing to:

- accessicoinformation@ico.org.uk

- Information Commissioner's Office
  Wycliffe House
  Water Lane
  Wilmslow
  Cheshire
  SK9 5AF

## 13. EQUALITIES IMPACT ASSESSMENT

13.1 Equality and diversity issues have been considered in respect of this policy and it has been assessed that a full Equality Impact Assessment is not required as there will be no adverse impact on any particular group.

## 14. REVIEW OF POLICY

14.1 This policy will be reviewed as deemed appropriate, especially in light of any legislative changes, but no less frequently than every 12 months.

14.2 Policy review will be undertaken by the Information Governance Team.

# LOCAL CODE OF CORPORATE GOVERNANCE

## Policy Statement

**Version Control**

| Version No. | Author | Date |
|---|---|---|
| 1 | | 2009 |
| 2 | Tracy Bingham | October 2017 |
| 3 | Tracy Bingham | May 2020 |
| 4 | Mark Walker | May 2022 |

**May 2022**

**NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL**
**Local Code of Corporate Governance**

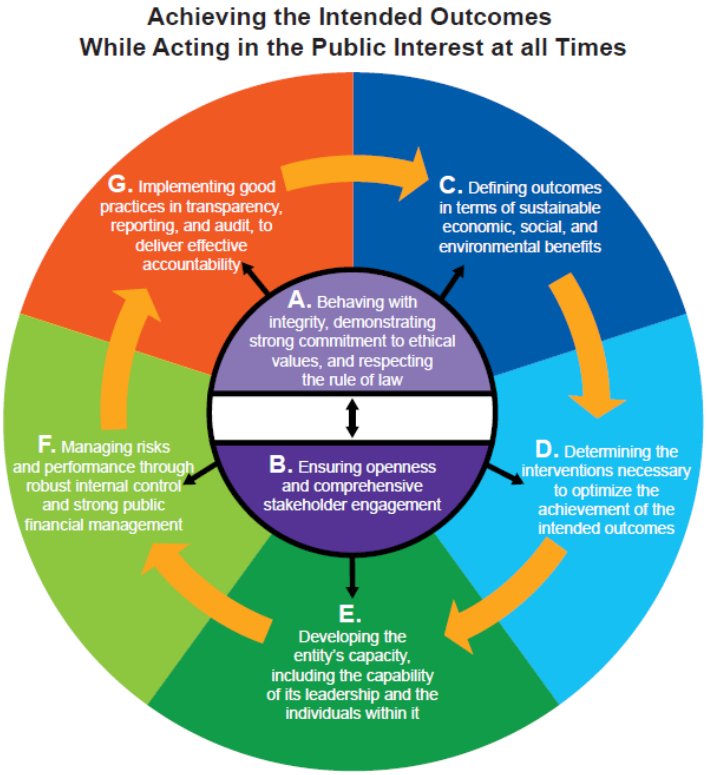
## 1 INTRODUCTION

1.1 In 2014, the Chartered Institute of Public Finance and Accountancy (CIPFA) and the International Federation of Accountants (IFAC) collaborated to produce The International Framework: Good Governance in the Public Sector. The International Framework defines governance as comprising the arrangements put in place to ensure that intended outcomes for stakeholders are defined and achieved. It states that in order to deliver good governance inthe public sector, both governing bodies and individuals working for public sector entities must try to achieve their entity's objectives while acting in the public interest at all times.

1.2 The Chartered Institute of Public Finance and Accountancy in association with SOLACE have published their Framework entitled 'Delivering Good Governance in Local Government 2016'.

1.3 The diagram below[1] illustrates the core principles of good governance in the public sector and how they relate to each other: Principles A and B permeates implementation of principles C to G.

**Achieving the Intended Outcomes While Acting in the Public Interest at all Times**




[1] CIPFA/SOLACE Delivering Good Governance in Local Government Framework 2016

1.4 In North West Leicestershire, good governance is about how the Council ensures that it is doing the right things, in the right way and for the benefit of the communities it serves. The starting place for good governance is having shared values and culture and a framework of overarching strategic policies and objectives underpinned by robust systems and processes for delivering these.

1.5 By ensuring good governance is in place, the Council will ensure it has high standards of management, strong performance, the effective use of resources and good outcomes which in turn will lead to increased public trust.

1.6 The Council is committed to the seven core principles of good practice contained in the CIPFA framework and will test its governance arrangements against this framework and report annually (via its annual assurance review and Annual Governance Statement).

1.7 These seven core principles, also known as the Nolan Principles - The Seven Principles of Public Life, apply to anyone who works as a public office-holder. This includes all those who are elected or appointed to public office, nationally and locally, and all people appointed to work in the Civil Service, local government, the police, courts and probation services, non-departmental public bodies (NDPBs), and in the health, education, social and care services. A link to the Government website setting out the principles is below:

https://www.gov.uk/government/publications/the-7-principles-of-public-life/the-7-principles-of-public-life--2

## 2 SUMMARY OF COMMITMENT

2.1 By adopting this Local Code of Corporate Governance, we are responding to the CIPFA/SOLACE Joint Working Group Guidance and Framework entitled 'Delivering Good Governance in Local Government'.

2.2 In doing so we will:

- Accept the core principles set out in section 3 below as the basis for our Corporate Governance arrangements.
- Publish an Annual Governance Assurance Statement with theCouncil's Statement of Accounts.
- Draw up Action Plans of improvements to our corporate governance arrangements, such plans to be monitored by the Audit andGovernance Committee.

## 3 FUNDAMENTAL PRINCIPLES OF CORPORATE GOVERNANCE

3.1 Set out in this document is the Council's proposed Local Code of Corporate Governance which is based on the seven core principles (as set out in the illustration above) adopted for local government from the report of the Independent Commission on Good Governance in Public Services.

## Principle A - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

The Council is committed to:

**Behaving with Integrity**

- Ensuring members and officers behave with integrity and lead as a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation.
- Ensuring members take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood. These should build on the Seven Principles of Public Life (The Nolan Principles).
- Leading be example and using these standard operating principles or values as a framework for decision making and other actions.
- Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure they are operating effectively.

**Demonstrating strong commitment and ethical values**

- Seeking to establish, monitor and maintain the organisation's ethical standards and performance
- Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation
- Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values
- Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with high ethical standards expected by the organisation

**Respecting the rule of law**

- Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations
- Creating the conditions to ensure that the statutory officers, other key post holders and members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements
- Striving to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders
- Dealing with breaches of legal and regulatory provisions effectively
- Ensuring corruption and misuse of power are dealt with effectively

## Principle B – Ensuring openness and comprehensive stakeholder engagement

The Council is committed to:

**Openness**

3
- Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness
- Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided
- Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear
- Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/ courses of action

**Engaging comprehensively with institutional stakeholders**

- Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably
- Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively
- Ensuring that partnerships are based on: trust, a shared commitment to change, a culture that promotes and accepts challenge among partners and that the added value of partnership working is explicit

**Engaging stakeholders effectively, including individual citizens and service users**

- Establishing a clear policy on the type of issues that the organisation will meaningfully consult with or involve individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes.
- Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement
- Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs
- Implementing effective feedback mechanisms in order to demonstrate how their views have been taken into account
- Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity
- Taking account of the interests of future generations of tax payers and service users

## Principle C – Defining outcomes in terms of sustainable economic, social, and environmental benefits

The Council is committed to:

**Defining outcomes**

4
- Having a clear vision which is an agreed formal statement of the organisation's purpose and intended outcomes containing appropriate performance indicators, which provides the basis for the organisation's overall strategy, planning and other decisions
- Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer
- Delivering defined outcomes on a sustainable basis within the resources that will be available
- Identifying and managing risks to the achievement of outcomes
- Managing service users expectations effectively with regard to determining priorities and making the best use of the resources available

**Sustainable economic, social and environmental benefits**

- Considering and balancing the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision
- Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints
- Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs
- Ensuring fair access to services

## Principle D – Determining the interventions necessary to optimise the achievement of the intended outcomes

The Council is committed to:

**Determining interventions**

- Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and including the risks associated with those options. Therefore ensuring best value is achieved however services are provided
- Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts

**Planning interventions**

- Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets
- Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered
- Considering and monitoring risks facing each partner when working collaboratively including shared risks
- Ensuring arrangements are flexible and agile so that the mechanisms for delivering outputs can be adapted to changing circumstances
- Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured
- Ensuring capacity exists to generate the information required to review service quality regularly
- Preparing budgets in accordance with organisational objectives, strategies and the medium term financial plan Informing medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy

**Optimising achievement of intended outcomes**

- Ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints
- Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term
- Ensuring the medium term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage
- Ensuring the achievement of ‘social value’ through service planning and commissioning.

## Principle E – Developing the entity's capacity, including the capability of its leadership and the individuals within it

The Council is committed to:

**Developing the entity's capacity**

- Reviewing operations, performance use of assets on a regular basis to ensure their continuing effectiveness
- Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how the authority's resources are allocated so that outcomes are achieved effectively and efficiently
- Recognising the benefits of partnerships and collaborative working where added value can be achieved
- Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources

**Developing the capability of the entity's leadership and other individuals**

- Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained
- Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body
- Ensuring the leader and the chief executive have clearly defined and distinctive leadership roles within a structure whereby the chief executive leads the authority in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other's authority
- Developing the capabilities of members and senior management to achieve effective shared leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by:
    - ensuring members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged
    - ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis
    - ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and
- Ensuring that there are structures in place to encourage public participation
- Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections
- Holding staff to account through regular performance reviews which take account of training or development needs Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing

## Principle F – Managing risks and performance through robust internal control and strong public financial management

The Council is committed to:

**Managing risk**

- Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making
- Implementing robust and integrated risk management arrangements and ensuring that they are working effectively
- Ensuring that responsibilities for managing individual risks are clearly allocated

**Managing performance**

- Monitoring service delivery effectively including planning, specification, execution and independent post implementation review
- Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook
- Ensuring an effective scrutiny or oversight function is in place which encourages constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation's performance and that of any organisation for which it is responsible (OR, for a committee system) Encouraging effective and constructive challenge and debate on policies and objectives to support balanced and effective decision making
- Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement
- Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (e.g. financial statements )

**Robust internal control**

- Aligning the risk management strategy and policies on internal control with achieving the objectives
- Evaluating and monitoring the authority's risk management and internal control on a regular basis
- Ensuring effective counter fraud and anti-corruption arrangements are in place
- Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor
- Ensuring an audit committee or equivalent group or function which is independent of the executive and accountable to the governing body: provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment that its recommendations are listened to and acted upon

**Managing Data**

- Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data
- Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies
- Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring

**Strong public financial management**

- Ensuring financial management supports both long term achievement of outcomes and short-term financial and operational performance
- Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls

**Principle G – Implementing good practices in transparency, reporting, and audit to deliver effective accountability**

The Council is committed to:

**Implementing good practice in transparency**

- Writing and communicating reports for the public and other stakeholders in an understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate
- Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand

**Implementing good practice in reporting**

- Reporting at least annually on performance, value for money and the stewardship of its resources
- Ensuring members and senior management own the results
- Ensuring robust arrangements for assessing the extent to which the principles contained in the Framework have been applied and publishing the results on this assessment including an action plan for improvement and evidence to demonstrate good governance (annual governance statement)
- Ensuring that the Framework is applied to jointly managed or shared service organisations as appropriate
- Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other similar organisations

**Assurance and effective accountability**

- Ensuring that recommendations for corrective action made by external audit are acted upon
- Ensuring an effective internal audit service with direct access to members is in place which provides assurance with regard to governance arrangements and recommendations are acted upon
- Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations
- Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement
- Ensuring that when working in partnership, arrangements for accountability are clear and that the need for wider public accountability has been recognised and met

## 4 REVISIONS OF THE LOCAL CODE

4.1 The contents of this Local Code will be reviewed when necessary usually on an annual basis.

NWLDC

REVIWED AND UPDATED – MAY 2022
REVIEWED AND UPDATED – FEBRUARY 2008
REVIEWED – JUNE 2009
REVIEWED AND UPDATED – SEPTEMBER 2017

This page is intentionally left blank

# CORPORATE POLICY AND PROCEDURE ON THE REGULATION OF INVESTIGATORY POWERS ACT 2000 AND THE INVESTIGATOR POWERS ACT 2016

| Version No. | Author | Date |
|---|---|---|
| See Page 19 | | |
| 1.1 | Kerryn Woolett | May 2020 |
| 1.2 | Kerryn Woolett | June 2021 |

**Version 1.2**
**June 2021**

**CORPORATE POLICY AND PROCEDURE ON THE REGULATION OF INVESTIGATORY POWERS ACT 2000 AND THE INVESTOGATORY POWERS ACT 2016**

## 1. INTRODUCTION

1.1 The Regulation of Investigatory Powers Act 2000 (RIPA) is concerned with the regulation of surveillance and other intelligence gathering by public authorities in the conduct of their legitimate business.

1.2 The Investigatory Powers Act 2016 (IPA) sets out the extent to which certain investigatory powers may be used to interfere with privacy. In particular about the interception of communications, equipment interference and the acquisition and retention of **communications data**.

1.3 Section 6 of the Human Rights Act 1998 provides that it is unlawful for a public authority to act in a way which is incompatible with a European Convention right. Article 8 of the European Convention on Human Rights says that everyone has the right to respect for their private and family life, their home and their correspondence.

1.4 The use of surveillance and other intelligence gathering techniques may amount to an interference with rights protected by Article 8 of the European Convention on Human Rights and could amount to a violation of those rights unless the interference is in accordance with the law.

1.5 The aim of RIPA and the IPA is to provide a balance between preserving people's right to privacy and enabling enforcement agencies to gather evidence for effective enforcement action. RIPA provides a statutory framework for the authorisation of certain types of **covert** intelligence gathering which is consistent with the Human Rights Act 1998 and the European Convention on Human Rights. Similarly, the IPA provides a statutory framework for the lawful interception and use of **communications data**.

1.6 The Council has approved a policy for tackling fraud and corruption. In limited circumstances the Council may wish to use surveillance techniques or **communications data** for the purpose of enforcing this policy or other of its statutory functions. The requirements of RIPA and the IPA are most likely to apply to those sections of the Council with enforcement / investigatory functions.

1.7 Section 27 of RIPA provides that conduct authorised under RIPA will be "lawful for all purposes." This means a person authorised under RIPA is entitled to engage in the conduct which has been authorised under RIPA and the Council will be protected from challenges to both the gathering of, and the subsequent use of, covertly obtained information enabling the Council to show that it has acted lawfully.

1.8 RIPA also provides a statutory mechanism for authorising the use of a "**covert human intelligence source**", e.g. undercover agents.

1.9 The IPA permits access to **communications data** in specific circumstances.

1.10 Non-compliance with RIPA or the IPA may result in:

1.10.1 evidence being disallowed by the courts;

1.10.2 a complaint to the Investigatory Powers Commissioner's Office;

1.10.3 a complaint to the Local Government and Social Care Ombudsman; and/or

1.10.4 the Council being ordered to pay compensation.

It is essential therefore that the Council's policies and procedures, as set out in this document, are followed. A flowchart of the procedures to be followed is at Appendix 1.

## 2. TYPES OF SURVEILLANCE

2.1 Surveillance includes monitoring, observing, listening to persons, watching or following their movements, listening to their conversations and other such activities or communications. It also includes recording any of the aforementioned activities.

2.2 Surveillance may be "**overt**" or "**covert**".

2.3 Surveillance will be "**overt**" if the act of surveillance is not calculated to be hidden from view, even if the motives of the person undertaking the surveillance remain concealed.

2.4 Most of the surveillance carried out by the Council is done overtly – there is nothing secretive, clandestine or hidden about it. In many cases, officers will be behaving in the same way as a normal member of the public, and/or will be going about Council business openly. Similarly, surveillance will be **overt** if the subject has been told it will happen (e.g. where a noisy householder is warned that noise will be recorded if it continues).

2.5 Surveillance is "**covert**" if, and only if, it is carried out in a manner that is calculated to ensure that persons who are subject to the surveillance are unaware that it is or may be taking place. RIPA regulates two types of **covert** surveillance.

2.6 The first type of **covert** surveillance is "**directed surveillance**". "**Directed surveillance**" means surveillance that is:

2.6.1 **covert**;

2.6.2 not intrusive;

2.6.3 undertaken for the purposes of a specific investigation or specific operation;

2.6.4 undertaken in such a manner as is likely to result in the obtaining of private information about a person (whether or not one specifically identified for the purposes of the investigation or operation); and

2.6.5 undertaken otherwise than by way of an immediate response to events or circumstances the nature of which is such that it would not be reasonably practicable for an authorisation under RIPA to be sought for the carrying out of the surveillance.

2.7 RIPA states that "**private information**" includes any information relating to a person's private or family life. The Home Office Covert Surveillance and Property Interference Revised Code of Practice (latest edition at time of writing was August 2018) states that as a result, "**private information**" is capable of including any aspect of a person's private or personal relationship with others, such as family (which should be treated as extending beyond the formal relationships created by marriage or civil partnership) and professional or business relationships.

2.8 RIPA sets out a number of grounds on which an authorisation for **directed surveillance** can be considered necessary. In the case of a Local Authority, only one of these grounds is applicable, that ground is that **directed surveillance** is necessary "for the purpose of preventing or detecting crime or of preventing disorder".

2.9 The fact that **covert** surveillance occurs in a public place or on business premises does not mean that it cannot result in the obtaining of private information about a person. Prolonged surveillance targeted on a single person will usually result in the obtaining of private information about that person as well as others that he or she comes into contact or associates with.

2.10 An example of **directed surveillance** would be when officers follow a person over a period of time to find out whether they are working at the same time as claiming benefit. Similarly, although town centre CCTV cameras will not normally require a RIPA authorisation, if a camera is directed in such a way as to observe a particular individual, this would amount to **directed surveillance** and an authorisation would be required.

2.11 The second type of **covert** surveillance is "**intrusive surveillance**". Surveillance is intrusive if, and only if, it is **covert** surveillance that is carried out in relation to anything taking place on any residential premises or in any private vehicle and involves the presence of an individual on the premises or in the vehicle or is carried out by means of a surveillance device.

2.12 A Local Authority cannot carry out **intrusive surveillance** under RIPA. **Intrusive surveillance** can only be carried out by the police and other law enforcement agencies.

## 3. CONDUCT AND USE OF COVERT HUMAN INTELLEGENCE SOURCES

3.1 A person is a **Covert Human Intelligence Source** (**CHIS**) if he or she establishes or maintains a personal or other relationship with another person in order to covertly obtain or disclose information.

3.2 RIPA sets out special rules relating to the management and use of information supplied by a **CHIS** and a duty of care is owed to the **CHIS** in how the information is used.

3.3 The conduct or use of a **CHIS** requires prior authorisation. Again, the ground on which a **CHIS** may be used by a Local Authority is "for the purpose of preventing or detecting crime or of preventing disorder."

3.4 A RIPA authorisation may not be required in circumstances where members of the public volunteer information to the Council as part of their normal civic responsibilities, however, this will depend on how the information has been obtained. If the person has obtained the information as an 'insider' i.e. in the course of a personal or other relationship or "as a result of the existence of such a relationship" then the person is likely to be a **CHIS,** even if the relationship was not formed or maintained for that purpose.

3.5 If the person has obtained the information as an outside observer then he or she is not a **CHIS**.

3.6 Where contact numbers are set up by the Council to receive information then it is unlikely that persons reporting information will be **CHISs** and similarly, people who complain about anti- social behaviour, and are asked to keep a diary, will not normally

be **CHISs** because they are not being required to establish or maintain a relationship for a **covert** purpose.

Juvenile CHISs

3.7 Special safeguards apply to the use or conduct of juveniles, that is, those under 18 years old, as a **CHIS**. On no occasion should the use or conduct of a **CHIS** under 16 years of age be authorised to give information against their parents or any person who has parental responsibility for them. In other cases, authorisations should not be granted unless the special provisions, contained within the Regulation of Investigatory Powers (Juveniles) Order 2000 (as amended), are satisfied.

3.8 Authorisations for juvenile sources should be granted by those listed in the table at Annex A of the Home Office Covert Human Intelligence Sources Revised Code of Practice (latest edition at time of writing was August 2018). In this Council, only the Chief Executive may authorise the use of a juvenile or vulnerable individual as a CHIS. The duration of such an authorisation is four months from the time of grant or renewal (instead of twelve months), and the authorisation should be subject to at least monthly review. For the purpose of these rules, the age test is applied at the time of the grant or renewal of the authorisation.

## 4. OPEN SOURCE (ONLINE) COVERT ACTIVITY

4.1 The use of the internet may be required to gather information during an operation, which may amount to **directed surveillance**. The Home Office Covert Surveillance and Property Interference Revised Code of Practice (latest edition at time of writing was August 2018) advises that simple reconnaissance of websites, that is, preliminary examination with a view to establishing whether a site or its contents are of interest, is unlikely to interfere with a person's reasonably held expectation of privacy and therefore is not likely to require a **directed surveillance** authorisation. However, where there is an intention to use the internet as part of an investigation and private information is likely to be obtained, a RIPA authorisation should be considered. When conducting an investigation which involves the use of the internet factors to consider are:

- officers must not create a false identity in order to "befriend" individuals on social networks without an authorisation under RIPA;
- officers viewing an individual's public profile on a social network should do so only to the minimum degree necessary and proportionate in order to obtain evidence to support or refute the suspicions or allegations under investigation;
- repeated viewing of open profiles on social networks to gather evidence or to monitor an individual's status, must only take place once a RIPA authorisation has been granted and approved by a Magistrate; and
- officers should be aware that it may not be possible to verify the accuracy of information on social networks and, if such information is to be used as evidence, take reasonable steps to ensure its validity.

4.2 Further, where an investigator may need to communicate covertly online, for example, contacting individuals using social media websites without disclosing his or her identity, a **CHIS** authorisation should be considered.

## 5. USE OF PERSONAL DEVICES FOR BUSINESS USE

5.1 Use of a personal device to access the internet or social media for business use, for example, as part of investigation, is still captured by RIPA. Consequently, officers are advised not to use personal devices for business use, particularly using a personal device to access the internet and social media for business use.

## 6. THE COUNCIL OWNED DRONE

6.1 Use of a drone has the potential to capture **private information**. **Collateral intrusion** is also highly likely when using a drone. Therefore, consideration should be given to whether a RIPA authorisation is required. A drone can be a very useful tool to use in an investigation, however, if there is the potential to gather **personal information** the subject of the investigation and/or the landowner will either need to be notified of the use of the drone (such that any use of the drone is not covert) or a RIPA authorisation will be needed. If the drone is to be flown over a residential area or highly populated area, where the potential for **collateral intrusion** is high, notification that the drone will be used will be published on the Council's website prior to the flight.

## 7. LOCAL AUTHORIY DIRECTED SURVEILLANCE CRIME THRESHOLD

7.1 A **Crime Threshold** applies to the authorisation of **directed surveillance** by Local Authorities under RIPA (see article 7A of the Regulation of Investigatory Powers (Directed Surveillance and Covert Human Intelligence Sources) Order 2010). This **Crime Threshold** does not apply to the authorisation of a **CHIS** by a Local Authority.

7.2 Local Authorities can only authorise use of **directed surveillance** under RIPA for the purpose of preventing or detecting criminal offences or disorder associated with criminal offences that are:

7.2.1 punishable, whether on summary conviction or on indictment, by a maximum term of at least six months imprisonment; or

7.2.2 relate to the underage sale of alcohol or tobacco.

7.3 If the **Crime Threshold** is not met, though surveillance is still required, a Non-RIPA form should be completed. A Non-RIPA form requires the applicant officer to consider necessity and proportionality as per a RIPA authorisation, however, there is no requirement for approval by a Justice of the Peace.

## 8. AUTHORISATION PROCESS - DIRECTED SURVEILLANCE AND USE OF A CHIS

Stage 1 - Request for Authorisation

8.1 **Directed surveillance** or the use of a **CHIS** can only be authorised by a Local Authority if the authorisation is *necessary* for the purpose of preventing or detecting crime or preventing disorder and the authorised surveillance is *proportionate* to what is sought to be achieved by carrying the surveillance out. When authorising the use of a **CHIS** arrangements also need to be in place for management of the **CHIS** and to ensure the security and welfare of the **CHIS**.

8.2 For **directed surveillance** or the use of a **CHIS**, only the approved RIPA forms, available on the Home Office website

(https://www.gov.uk/government/collections/ripa-forms--2)

may be used. Any other form will be rejected by the Authorising Officer. The applicant officer should complete the appropriate form providing as much detail as possible then submit to the appropriate Authorising Officer for authorisation.

8.3 If in doubt about the process to be followed or the information required in the form, an applicant officer should always seek the advice of the Head of Legal and Commercial Services or the Audit Manager before applying for an authorisation under RIPA.

8.4 The applicant officer will be responsible for ensuring that copies of all forms are forwarded to the Audit Manager within seven days of issue. As a control measure the Audit Manager will supply the applicant officer with a referenced copy of the authorisation which they should keep in their department in secure storage. Officers should ensure that material passing between them is sent in such a way that it cannot be read or intercepted by other people.

Stage 2 - Considering an Application for Authorisation

8.5 **Directed surveillance** or use of a **CHIS** can only be lawfully carried out if properly authorised and carried out in strict accordance with the terms of the authorisation.

8.6 The Secretary of State has specified by statutory instrument (the Regulation of Investigatory Powers (Directed Surveillance and Covert Human Intelligence Sources) Order 2010)) that, for any district council in England, Directors, Heads of Service or Service Managers or equivalent are designated persons for the purpose of s.28 and s.29 of RIPA, that is, they may act as Authorising Officers for the purpose of authorising applications for **directed surveillance** or the use of a **CHIS**. In this Council, the Chief Executive and the Directors are designated to act as Authorising Officers under the Constitution (Part 3, Sec 7, Para 3.3). The Chief Executive or Monitoring Officer may designate other officers to act as Authorising Officers, provided these officers are of the level specified by the Secretary of State in the Regulation of Investigatory Powers (Directed Surveillance and Covert Human Intelligence Sources) Order 2010.

8.7 Before signing a form seeking authorisation, the Authorising Officer must have regard to this Policy and Procedure, to any relevant Code of Practice, to any advice from the Head of Legal and Commercial Services or the Audit Manager and to any other relevant guidance.

8.8 The Authorising Officer must also satisfy himself / herself that the surveillance proposed in the application is:

8.8.1 in *accordance with the law*;

8.8.2 *necessary* in the circumstances of the particular case on the ground of preventing or detecting crime or preventing disorder; and

8.8.3 *proportionate* to what it seeks to achieve.

8.9 In considering whether or not the proposed surveillance is proportionate, the Authorising Officer will need to consider:

8.9.1 The seriousness of the crime or disorder which the surveillance seeks to detect and weigh this against the type and extent of surveillance proposed. For minor offences, it may be that surveillance is never proportionate; and

8.9.2 whether there are other more non- intrusive ways of achieving the desired outcome. If there are none, the Authorising Officer will need to consider whether the proposed surveillance is no more than necessary to achieve the objective, as the least intrusive method will be considered proportionate by the courts.

8.10 The Authorising Officer will also need to take into account the risk of intrusion into the privacy of persons other than the specified subject of the surveillance. This is known as "**collateral intrusion**". Measures must be taken whenever practicable to avoid or minimise, so far as practicable, **collateral intrusion**.

8.11 When authorising the conduct or use of a **CHIS** the Authorising Officer must also be satisfied that appropriate arrangements are in place for the management and oversight of the **CHIS**. This must address health and safety issues through a risk assessment. The Authorising Officer must also have regard to any adverse impact on community confidence that may result from the use or conduct of the information obtained.

8.12 The authorisation does not take effect until a Justice of the Peace has made an order approving the grant of the authorisation.

Stage 3 - Judicial Approval

8.13 If the Authorising Officer is satisfied that the surveillance is *necessary* and *proportionate,* they will instruct Legal Services to seek approval from a Justice of the Peace sitting at the Magistrates' Court.

8.14 Legal Services will request a hearing date from the Court. The time taken to obtain a heating date from the Court will need to be taken into account when scheduling any proposed surveillance.

8.15 Urgent approvals should not be necessary.

8.16 If the approval is urgent and cannot be handled the next working day then the applicant officer should:

8.16.1 phone the Court's out of hours legal staff contact. You will be asked about the basic facts and urgency of the authorisation. If the police are involved in the investigation you will need to address why the police cannot authorise the application.

8.16.2 If urgency is agreed, then arrangements will be made for a suitable Magistrate to consider the application. You will be told where to attend and give evidence.

8.16.3 Attend the hearing as directed with two copies of the signed RIPA authorisation form.

8.17 At the hearing the Council will provide the Court with a copy of the authorisation signed by the Authorising Officer, together with any supporting documents relevant to the matter showing the necessity and proportionality of the authorisation and which contain all the information relied upon. Also included will be a summary of the circumstances of the case.

8.18 The hearing will be in private heard by a single Justice of the Peace (Magistrate / District Judge) who will read and consider the application.

8.19 On reviewing the papers and hearing the application the Justice of the Peace will determine whether they are satisfied that there were, at the time the authorisation was granted, and continue to be reasonable grounds for believing that the authorisation is

*necessary* and *proportionate*. In addition they must also be satisfied that the Authorising Officer had the relevant authority to authorise the Council's own internal authorisation prior to it passing to the Court.

8.20 For authorisations for the use of a **CHIS** the Justice of the Peace will also need to be satisfied that there were and are reasonable grounds for believing appropriate arrangements are in place for the management and oversight of the **CHIS**.

8.21 The Justice of the Peace may ask questions of the Council in order to satisfy themselves of the necessity and proportionality of the request.

8.22 In considering the application the Justice of the Peace may decide to:

8.22.1 grant an Order approving the authorisation or renewal. The authorisation or renewal will then take effect and the Local Authority may proceed to use surveillance in accordance with the authorisation;

8.22.2 refuse to approve the authorisation or renewal. The RIPA authorisation will not take effect and the Local Authority may not use the proposed surveillance. Where an application has been refused the Council may wish to consider the reasons for that refusal. For example, a technical error in the form may be remedied without the need to go through the internal authorisation process again. The Council may then wish to reapply for judicial approval once those errors have been remedied;

8.22.3 refuse to approve the grant or renewal and quash the authorisation or notice. A Justice of the Peace must not exercise its power to quash an authorisation unless the applicant (the Council) has had at least two business days' notice from the date of the refusal in which to make representations.

Stage 4 - Duration and Review

8.23 If the Justice of the Peace approves the authorisation, the authorisation will last, in the case of **directed surveillance**, a period of 3 months and, in the case of a **CHIS**, a period of 12 months.

8.24 Authorising Officers must then conduct regular reviews of authorisations granted in order to assess the need for the surveillance to continue. Reviews should be conducted on a monthly basis as a minimum. The Authorising Officer may decide that reviews should be conducted more frequently, particularly where a high level of collateral intrusion is likely.

8.25 A review involves consultation with the applicant officer and any other persons involved in the surveillance. The applicant officer must give sufficient information about the surveillance and any information obtained by the surveillance for the Authorising Officer to be satisfied that the authorised surveillance should continue. Applicant officers should be pro-active in preparing reports to assist Authorising Officers carry out reviews.

Stage 5 - Renewals

8.26 If it appears that the surveillance will continue to be *necessary* and *proportionate* beyond the 3 month period for **directed surveillance** or 12 months for use of a **CHIS**, the authorisation must be renewed.

8.27 An application for renewal should be made by the applicant officer by completing the appropriate form which is available from the Home Office website (https://www.gov.uk/government/collections/ripa-forms--2). This form should then be submitted to the Authorising Officer who must then consider the matter afresh, including taking into account the benefits of the surveillance to date and any collateral intrusion that has occurred.

8.28 The Authorising Officer must be satisfied that it is *necessary* and *proportionate* for the authorisation to continue and that the **Crime Threshold** continues to be met. The authorisation for renewal must then be approved by a Justice of the Peace for it to take effect.

8.29 An authorisation may be renewed and approved before the initial authorisation ceases to have effect but the renewal takes effect from the time at which the authorisation would have expired. If necessary, a renewal can be granted more than once.

Stage 6 - Cancellations

8.30 The Authorising Officer who granted or last renewed the authorisation must cancel the authorisation if the grounds for granting (or renewing) no longer apply or if the authorisation is no longer *necessary* or *proportionate*.

8.31 An authorisation can be cancelled on the initiative of the Authorising Officer following a periodic review or after receiving an application for cancellation from the applicant officer. Forms for the cancellation of **directed surveillance** and use of a **CHIS** are available on the Home Office website

(https://www.gov.uk/government/collections/ripa-forms--2)

## 9. COMMUNICATIONS DATA

9.1 The term "**communications data**" includes the "who", "when", "where", and "how" of a communication but not the content i.e. what was said or written. It includes the way in which, and by what method, a person or thing communicates with another person or thing. It excludes anything within a communication including text, audio and video that reveals the meaning, other than inferred meaning, of the communication.

9.2 It can include the address to which a letter is sent, the time and duration of a communication, the telephone number or e-mail address of the originator and recipient, and the location of the device from which the communication was made. It covers electronic communications including internet access, internet telephony, instant messaging and the use of applications. It also includes postal services.

9.3 The acquisition of **communications data** is permitted under Part 3 of the IPA and will be a justifiable interference with an individual's human rights under the European Convention on Human Rights only if the conduct being authorised or required to take place is *necessary* for the purposes of a specific investigation or operation, *proportionate* and *in accordance with law*.

9.4 Training should be made available to all those who participate in the acquisition and disclosure of **communications data**.

9.5 The Home Office has published the "Communications Data Code of Practice" (latest edition at time of writing was November 2018). This code should be readily available to persons involved in the acquisition of **communications data** under the IPA and persons exercising any functions to which this code relates must have regard to the code.

9.6 The IPA stipulates that conduct to be authorised must be *necessary* for one or more of the purposes set out in the IPA. For Local Authorities this purpose is "for the applicable crime purpose" which means:

9.6.1 where the **communications data** is wholly or partly events data (events data covers information about time-bound events taking place across a telecommunication system at a time interval, for example, information tracing the origin or destination of a communication that is, or has been, in transmission), the purpose of preventing or detecting serious crime; or

9.6.2 in any other case, the purpose of preventing or detecting crime or of preventing disorder.

9.7 "Serious Crime" means:

9.7.1 an offence for which an adult is capable of being sentenced to one year or more in prison;

9.7.2 any offence involving violence, resulting in a substantial financial gain or involving conduct by a large group of persons in pursuit of a common goal;

9.7.3 any offence committed by a body corporate;

9.7.4 any offence which involves the sending of a communication or a breach of privacy; or

9.7.5 an offence which involves, as an integral part of it, or the sending of a communication or breach of a person's privacy.

9.8 A Local Authority may not make an application that requires the processing or disclosure of internet connection records for any purpose.

## 10. AUTHORISATION PROCESS - COMMUNICATIONS DATA

10.1 Acquisition of **communications data** under the IPA involves four roles:

10.1.1 The Applicant Officer - The applicant officer is a person involved in conducting or assisting an investigation or operation within a relevant public authority who makes an application in writing or electronically for the acquisition of **communications data**;

10.1.2 The Single Point of Contact (SPoC) - The SPoC is an individual trained to facilitate the lawful acquisition of **communications data** and effective co-operation between a public authority, the Office for Communications Data Authorisations (OCDA) and telecommunications operators and postal operators. To become accredited an individual must complete a course of training appropriate for the role of a SPoC and have been issued the relevant SPoC unique identifier. The Home Office provides authentication services to enable telecommunications operators and postal operators to validate SPoC credentials;

10.1.3 The Senior Responsible Officer - Within every relevant public authority there should be a Senior Responsible Officer. The Senior Responsible Officer must be of a senior rank in a public authority. This must be at least the same rank as the designated senior officer specified in Schedule 4 of the IPA. Where no designated senior officer is specified the rank of the senior responsible officer must be agreed with the Home Office; and

10.1.4 The Authorising Individual - **Communications data** applications can be authorised by three separate categories of individual depending on the circumstances of the specific case. The Authorising Individual for Local Authorities is the authorising officer in the OCDA. Section 60A of the IPA confers power on the IPC to authorise certain applications for **communications data**. In practice the IPC will delegate these functions to his staff. These staff will sit in a body which is known as the OCDA.

10.2 An authorisation provides for persons within a public authority to engage in conduct relating to a postal service or telecommunication system, or to data derived from such a telecommunication system, to obtain **communications data**. The following types of conduct may be authorised:

10.2.1 conduct to acquire **communications data** - which may include the public authority obtaining **communications data** themselves or asking any person believed to be in possession of or capable of obtaining the **communications data** to obtain and disclose it; and/or

10.2.2 the giving of a notice - allowing the public authority to require by a notice a telecommunications operator to obtain and disclose the required data.

<u>Stage 1 - Making an Application</u>

10.3 Before public authorities can acquire **communications data**, authorisation must be given by an Authorising Individual. An application for that authorisation must include an explanation of the necessity of the application.

10.4 Necessity should be a short explanation of the investigation or operation, the person and the **communications data** and how these three link together. The application must establish the link between the three aspects to be able to demonstrate the acquisition of **communications data** is necessary for the statutory purpose specified.

10.5 When granting an authorisation the authorising individual must also believe that conduct to be proportionate to what is sought to be achieved by obtaining the specified **communications data** – that the conduct is no more than is required in the circumstances. This involves balancing the extent of the interference with an individual's rights and freedoms against a specific benefit to the investigation or operation being undertaken by a relevant public authority in the public interest.

10.6 As well as consideration of the rights of the individual whose data is to be acquired consideration must also be given to any actual or potential infringement of the privacy and other rights of individuals who are not the subject of the investigation or operation.

10.7 The applicant officer will complete an application form setting out for consideration the necessity and proportionality of a specific requirement for acquiring **communications data**.

10.8 The application should record subsequently whether it was authorised by an authorising individual and when that decision was made. Applications should be retained by the public authority and be accessible to the SPoC.

Stage - 2 Consultation with the Single Point of Contact

10.9 A SPoC must be consulted on all Local Authority applications before they are authorised.

10.10 Amongst other things the SPoC will:

10.10.1 assess whether the acquisition of specific **communications data** from a telecommunications operator or postal operator is reasonably practicable or whether the specific data required is inextricably linked to other data; and

10.10.2 advise applicants on the most appropriate methodology for acquisition of data where the data sought engages a number of telecommunications operators or postal operators.

10.11 The National Anti-Fraud Network ('NAFN') is hosted by Tameside Metropolitan Borough Council.

10.12 In accordance with section 73 of the IPA, all Local Authorities who wish to acquire **communications data** under the IPA must be party to a collaboration agreement. In practice this means they will be required to become members of NAFN and use NAFN's shared SPoC services. Applicant officers within Local Authorities are therefore required to consult a NAFN SPoC throughout the application process. The accredited SPoCs at NAFN will scrutinise the applications independently. They will provide advice to the Local Authority ensuring it acts in an informed and lawful manner.

10.13 In addition to being considered by a NAFN SPoC, the local authority making the application must ensure someone of at least the rank of the senior responsible officer in the local authority is aware the application is being made before it is submitted to an authorising officer in OCDA. The local authority senior responsible officer must be satisfied that the officer(s) verifying the application is (are) of an appropriate rank and must inform NAFN of such nominations. In this Council the Chief Executive is the Senior Responsible Officer and the officers notified to the NAFN (notified in March 2019) as able to verify applications are the Head of Legal and Commercial Services and the Audit Manager.

10.14 NAFN will be responsible for submitting the application to OCDA on behalf of the local authority.

Stage 3 - Authorisation of Applications

10.15 The (OCDA) performs this function on behalf of the IPC. An authorising officer in OCDA can authorises requests from Local Authorities.

10.16 The authorising individual is responsible for considering and, where appropriate, authorising an application for **communications data**. It is their responsibility to consider the application and record their considerations at the time, in writing or electronically in order to show that they have understood the need for the application and considered necessity and proportionality to a standard that will withstand scrutiny. Comments should be tailored to a specific application as this best demonstrates the application has been properly considered.

10.17 If the authorising individual believes the acquisition of **communications data** meets the requirements set out in the IPA and is necessary and proportionate in the specific circumstances, an authorisation will be granted. If the authorising individual does not consider the criteria for obtaining the data have been met the application should be rejected and/or referred back to the SPoC and the applicant officer.

Stage 4 - Refusal to Grant an Authorisation

10.18 Where a request is refused by an authorising officer in OCDA, the public authority has three options:

10.18.1 not proceed with the request;

10.18.2 resubmit the application with a revised justification and/or a revised course of conduct to acquire **communications data**; or

10.18.3 resubmit the application with the same justification and same course of conduct seeking a review of the decision by OCDA. A public authority may only resubmit an application on the same grounds to OCDA where the senior responsible officer or a person of equivalent grade in the public authority has agreed to this course of action. OCDA will provide guidance on its process for reviewing such decisions.

Stage 5 - Duration of Authorisations and Notices

10.19 An authorisation becomes valid on the date upon which the authorisation is granted. It is then valid for a maximum of one month. This means the conduct authorised should have been commenced, which may include the giving of a notice, within that month.

10.20 Any notice given under an authorisation remains in force until complied with or until the authorisation under which it was given is cancelled.

10.21 All authorisations should refer to the acquisition or disclosure of data relating to a specific date(s) or period(s). Any period should be clearly indicated in the authorisation. The start date and end date should be given, and where a precise start and end time are relevant these must be specified.

10.22 Where an authorisation relates to the acquisition or obtaining of specific data that will or may be generated in the future, the future period is restricted to no more than one month from the date upon which the authorisation was granted.

10.23 Authorising individuals should specify the shortest possible period of time for any authorisation. To do otherwise would impact on the proportionality of the authorisation and impose an unnecessary burden upon the relevant telecommunications operator(s) or postal operator(s).

Stage 6 - Renewal of Authorisations

10.24 Any valid authorisation may be renewed for a period of up to one month by the grant of a further authorisation. A renewed authorisation takes effect upon the expiry of the authorisation it is renewing.

10.25 Renewal may be appropriate where there is a continuing requirement to acquire or obtain data that will or may be generated in the future. The reasons for seeking renewal

should be set out by the applicant officer in an addendum to the application upon which the authorisation being renewed was granted.

10.26 Where an authorising individual is granting a further authorisation to renew an earlier authorisation, they should:

10.26.1 consider the reasons why it is necessary and proportionate to continue with the acquisition of the data being generated; and

10.26.2 record the date and, when appropriate to do so, the time when the authorisation is renewed.

Stage 7 - Cancellations

10.27 An authorisation may be cancelled at any time by the Local Authority or OCDA and must be cancelled if, at any time after the granting of the authorisation, it is no longer necessary for a statutory purpose or the conduct required by the authorisation is no longer proportionate to what was sought to be achieved.

10.28 In practice, it is likely to be the public authority that is first aware that the authorisation is no longer necessary or proportionate. In such cases the SPoC (having been contacted by the applicant officer, where appropriate) must cease the authorised conduct.

10.29 A notice given under an authorisation (and any requirement imposed by a notice) is cancelled if the authorisation is cancelled but is not affected by the authorisation ceasing to have effect at the end of one month period of validity.

## 11. CENTRAL CO-ORDINATION

11.1 The Chief Executive will be the Senior Responsible Officer for the overall implementation of RIPA and the IPA.

11.2 The Head of Legal and Commercial Services will be responsible for:

11.2.1 giving advice and assistance to all staff concerned with the operation of RIPA and the IPA;

11.2.2 arranging training for all staff concerned with the operation of RIPA and the IPA; and

11.2.3 maintaining and keeping up to date this corporate policy and procedure.

11.3 The Audit Manager will be responsible for:

11.3.1 maintaining a central and up to date record of all authorisations;

11.3.2 along with the Head of Legal and Commercial Services, giving advice and assistance to all staff concerned with the operation of RIPA and the IPA; and

11.3.3 allocating reference numbers to authorisations.

## 12. WORKING WITH OTHER AGENCIES

12.1 When another agency has been instructed on behalf of the Council to undertake any action under RIPA, this Council will be responsible for obtaining a RIPA authorisation and therefore this Policy and Procedure must be used. The other agency must then be given explicit instructions on what actions it may undertake and how these actions are to be undertaken.

12.2 When another agency (e.g. Police, HMRC, etc):

12.2.1 wish to use the Council's resources (e.g. CCTV surveillance systems) for RIPA purposes, that agency must use its own RIPA procedures and, before any officer agrees to allow the Council's resources to be used for the other agency's purposes he or she must obtain a copy of that agency's RIPA form, a copy of which must be passed to the Audit Manager for inclusion on the central register;

12.2.2 wish to use the Council's premises for their own RIPA action, and is expressly seeking assistance from the Council, the request should normally be granted unless there are security or other good operational or managerial reasons as to why the Council's premises should not be used for the other agency's activities. Suitable insurance or other appropriate indemnities may need to be sought. In such cases, the Council's own RIPA forms should not be used as the Council is only assisting and not involved in the RIPA activity of the other agency.

## 13. OTHER SOURCES OF INFORMATION

13.1 The Home Office has issued Codes of Practice on **directed surveillance**, **CHISs** and **communications data**. These Codes of Practice supplement this policy and procedure document and should be used as a source of reference by all officers whose task it is to apply the provisions of RIPA and the IPA and their subordinate legislation.

## 14. RECORDS MANAGEMENT

14.1 The Council must keep a detailed record of all authorisations, judicial approvals, reviews, renewals, cancellations and rejections in the relevant services. A central record of all authorisation forms, whether authorised or rejected, will be maintained and monitored by the Audit Manager.

14.2 All Authorising Officers must send all original applications for authorisation to the Audit Manager. Each document will be given a unique reference number, the original will be placed on the central record and a copy will be returned to the applicant officer.

14.3 Copies of all other forms used and the judicial approval form must be sent to the Audit Manager bearing the reference number previously given to the application to which it refers.

Service Records

14.4 Each service must keep a written record of all authorisations issued to it, and any judicial approvals granted, to include the following:

14.4.1 a copy of the application and a copy of the authorisation together with any supplementary documentation and notification of the approval given by the Authorising Officer;

14.4.2 a record of the period over which the operation has taken place;

14.4.3 the frequency of reviews prescribed by the Authorising Officer;

14.4.4 a record of the result of each review;

14.4.5 a copy of any renewal of an authorisation and any supporting documentation submitted when the renewal was requested;

14.4.6 the date and time when any instruction was given by the Authorising Officer, including cancellation of such authorisation;

14.4.7 a copy of the order approving or otherwise the grant or renewal of an authorisation from a Justice of the Peace; and

14.4.8 the required date of destruction and when this was completed.

Central Record Maintained by the Audit Manager

14.5 A central record of all authorisation forms, whether authorised or rejected, is kept by the Audit Manager. The central record must be readily available for inspection on request by the Investigatory Powers Commissioner.

14.6 The central record must be updated whenever an authorisation is granted, reviewed, renewed or cancelled. Records will be reviewed after a period of 6 years from the date on which the relevant criminal or civil proceedings file is closed for archive and deleted when no longer necessary.

14.7 The central record must contain the following information:

14.7.1 the type of authorisation;

14.7.2 the date on which the authorisation was given;

14.7.3 name / rank of the Authorising Officer;

14.7.4 details of attendances at the Magistrates' Court to include date of attendances at court, the determining Justice of the Peace, the decision of the Justice of the Peace and the time and date of that decision;

14.7.5 the unique reference number (URN) of the investigation / operation. This will be issued by the Audit Manager when a new application is entered in the Central Record. The applicant officer will be informed accordingly and should use the same URN when requesting a renewal or cancellation;

14.7.6 the title of the investigation / operation, including a brief description and names of the subjects, if known;

14.7.7 if the authorisation was renewed, when it was renewed and who authorised the renewal, including the name and rank / grade of the Authorising Officer;

14.7.8 whether the investigation / operation is likely to result in the obtaining of **confidential information** (information is confidential if it is held subject to an express or implied undertaking to hold it in confidence or it is subject to a restriction on disclosure or an obligation of confidentiality contained in existing legislation. Examples might include consultations between a health professional and a patient, information from a patient's medical records; or matters subject to legal privilege);

14.7.9 if the authorisation was reviewed, when it was reviewed and who authorised the review, including the name and rank / grade of the Authorising Officer;

14.7.10 the date and time that the authorisation was cancelled.

14.8 It should also contain a comments section enabling oversight remarks to be included for analytical purposes.

14.9 The Audit Manager co-ordinating RIPA and IPA applications ensures that there is an awareness of the investigations taking place. This would also serve to highlight any unauthorised **covert** surveillance being conducted.

Retention and Destruction of Material

14.10 Departments must ensure that arrangements are in place for the handling, storage and destruction of material obtained through the use of **covert** surveillance, a CHIS and/or the acquisition of communications data which accord with the Council's Information Management Policy. Records will be reviewed after a period of 6 years from the date on which the relevant criminal or civil proceedings file is closed for archive and must be destroyed as soon as they are no longer necessary. **Confidential material must be destroyed as soon as it is no longer necessary**. It must not be retained or copied unless it is necessary for a specified purpose. Where there is doubt, advice must be sought from the Head of Legal and Commercial Services or the Senior Responsible Officer.

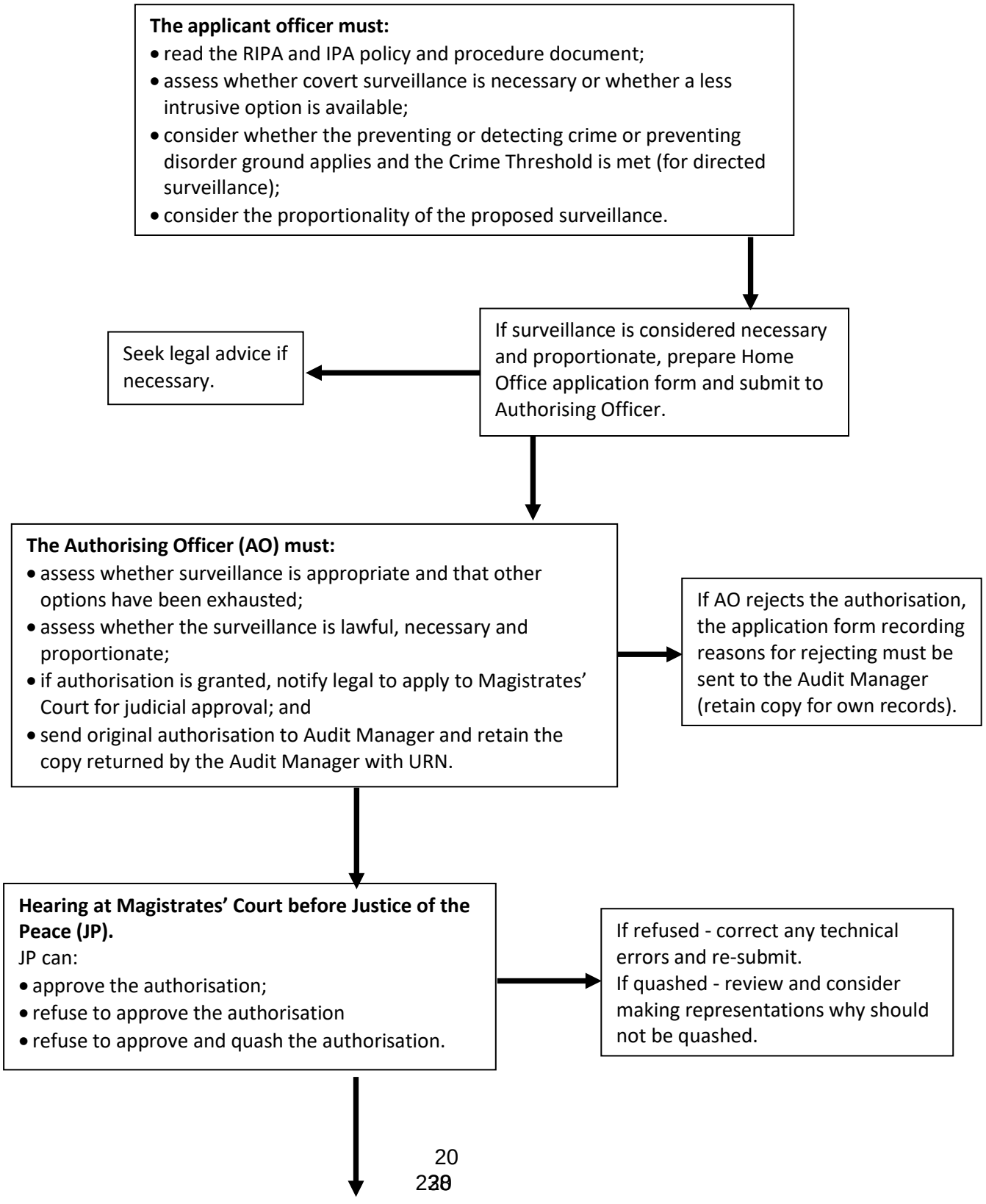
## 15. REVISION HISTORY

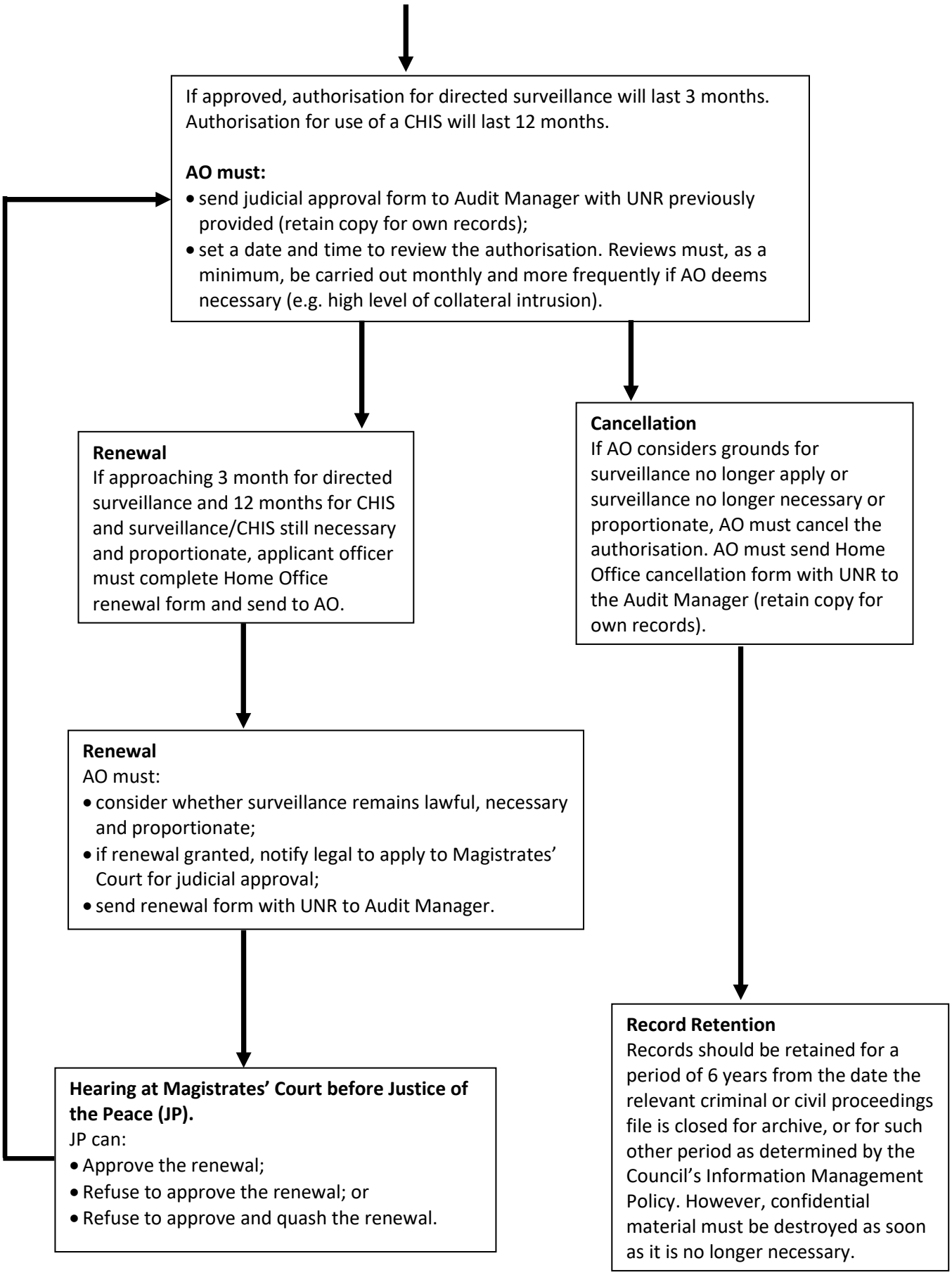
| **Date** | **Action** |
|---|---|
| December 2006 | ASG Revised |
| May 2009 | ASG Reviewed |
| June 2010 | AW Reviewed and updated |
| March 2012 | ASG Revised |
| October 2012 | HO Guidance issued |
| September 2013 | RH Reviewed and updated |
| October 2015 | DMG Reviewed and updated |
| 9 December 2015 | Approved by Audit and Governance Committee |
| 12 January 2016 | Approved by Council |

**APPENDIX 1**

## RIPA - AUTHORISATION OF DIRECTED SURVEILLANCE / USE OF A CHIS PROCEDURE

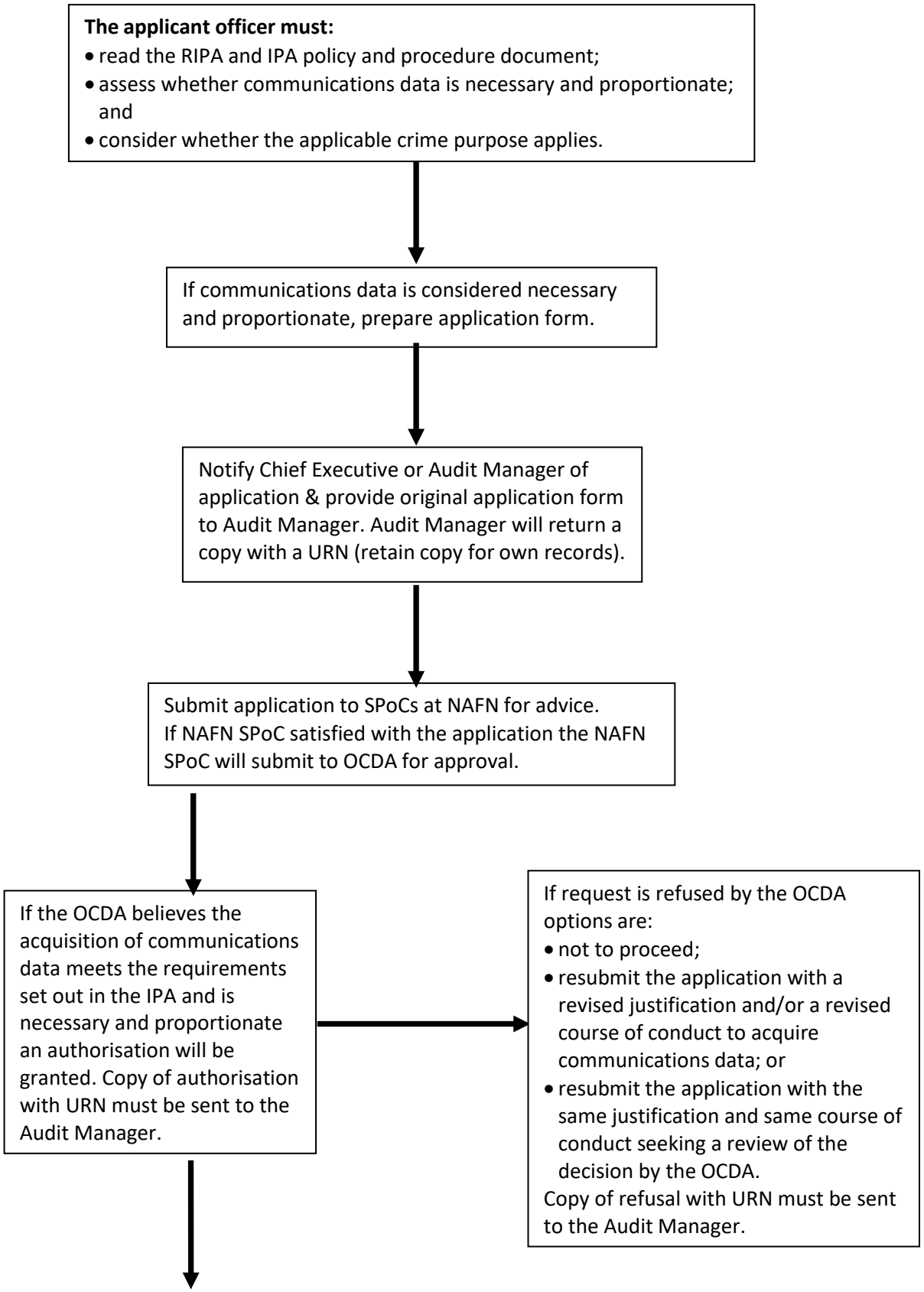
(Note: Note: Only the Chief Executive may authorise the use of a juvenile or vulnerable individual as a CHIS)

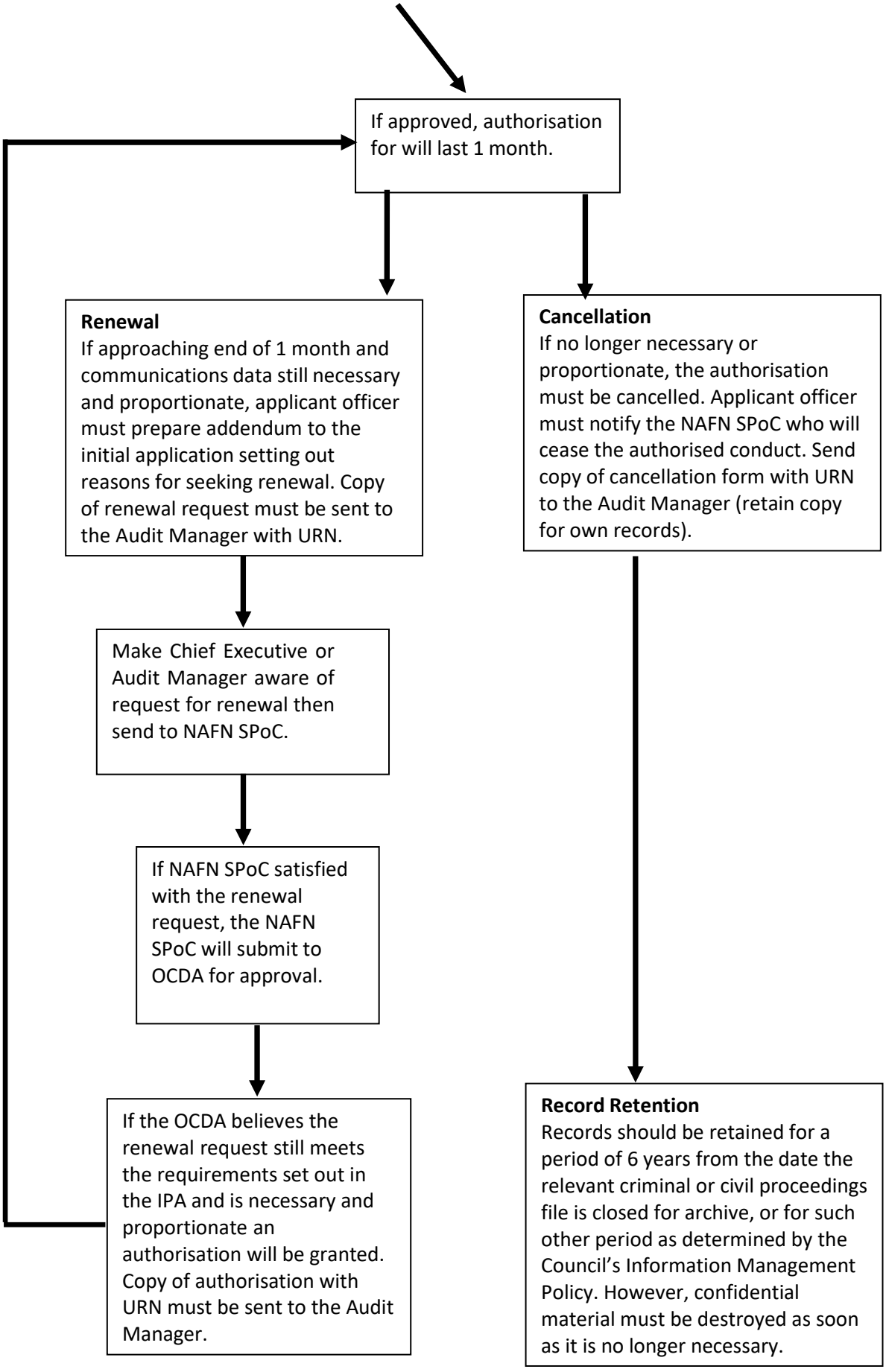



If approved, authorisation for directed surveillance will last 3 months. Authorisation for use of a CHIS will last 12 months.
AO must:
• send judicial approval form to Audit Manager with UNR previously provided (retain copy for own records);
• set a date and time to review the authorisation. Reviews must, as a minimum, be carried out monthly and more frequently if AO deems necessary (e.g. high level of collateral intrusion).
Renewal
If approaching 3 month for directed surveillance and 12 months for CHIS and surveillance/CHIS still necessary and proportionate, applicant officer must complete Home Office renewal form and send to AO.
Cancellation
If AO considers grounds for surveillance no longer apply or surveillance no longer necessary or proportionate, AO must cancel the authorisation. AO must send Home Office cancellation form with UNR to the Audit Manager (retain copy for own records).
Renewal
AO must:
• consider whether surveillance remains lawful, necessary and proportionate;
• if renewal granted, notify legal to apply to Magistrates' Court for judicial approval;
• send renewal form with UNR to Audit Manager.
Hearing at Magistrates' Court before Justice of the Peace (JP).
JP can:
• Approve the renewal;
• Refuse to approve the renewal; or
• Refuse to approve and quash the renewal.
Record Retention
Records should be retained for a period of 6 years from the date the relevant criminal or civil proceedings file is closed for archive, or for such other period as determined by the Council's Information Management Policy. However, confidential material must be destroyed as soon as it is no longer necessary.

**APPENDIX 1**

## IPA - COMMUNICATIONS DATA AUTHORISATION PROCESS




If approved, authorisation for will last 1 month.
Renewal
If approaching end of 1 month and communications data still necessary and proportionate, applicant officer must prepare addendum to the initial application setting out reasons for seeking renewal. Copy of renewal request must be sent to the Audit Manager with URN.
Cancellation
If no longer necessary or proportionate, the authorisation must be cancelled. Applicant officer must notify the NAFN SPoC who will cease the authorised conduct. Send copy of cancellation form with URN to the Audit Manager (retain copy for own records).
Make Chief Executive or Audit Manager aware of request for renewal then send to NAFN SPoC.
If NAFN SPoC satisfied with the renewal request, the NAFN SPoC will submit to OCDA for approval.
If the OCDA believes the renewal request still meets the requirements set out in the IPA and is necessary and proportionate an authorisation will be granted. Copy of authorisation with URN must be sent to the Audit Manager.
Record Retention
Records should be retained for a period of 6 years from the date the relevant criminal or civil proceedings file is closed for archive, or for such other period as determined by the Council's Information Management Policy. However, confidential material must be destroyed as soon as it is no longer necessary.

This page is intentionally left blank

# RISK MANAGEMENT POLICY

## Policy Statement

**Version Control**

| Version No. | Author | Date |
|---|---|---|
| 1 | | December 2014 |
| 2 | | May 2016 |
| 3 | Andy Barton | May 2020 |
| **4** | **Andy Barton** | **May 2022** |

**May 2022**

# RISK MANAGEMENT POLICY

## 1. INTRODUCTION

1.1 The Council has adopted the principles of risk management in order to meet the following objectives:

- to protect the health, safety and welfare of its employees and the communities it serves;
- to protect its property, assets and other resources;
- to protect the services it provides; to main its reputation and good standing in the wider community; and
- to deliver its overall objectives and priorities.

## 2. RISK MANAGEMENT STRUCTURE

2.1 Risk Management is co-ordinated corporately by the Health and Safety Officer and through the Corporate Risk Scrutiny Group (RSG) chaired by a Strategic Director. It also refers and reports to Corporate Leadership Team thereby reaching all services in the Council and ensuring senior management oversight and involvement. Progress on Corporate Risk Management will be reported to members through performance reports to the Audit and Governance Committee. The Corporate Portfolio Holder is the Cabinet member with overall responsibility for risk management, the Leader of the Council.

2.2 Risk management is embedded in the culture of the authority through:

- the continued adoption of the Council's risk management policy statement;
- a nominated officer lead, currently Strategic Director.
- the Corporate Risk Scrutiny Group and Corporate Leadership Team accountability;
- an established uniform procedure for the identification, analysis, management and monitoring of risk;
- training and briefings in conjunction with appropriate third parties and
- regular monitoring and reporting through the corporate performance management system and control mechanisms.

2.3 The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal Audit play a vital role in advising the Council that these arrangements are in place and operating effectively. Each year the Audit Manager produces a risk-based annual Audit Plan. This is informed by a risk assessment which includes a review of corporate and service risk registers, and consultation with key stakeholders and senior management. The Plan is developed to deliver a programme of internal audits to provide independent assurance to senior management and members. Internal audit undertake a risk based approach for individual assignments and gives a rating of the level of assurance that be awarded within each system / business area. This demonstrates the extent to which controls are operating effectively to ensure that significant risks to the achievement of the Council's priorities are being addressed.

## 3. AIMS OF THE POLICY

3.1 The Council will strive to maintain its diverse range of services to the community and visitors to the North West Leicestershire area. It will protect and continue to provide

these services by ensuring that its assets, both tangible and intangible, are protected against loss and damage. The Council is committed to a programme of risk management to ensure its ambitions for the community can be fulfilled through:

*"The identification, analysis, management and financial control of those risks which can most impact on the Council's ability to pursue its approved delivery plan"*.

3.2 The Council is committed to using risk management to maintain and improve the quality of its own services as well as any contribution by partnerships through its community leadership role. The Risk Management Policy has the following aims and objectives:

- to continue to embed risk management into the culture of the Council;
- to promote the recognition of risk within the Council's defined corporate aims and objectives;
- continue to raise risk awareness within the Council and its partners;
- to manage risk in accordance with best practice;
- to comply with legislation and guidance;
- to improving safety and increase safety awareness;
- to protect Council property, services and public reputation;
- to reduce disruption to services by having effective contingency or recovery plans in place to deal with incidents when they occur;
- to minimise injury, damage, loss and inconvenience to residents, staff, service users, assets, etc arising from or connected with the delivery of Council services;
- to review robust frameworks and procedures for the identification, analysis, assessment and management of risk, and the reporting and recording of events, based on best practice;
- to maximise value for money.

3.3 Regularly through the Risk Scrutiny Group, the Council's Corporate Leadership Team (CLT) will review the Risk Management Policy and its risk management processes to ensure their continued relevance to the Council. The annual review will also assess performance against the aims and objectives set out above. Completion of the self-evaluation matrix will be a key monitoring tool and a central part of this review. CLT will be accountable to members for the effective management of risk within the Council. This will be achieved through the quarterly reporting of corporate risks to Audit and Governance Committee and at least annually to Cabinet.

## 4. RISK MANAGEMENT POLICY

4.1 The overall objective of the Council's risk management Policy is to ensure that risks to the Council's objectives, services, employees, partnerships and contractors are identified, recorded, amended, prioritised and then addressed by being treated, tolerated, transferred or terminated. The Policy incorporates:

(a) <u>Identification / Consideration of Risks</u>

- Identifies corporate and operational risks, assesses the risks for likelihood and impact, identifies mitigating controls and allocates responsibility for the mitigating controls.
- Requires the consideration of risk within all service plans and reviews and the regular review of existing risks as identified in the risk register.
- Requires, reports supporting strategic policy decisions and project initiation documents, to include a risk assessment.

- Externally horizon scan for impending risks that may impact the council, communicate the risk to the appropriate risk owner so they can assess forlikelihood and impact, identify mitigating controls and allocate responsibility for themitigating controls.

(b) Development Delivery

- Allocates responsibility for embedding risk management to a senior officer and Member, to jointly champion.
- Embeds risk management into; strategic planning, financial planning, policy making and review, and performance management.
- Requires that an update report arising from the work of the Risk Scrutiny Group is presented to Corporate Leadership Team for discussion and information on a quarterly basis.
- Develops arrangements to monitor and measure performance of risk management activities against the Council's strategic aims and priorities.
- Considers risks in relation to significant partnerships, which requires assurances to be obtained about the management of those risks.

(c) Member Involvement / Responsibility

- Quarterly reports will be produced for Audit and Governance Committee on the management of business risks together with recommendation of appropriate actions.
- Reporting to Cabinet and Portfolio members where necessary.

(d) Training / Awareness

- Requires relevant training and tool kits to be given to appropriate staff to enable them to take responsibility for managing risks within their environment.
- Requires the maintenance of documented procedures for the control of risk and the provision of suitable information, training and supervision.
- Develops appropriate procedures and guidelines.
- Considers positive risks (opportunities) and negative risks (threats).
- Facilitates risk management awareness training for all members.

(e) Review

- Maintains and reviews a register of corporate business risks linking them to strategic business objectives and assigning ownership for each risk.
- Requires an annual review of the risk management process, including a report to CLT, localised Risk Registers where necessary and quarterly reporting to the Audit and Governance Committee.
- In the case of new or changing strategic risks, report to Audit and Governance Committee and/or Cabinet through the quarterly performance reporting process.
- Requires each team / department to review their individual Risk Registers as and when required (but no less than quarterly) managed by the respective CLT member.

(f) Business Continuity

- Develops contingency plans in areas where there is a potential for an occurrence having a catastrophic effect on the delivery of the Council's services.

(g) Insurance

- Ensures the appropriate officer responsible for insurance is notified of any new risks.
- Ensures adequate records are maintained and retained to support the Council's defence against disputed insurance claims.

(h) Controlling the Risks

Traditionally in risk management there are four ways to mitigate the risks to the organisation, these being typically referred to as **Treat, Tolerate, Transfer and Terminate** and are known collectively as the "4 Ts".

- **Tolerate** means the risk is known and accepted by the organisation. In such instances the senior management team should formally sign off that this course of action has been taken.
- **Transfer** means the risk mitigation is transferred i.e. it is passed to a third party such as an insurer or an outsourced provider, although it should be noted that responsibility for the risk cannot be transferred or eliminated.
- **Terminate** means we stop the process, activity, etc or stop using the premises, IT system, etc which is at risk and hence the risk is no longer relevant.
- **Treat** means we aim to reduce the likelihood of the threat materialising or else reduce the resultant impact through introducing relevant controls and continuity strategies.

## 5. RISK APPETITE

5.1 Our risk appetite guides how much risk we are willing to seek or accept to achieve our objectives. We recognise we will need to take risks, both in our ordinary business and to achieve the priorities set out in our Council Delivery Plan. Good risk management ensures we make well informed decisions, and we understand the associated risks. By ensuring that we properly respond to risks we will be more likely to achieve our priorities. It also provides control and a high level of due diligence consistent with our responsibilities in managing public money.

5.2 We recognise effective risk management considers not just threats but also opportunities. So, our approach to risk is to seek the right opportunities and, where possible, minimise threats. By encouraging managed risk taking and considering all of the available options we seek a balance between caution and innovation.

5.3 Our risk appetite reflects our current position; encouraging managed risk taking for minor to moderate level risks but controlling more closely those risks that come further up the scale. Our appetite for risk will vary over time depending on our ambitions and priorities and the environment we work in. Resources are aligned to priorities and arrangements are in place to monitor and mitigate risks to acceptable levels.

5.4 Beyond our risk appetite is our risk tolerance. This sets the level of risk that is unacceptable, whatever opportunities might follow. In such instances we will aim to reduce the risk to a level that is within our appetite. Whilst appetite may be lower, tolerance levels may be higher, and the Council recognises that it is not possible or necessarily desirable to eliminate some of the risks inherent in its activities. In some instances, acceptance of risk within the public sector is necessary due to the nature of services, constraints within operating environment and a limited ability to directly influence where risks are shared across sectors.

5.5 We illustrate our risk appetite and tolerance in our grading of risks within the risk

register. Risks that are red represents the outer limit of our risk appetite, and those amber of green indicates the tolerance. Where risks are identified as red we will seek to reduce these risks through the 4 T's identified above. As a Council we are unlikely to take risks that will cause a significant negative consequence for our objectives, and only would consider doing so where this is a clear and overarching need to do so.

## 6. CORPORATE RISK SCRUTINY GROUP

6.1 The Corporate Risk Scrutiny Group is made up of technical experts and corporate leads from the Council's Service Areas. Members of the Group act as "champions" for risk within their services and the Group provides a link into the CLT.

6.2 The role of the Group is to maintain a formal framework that will assist with the management of risk and business continuity, by developing the corporate lead and advising CLT on the expected outcome. The objectives of the Group are:

- to assess and advise on the reduction of prevailing risks within the Council's services, to the benefit of staff and the public;
- to discuss, agree and recommend as appropriate, on matters relating to corporate risk policy;
- to make reports and recommendations to CLT;
- to discuss operational risks insofar as they relate to matters of cross-directorate interest;
- to oversee the implementation of the Council's risk management Policy, and to promote a holistic approach to its ongoing management;
- to promote good risk management practices with the aim of reducing potential liabilities;
- to consider and identify new risks, and ideas / schemes for risk reduction;
- to provide a forum to discussion on risk management issues.

These will be achieved through the following:

- the use of the Council's Risk Management reporting system;
- monitoring the Risk Management Policy;
- reviewing the Council's risk register and associated action plans, acting as a forum for examining and rating risks and making recommendations to CLT;

- developing a comprehensive performance framework for risk management, and developing and using key indicators capable of showing improvements in risk management and providing early warning of risk;
- supporting the development and review of internal standards and procedures regarding significant risk areas;
- supporting the development and implementation of relevant training, awareness and education programmes;
- supporting the development and implementation of adequate, relevant and effective reporting, communication and information dissemination systems with managers and staff;
- supporting the effective monitoring and review of near misses, untoward incidents and accidents, legal and insurance claims and verifying that appropriate management action has been taken promptly to minimise the risk of future occurrence;
- supporting the review of the risk register and action plans to ensure that appropriate management action is taken appropriately to tolerate, treat, transfer or terminate the risk;
- monitoring compliance with legal and statutory duties;
- providing progress reports to CLT and members, drawing to their attention significant business risks;
- encouraging localised Risk Registers to be created where necessary, as well as supporting dynamic risk assessment.

## 7. PROCEDURES

7.1 The Council will adopt uniform procedures for the identification, analysis, management and monitoring of risk. These will be embodied in a formal risk management framework, which will be subject to annual review by the Audit and Governance Committee, following consideration by CLT.

The approved framework is set out in Appendix A to this Policy document.

## 8. FUNDING FOR RISK MANAGEMENT

8.1 The annual Service and Financial Planning process will include a review of operational risks and consider the allocation of funds for risk management initiatives as part of the annual budget process. If additional funds are required approval will be sought initially from CLT.

## 9. BENEFITS OF EFFECTIVE RISK MANAGEMENT

9.1 Effective risk management will deliver a number of tangible and intangible benefits to Individual services and to the Council as a whole e.g.

<u>Improved Strategic Management</u>

- Greater ability to deliver against objectives and targets
- Increased likelihood of change initiatives being delivered effectively
- Improved reputation, hence support for regeneration
- Increased confidence to take controlled risks

<u>Improved Operational Managements</u>

- Reduction in interruptions to service delivery: fewer surprises!

- Reduction in managerial time spent dealing with the consequences of a risk event occurring
- Improved health and safety of employees and others affected by the Council's activities
- Compliance with legislation and regulations

Improved Financial Management

- Better informed financial decision-making
- Enhanced financial control
- Reduction in the financial costs associated with losses due to service interruption, litigations, etc.
- Improved containment of insurance premiums

Improved Customer Service

- Minimal service disruption to customers and a positive external image

**APPENDIX A**

## RISK MANAGEMENT FRAMEWORK

### (A) What is the framework?

This framework promotes a set of uniform risk management procedures through which directorates will identify, analyse, monitor and manage the risks faced by the Council.

For the purposes of the framework, risk management is defined as *"the identification, analysis, management and financial control of those risks that can impact on the Council's ability to deliver its services and priorities."*

Risk management is therefore concerned with better decision making, through a clear understanding of all associated risks before final decisions are made by either members or officers. When risks are properly identified, analysed and prioritised it is possible to formulate action plans that propose management actions to reduce risk or deal adequately with the consequences of the risks should they occur. The underlying aim is to treat, terminate or transfer risk to bring them to an acceptable manageable level within the Council, monitor tolerated risk, ensuring services to the public can be maintained, and that the Council's priorities can be fulfilled.

Risk management therefore supports the Council's service planning process by positively identifying the key issues that could affect the delivery of the service objectives.

### (B) Why does the Council need to consider risk management as part of its service planning?

All organisations have to deal with risks, whatever their nature. As a general principle the Council will seek to reduce or control all risks that have the potential to:

- harm individuals;
- affect the quality of service delivery or delivery of the council's priorities;
- have a high potential of occurrence;
- would affect public confidence;
- would have an adverse effect on the council's public image;
- would have significant financial consequences;
- have a potential for litigation in line with exposure detailed below.

Risk Management cannot therefore be considered in isolation, but needs to be an integral part of decision-making and service planning processes of the Council. Risk management must be fully embedded in:

- service planning,
- performance management,
- best value,
- committee reports.

For this reason risk management is located within the HR and Organisation Development team of the Council, with high level commitment by the Chief Executive to integrate risk management in everything the Council does.

## (C) Assessing risk

Once risks have been identified, an assessment of their significance is required. This requires a robust and transparent scoring mechanism to be used uniformly across Council directorates.

Scoring should be a group exercise including managers and frontline employees. This is because people's perceptions vary and this can have an effect on scoring the risk. Employees who experience a risk every day can become complacent and fail to see how serious it may actually be, whilst a group will usually see the wider impact.

A decision on risk ownership is also required. The owner should be at management level and be responsible for ensuring that controls identified to manage the risk are in place and that they are effective. Delegation of responsibility for particular actions to other employees is acceptable, but overall control of risk must remain with management.

Tables 1 and 2 below set out a scoring mechanism for assessing the likelihood and the impact of exposure to risk.

***Table 1 - assessing the likelihood of exposure***

| | |
|---|---|
| ***1. Low*** | Likely to occur once in every ten years or more |
| ***2. Medium*** | Likely to occur once in every two to three years |
| ***3. High*** | Likely to occur once a year |
| ***4. Very High*** | Likely to occur at least twice in a year |

***Table 2 - assessing the impact of exposure***

| | |
|---|---|
| ***1. Min or*** | Loss of a service for up to one day.<br>Objectives of individuals are not met.<br>No injuries.<br>Financial loss over £1,000 and up to £10,000.<br>No media attention.<br>No breaches in Council working practices.<br>No complaints / litigation. |
| ***2. Medium*** | Loss of a service for up to one week with limited impact on the general public.<br>Service objectives of a service unit are not met.<br>Injury to an employee or member of the public requiring medical treatment.<br>Financial loss over £10,000 and up to £100,000.<br>Adverse regional or local media attention - televised or news paper report.<br>Potential for a complaint litigation possible.<br>Breaches of regulations / standards. |

| | |
|---|---|
| ***3. Serious*** | Loss of a critical service for one week or more with significant impact on the general public and partner organisations.<br>Service objectives of the directorate of a critical nature are not met.<br>Non-statutory duties are not achieved.<br>Permanent injury to an employee or member of the public<br>Financial loss over £100,000.<br>Adverse national or regional media attention - national newspaper report.<br>Litigation to be expected.<br>Breaches of law punishable by fine. |
| ***4. Major*** | An incident so severe in its effects that a service or project will be unavailable permanently with a major impact on the general public and partner organisations.<br>Strategic priorities of a critical nature are not met.<br>Statutory duties are not achieved.<br>Death of an employee or member of the public.<br>Financial loss over £1m.<br>Adverse national media attention - national televised news report.<br>Litigation almost certain and difficult to defend.<br>Breaches of law punishable by imprisonment. |

## (D) Prioritisation of risk

Table 3 brings together in a matrix the likelihood and impact of risk.

***Table 3 - a risk matrix***

| | | **Likelihood** | | | |
|---|---|---|---|---|---|
| | | **1** | **2** | **3** | **4** |
| **Impact** | **4** | 4 | 8 | 12 | 16 |
| | **3** | 3 | 6 | 9 | 12 |
| | **2** | 2 | 4 | 6 | 8 |
| | **1** | 1 | 2 | 3 | 4 |

Based on this matrix, the Council must decide on the level of risk it is prepared to accept as part of its ongoing operations. Any risk above the agreed level should be considered unacceptable and will therefore need to be managed. The risks in the above matrix fall into three zones; red, amber and green. Table 4 sets out the Councils intended response to these risks.

***Table 4 - intended responses to risk***

| | |
|---|---|
| ***Red*** | Controls and/or mitigating actions are required to reduce the risk to an acceptable level. Effort should be focused on reducing the risk of any items appearing in this zone, hence moving them to the amber or green zone. |
| ***Amber*** | Risks will require ongoing monitoring to ensure they do not move into the red zone. Depending on the resources required to address |

| | |
|---|---|
| | the red risks, it may be appropriate to develop controls/mitigating actions to control these risks. |
| ***Green*** | Existing controls and/or mitigating actions are sufficient and may be excessive. More resource committed to reduce these risks is likely to be wasted. Consideration should be given to relaxing the level of control to release resources for mitigating higher level risks. |

## (E) Format of the risk register

Annex 1 to this framework provides a standard format.

| Corporate Risk Register | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Risk Description | Consequence | Cause | Inherent Risk | | | Responsibility of | Responsible to | Control Measures | Residual Risk | | | |
| Ref No. | | | | Impact | Likelihood | Rating | | | | Impact | Likelihood | Rating | Movement of Risk |

## (F) Roles of Officers

The Council's work is delivered largely through its officers. Set out below is a summary of the roles of different groups of officers in the risk management process:

**Lead officer** – to oversee the overall risk management process and ensuring reporting to Audit & Governance Committee, Cabinet and if necessary, Council. Keep this Rick Management Policy under annual review.

**CLT Members** – to instil the importance of Risk Management as set out in this policy, to ensure that risk registers etc as set out in this policy are addressed in their areas of responsibility, and to take part in the overall management of risk across the authority.

**Head of Human Resources & Organisational delivery** – to address training needs related to the management of risk as they arise through Team Management plans and the coverage of risk training plan for the organisation as a whole.

**Project sponsors** – to ensure the projects under their sponsorship comply with the Risk Management Policy

**Team Managers** – to ensure risk management is instilled into Team Plans as they are developed and ensure that risk management is taken forward as part of the operation of their respective areas of control.

**Members of Corporate Risk Scrutiny Group** – to act as champions of risk in their service areas, and deliver the objectives of the group as set out in this policy.

**All staff** – to ensure that they are aware of risk management, the corporate policy regarding risk, and identify, report or manage risk as appropriate within their control.

**NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL**

**AUDIT AND GOVERNANCE COMMITTEE – WEDNESDAY, 27 JULY 2022**

| | | |
|---|---|---|
| **Title of Report** | **STANDARDS AND ETHICS REPORT - QUARTER 1** | |
| **Presented by** | Elizabeth Warhurst<br>Head of Legal and Commercial Services and Monitoring Officer | |
| **Background Papers** | None | **Public Report:** Yes |
| **Purpose of Report** | To receive the figures for local determination of complaints and the ethical indicators for Quarter 1 of 2022/2023 | |
| **Recommendations** | **THE REPORT BE RECEIVED AND NOTED.** | |

## 1.0 BACKGROUND

1.1 The Standards and Ethics Report provides information in two categories: Local Determination of Complaints and Ethical Indicators.

1.2 The Quarter 1 Report include updates on the progress of ongoing cases as requested by members at the Q4 21/22 meeting.

| **Policies and other considerations, as appropriate** | |
|---|---|
| Council Priorities: | Our communities are safe, healthy and connected |
| Policy Considerations: | N/A |
| Safeguarding: | Safeguarding in relation to Modern Slavery |
| Equalities/Diversity: | N/A |
| Customer Impact: | Detail any impact the decision will have on customers |
| Economic and Social Impact: | N/A |
| Environment and Climate Change: | N/A |
| Consultation/Community Engagement: | Customers have the opportunity to report on measures that are included in this report |
| Risks: | By receiving this information members will be able to manage risks |
| Officer Contact | Elizabeth Warhurst<br>Head of Legal and Commercial Services<br>elizabeth.warhurst@nwleicestershire.gov.uk |

This page is intentionally left blank

# Standards and Ethics

## Quarter 1 Report

2022-2023



North West Leicestershire District Council

# Contents





North West Leicestershire District Council

# Introduction

This is the quarterly report to the Audit & Governance Committee detailing both the figures for the Ethical Indicators and the figures for the Local Determination of Complaints process for 2022/23.

For clarification purposes the months covered by the quarters are as follows:

Quarter 1 – 1 April to 30 June

Quarter 2 – 1 July to 30 September

Quarter 3 – 1 October to 31 December

Quarter 4 – 1 January to 31 March

The report is split into 2 parts for ease of reference; Part 1 refers to the local determination of complaints, part 2 is the table showing the ethical indicators figures.

The report will enable the Audit & Governance Committee to build up a picture over time of how many complaints are received and where these are coming from. The parts of the Code of Conduct which have been breached will also be recorded to enable training to be targeted effectively.



North West Leicestershire District Council

# Local Determination of Complaints

The Monitoring Officer received 0 complaints in Quarter 1 of 2022/23 (1 April 2022 – 30 June 2022)

2.1 Assessment Sub-committee Decisions

There has been 0 Assessment Sub-committee meetings in this quarter.

The Monitoring Officer pursues an informal dispute resolution process prior to initiating formal proceedings via the Sub-committee route.

1 complaint received in quarter 4 of 21/22 has been resolved informally in Quarter 1.

2.2 Timeliness of Decision

The Standards for England Guidance stated that the Assessment Sub-committee should complete its initial assessment of an allegation "within an average of 20 working days" to reach a decision on what should happen with the complaint. The Council has taken this standard and adapted it under the new rules to aim to hold an Assessment Sub-committee within 20 working days of notifying the parties that informal resolution is not possible.

2.3 Review Requests



There have been 0 review requests in Quarter 1. Review requests can only be made following a decision of 'No further Action' by the Assessment Sub-committee where there is submission of new evidence or information by the complainant.

2.4 Subsequent Referrals

None to report – see above

2.5 Outcome of Investigations

There were no investigations concluded in this period

2.6 Parts of the Code Breached

This section is intended to show where there are patterns forming to enable the Audit and Governance Committee to determine where there needs to be further training for Councillors. Targeting training in this way makes it more sustainable and, hopefully, more effective.

So far this year, the following areas of the code were found to have been breached:

N/A

North West Leicestershire District Council

# Complaints made to the Monitoring Officer under the Code of Conduct during Q1 2022/23

| Qtr 1 22/23 | Complaint from | About district/ parish councillor | Regarding | status |
|---|---|---|---|---|
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

# Ethical Indicators

| PERFORMANCE INDICATOR0 | Q1 | | | Q2 | | | Q3 | | | Q4 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 20/21 | 21/22 | 22/23 | 19/20 | 20/21 | 21/22 | 19/20 | 20/21 | 21/22 | 19/20 | 20/21 | 21/22 |
| Instances of concerns raised re Modern Slavery | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 |
| Instances of concerns raised re Modern Slavery referred to national agencies | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Number of whistle blowing incidents reported | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Number of Challenges to procurements | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Public interest Reports | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Objections to the Councils Accounts | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Disciplinary action relating to breaches of the Member/Officer Protocol | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Follow up action relating to breaches of the Member/Officer Protocol | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |



North West Leicestershire District Council

# Freedom of Information Requests

| | Q1 | | | Q2 | | | Q3 | | | Q4 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 20/21 | 21/22 | 22/23 | 19/20 | 20/21 | 21/22 | 19/20 | 20/21 | 21/22 | 19/20 | 20/21 | 21/22 |
| Total Number (FOIs) | 55 | 102 | 147 | 100 | 93 | 107 | 79 | 152 | 90 | 79 | 94 | 196 |
| % answered on time | 72.2% | 82.9% | 51% | 95.8% | 84.1% | 71.9% | 99% | 75% | 95.1% | 95.8% | 86% | 78.17% |
| Average per month | 18 | 34 | 49 | 33 | 31 | 36 | 26 | 51 | 30 | 26 | 31 | 65 |
| Average response time (days) | 15 | 14 | 7 | 10 | 13 | 13 | 10 | 17 | 10 | 11 | 11 | 15 |
| Business as usual (BAUs) | 27 | 1 | N/A | 73 | 24 | 14 | 62 | 26 | 2 | 65 | 11 | N/A |
| Withheld due to exemption/fees (FOI and BAU)* | 10 | 19 | 0 | 18 | 16 | 12 | 7 | 31 | 15 | 8 | 10 | 13 |
| Transfers (TFRs) | 14 | 18 | 29 | 22 | 18 | 12 | 30 | 25 | 24 | 33 | 23 | 28 |
| Subject access requests (SARs) | 3 | 1 | 3 | 12 | 6 | 2 | 6 | 12 | 5 | 5 | 5 | 13 |
| Internal Reviews | 1 | 0 | 1 | tbc | tbc | 2 | tbc | 0 | 1 | 2 | 0 | 2 |
| Environmental Information Requests/ Land Charges Searches (personal) | 213 | 6 | 4 | 367 | 1 | 491 | 308 | 2 | 336 | 334 | 11 | 1 |

- The number of requests received in Q1 has reduced by 30% in comparison to Q4 21/22
- In comparison to Q1 21/22, requests have increased by 40%
- We have seen an impact in response time in Q1. We have formed an Information Governance working group to aim to remedy this.
- We do not log requests as a BAU on the new system. All requests are logged on the case management system as an FOI request.



North West Leicestershire District Council

# FOI Exemptions for Q1 22/23

| Exemption | Description | FOI | BAU | Total |
|---|---|---|---|---|
| S21 | Information Already Reasonably Accessible | | | |
| S22 | Information Intended for Future Publication | | | |
| S27 | International Relations | | | |
| S28 | Relations within the UK | | | |
| S29 | The Economy | | | |
| S30 | Investigations | | | |
| S31 | Law Enforcement | | | |
| S32 | Court Records | | | |
| S36 | Effective Conduct of Public Affairs | | | |
| S38 | Endangering Health and Safety | | | |
| S39 | Environmental Information | | | |
| S40 | Personal Information of the Requester/Personal Information | | | |
| S41 | Confidentiality | | | |
| S42 | Legal Professional Privilege | | | |
| S43 | Trade Secrets and Prejudice to Commercial Interests | | | |
| S44 | Prohibitions on Disclosure | | | |
| **Total** | ***Number need not match the number of cases. Multiple exemptions may apply to one case.*** | **0** | **0** | **0** |

# Definitions

**Business as usual** Information requested can be sent quickly and easily within the normal course of business

**Land Charges** specific information about a particular property

**Ombudsman Complaint** a customer has followed Stage 1 and 2 complaints procedure but unhappy with the outcome they are entitled to take complaint to the Local government Ombudsman who will decide if the Council has a case to answer.

**Subject Access Request** a request by an individual to see information an organisation holds on them

**Transfers** requests received that fall out of our remit i.e. Adult social Care or Highways

**Environmental Information Request** a right for any person to request access to environmental information held by public authorities.



North West Leicestershire District Council

This page is intentionally left blank