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Meeting	AUDIT AND GOVERNANCE COMMITTEE
Time/Day/Date	6.30 pm on Wednesday, 20 November 2024
Location	Abbey Room, Stenson House, London Road, Coalville, LE67 3FN
Officer to contact	Democratic Services (01530 454512)

AGENDA

Item	Pages
1. APOLOGIES FOR ABSENCE	
2. DECLARATION OF INTERESTS	
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	
To confirm and sign the minutes of the meeting held on 25 September 2024	3 - 6
4. COMMITTEE WORK PLAN	
To note the Committee's work plan	7 - 8
5. ANNUAL GOVERNANCE STATEMENT 2023-24	
Report of the Strategic Director of Resources	9 - 34
6. TREASURY MANAGEMENT UPDATE REPORT - QUARTER 2	
Report of the Head of Finance and Deputy Section 151 Officer	35 - 52
7. CORPORATE RISK UPDATE	
Report of the Strategic Director of Resources	53 - 86
8. STANDARDS AND ETHICS REPORT - QUARTER 2	
Report of the Interim Head of Legal and Support Services and Monitoring Officer	87 - 96

9. QUARTER 2 AUDIT PROGRESS REPORT

Report of the Audit Manager

97 - 116

Circulation:

Councillor P Moulton (Chair)
Councillor D Everitt (Deputy Chair)
Councillor A Barker
Councillor R Boam
Councillor D Cooper
Councillor R Johnson
Councillor G Rogers
Councillor J G Simmons
Councillor N Smith
Councillor R Sutton

MINUTES of a meeting of the AUDIT AND GOVERNANCE COMMITTEE held in the Abbey Room, Stenson House, London Road, Coalville, LE67 3FN on WEDNESDAY, 25 SEPTEMBER 2024

Present: Councillor P Moulton (Chair)

Councillors D Everitt, A Barker, D Cooper, R Johnson, G Rogers, J G Simmons, N Smith and R Sutton

In Attendance: Councillors

Officers: Mrs A Crouch, Miss E Warhurst, Mr T Devonshire, Mr P Stone and Ms B Leonard

External Audit:

17. APOLOGIES FOR ABSENCE

Apologies were received from Councillor R Boam.

18. DECLARATION OF INTERESTS

There were no interests declared.

19. MINUTES

Consideration was given to the minutes of the meetings held on 7 August 2024 and 22 August 2024.

It was moved by Councillor N Smith, seconded by Councillor A Barker, and

RESOLVED THAT:

The minutes of the meetings held on 7 August 2024 and 22 August 2024 be confirmed as accurate records of proceedings.

20. COMMITTEE WORK PLAN

Consideration was given to the inclusion of any items on the work programme.

21. REVIEW OF THE COUNCIL'S ARRANGEMENTS FOR DEALING WITH COMPLAINTS ABOUT COUNCILLORS

The Head of Legal and Support Services and Monitoring Officer presented the report.

In response to a question about a complaint which had related to the determination of a planning application, the Monitoring Officer clarified that a complaint needed to relate to matters covered by the Code of Conduct and not simply that the complainant was unhappy with the outcome of an application. Once received, a complaint was considered against the initial tests to see whether it could progress.

Members discussed concerns around public behaviour towards them in certain, rare circumstances. The Monitoring Officer advised that a piece of work around LGA good practice and the 'debate not hate' campaign was being worked on by Officers currently, and would be presented to Members in due course.

The Chair of the Governance Working Group advised that a large part of the work was around clarifying terminology, tidying up minor errors, and reconciling inconsistencies.

She thanked Officers for assisting the Governance Working Group and the rest of the Committee concurred.

It was moved by Councillor JG Simmons, seconded by Councillor R Johnson, and

RESOLVED THAT:

1. The work of the cross-party working group in conducting the review of the arrangements for dealing with complaints about Councillors be noted
2. The proposed amendments to the arrangements summarised in the report and at appendix A, and illustrated at appendix B, and the proposed changes to the flowchart at appendix C be considered.
3. The amendments to the arrangements and flowchart be recommended to Council for adoption at its meeting on 5 November 2024, for adoption with effect from 6 November 2024.
4. Council be recommended to delegate authority to the Monitoring Officer to update the Constitution to give effect to the amendments required as a consequence of reviewing the arrangements, as set out at appendix D.

22. EXTERNAL AUDIT PROGRESS REPORT - 2021/22 STATEMENT OF ACCOUNTS

The Strategic Director of Resources introduced the report, before handing over to a representative from Mazars.

The Chair noted that the strategy of the Council was one which had been recommended by the new central Government, so to enable the audit system to refocus on recent accounts, as set out in a letter from the Minister for Housing, Communities and Local Government which the Strategic Director had shared with the Committee. The letter was published as an additional paper and was available for Members at the meeting. It described the Government's approach in addressing the backlog of audit delays referencing the legislation that has now been laid before Parliament and confirms the backstop dates for financial years up to and including 2027/28.

A discussion was had about the how the Council's backlog of Statement of Accounts compared regionally and nationally. The Strategic Director of Resources advised that a significant proportion of local authorities were in a similar position to the Council, but he would clarify the precise details and share the most up to date figures with the Committee outside of the meeting.

It was moved by Councillor JG Simmons, seconded by Councillor N Smith, and

RESOLVED THAT:

The report be noted.

23. STATEMENT OF ACCOUNTS 2021/22

The Strategic Director of Resources presented the report.

A discussion was had about the nature of the backlog. The Strategic Director of Resources reiterated previous communications on the matter, and said he would share them with the new Member of the Committee. He then concisely set out the specific technical problems which had hampered the 2021/22 accounts, and the culmination of structural issues which had hampered local authorities and the audit sector nationally.

In response to a Member, the Strategic Director of Resources clarified that Mazars would be present in December to give opinions on the 2021/22 and 2022/23 accounts in

December. These would be modified or disclaimer opinions as opposed to qualified or unqualified.

The representative from Mazars added that the formal opinions on the accounts were always given at the end of the sign off process. They were still awaiting some guidance on how to give opinions on the backlogged accounts matter from central Government. Further guidance would be set out for Members at the meeting on 9 December 2024.

A discussion was had about the implications of voting for the recommendations of the report. The Strategic Director of Resources advised that by putting the Statement of Accounts before the Committee he was formally endorsing them as 'a true and fair' view which had followed appropriate codes of practice. The Statement of Accounts presented to the Committee in the report were effectively a draft and unaudited set of accounts; if they weren't signed off they would be presented again in December with the Mazars opinion. This was in keeping with the 'backstop' process as set out by Government to rebuild assurances.

A discussion was had about the 2022/23 Statement of Accounts. The Strategic Director of Resources advised that the Finance Team was currently finalising the 2022/23 accounts and their publication was imminent; the Committee would have sight of them ahead of the December meeting.

Members discussed deferring the vote until December committee. A Member voiced a range of concerns he had with voting for the recommendations, such as there being no input from Mazars, no Statement of Going Concern and no Value for Money opinion. He was also concerned with the staff turnover since 2021/22, including that the current Section 151 Officer had not been in place for the period, and recent internal audit reports had highlighted concerns regarding the finance systems and processes, which had received limited assurance.

The representative from Mazars advised that deferral would reduce the time available to issue the disclaimer opinion ahead of the crucial 13 December 2024 deadline. Nevertheless, he emphasised that it was for the committee to decide how to proceed.

Councillor R Sutton moved a motion to defer approving the recommendations within the report; it was not seconded.

The Chair summed up the discussion, concluding that the Committee should keep this process of moving forwards. Most Members concurred.

The representative from Mazars noted added that the rebuilding assurance phase, with new auditors, would begin after the 2021/22 and 2022/23 Statement of Accounts backlog was resolved. The national audit system was being reset and assurances would be forthcoming.

It was moved by Councillor JG Simmons, seconded by Councillor A Barker, and

RESOLVED THAT:

1. The annual Statement of Accounts 2021/22 be approved.
2. The Chair of the Committee be authorised to sign the Statement of Accounts 2021/22.
3. Authority be delegated to the Committee Chair and the Section 151 Officer to approve any minor non-material amendments, as agreed with the external auditors, to the Statement of Accounts 2021/22 on behalf of the Committee.

The meeting commenced at 6.30 pm

The Chairman closed the meeting at 7.37 pm

AUDIT AND GOVERNANCE COMMITTEE – WORK PROGRAMME (as at 11/11/24)

Issue	Report Author	Meeting at which will be reported
December 2024		
Draft Accounting Policies 2023/24	Anna Crouch, Head of Finance	9 December 2024
Statement of Accounts 2022/23	Anna Crouch, Head of Finance	9 December 2024
February 2025		
Annual Review of the Council's Constitution	Kate Hiller, Legal Team Manager and Deputy Monitoring Officer	5 February 2025
Standards and Ethics Report - Quarter 3	Kate Hiller, Legal Team Manager and Deputy Monitoring Officer	5 February 2025
Annual IT Health Check	Sam Outama, ICT Team Manager	5 February 2025
Treasury Management Update Report - Quarter 3 To present the quarterly treasury management report to members.	Anna Crouch, Head of Finance	5 February 2025
Quarter 3 Audit Progress Report	Kerry Beavis, Audit Manager	5 February 2025
April 2025		
Annual Member Conduct Report	Charlotte Smith, Apprentice Solicitor	23 April 2025
Draft Accounting Policies 2024/25 To present the Draft Accounting Policies 2024/25 to members for approval	Anna Crouch, Head of Finance	23 April 2025
Audit Plan	Kerry Beavis, Audit Manager	23 April 2025
Quarter 4 Audit Progress Report	Kerry Beavis, Audit Manager	23 April 2025
June 2025		
Standards and Ethics Report - Quarter 4	Kate Hiller, Legal Team Manager and Deputy Monitoring Officer	4 June 2025

Issue	Details	Report Author	Meeting at which will be reported
Treasury Management Stewardship Report 2024/25 To report the Treasury Management Stewardship Report 2024/25 to members		Anna Crouch, Head of Finance	4 June 2025

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

AUDIT AND GOVERNANCE COMMITTEE – WEDNESDAY, 20
NOVEMBER 2024

Title of Report	ANNUAL GOVERNANCE STATEMENT 2023-24	
Presented by	Paul Stone Strategic Director of Resources	
Background Papers	Annual Governance Statement 2021/22 and 2022/23 - Audit and Governance Committee 24 April 2024	Public Report: Yes
Financial Implications	There are no financial implications arising from this report.	
	Signed off by the Section 151 Officer: Yes	
Legal Implications	Under Regulation 3 of the Accounts and Audit Regulations 2015, the Council is required to conduct a review of the effectiveness of the system of internal control and as such must prepare an Annual Governance Statement.	
	Signed off by the Monitoring Officer: Yes	
Staffing and Corporate Implications	There are no staffing implications arising from this report.	
	Signed off by the Head of Paid Service: Yes	
Purpose of Report	To present the Annual Governance Statement 2023/24.	
Recommendations	THAT AUDIT COMMITTEE APPROVES THE ANNUAL GOVERNANCE STATEMENT 2023/24.	

1.0 BACKGROUND

- 1.1 Local authorities have a legal responsibility to conduct, at least annually, a review of the effectiveness of their governance framework including their system of internal control. Following the review an Annual Governance Statement (AGS) must be produced, approved and published. Good practice dictates that the document is published alongside the statement of accounts but is considered in its own right.
- 1.2 Under normal circumstances, the Annual Governance Statement (AGS) would be published alongside the Statement of Accounts for the relevant year. However, since the Council has not yet published these accounts, it is beneficial for the Audit and Governance Committee to review the AGS at this time. The AGS will be presented alongside the draft unaudited Statement of Accounts for 2023/24 at a future meeting.

- 1.3 Audit Committee Members are asked to note the findings of the AGS and the actions proposed to further develop or strengthen elements of the Council's governance arrangements, which are outlined in the AGS shown in Appendix 1.
- 1.4 The Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) issue joint annual guidance on corporate governance which encourages local authorities in going beyond consideration of the internal control environment to look at wider arrangements for supporting sound corporate governance.
- 1.5 The CIPFA/SOLACE guidance - 'Delivering Good Governance in Local Government : Framework (2016)', outlines seven core principles for good governance, with a number of supporting principles. These seven principles are:
- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of the law.
 - B. Ensuring openness and comprehensive stakeholder engagement.
 - C. Defining outcomes in terms of sustainable economic, social and environmental benefits.
 - D. Determining the interventions necessary to optimise the achievement of the intended outcomes.
 - E. Developing the Authority's capacity, including the capability of its leadership and the individuals within it.
 - F. Managing risks and performance through robust internal control and strong public financial management.
 - G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.
- 1.6 A key element of compiling the Annual Governance Statement is an assessment of the extent to which the Council has adhered to the governance standards set out in its Code, and providing a robust evidence base for this, set out in a transparent way. This is seen in the Statement in the section titled "How we comply with the CIPFA/SOLACE framework" on pages 8-14.
- 1.7 The AGS includes the following sections:
- Background and Scope of Responsibility – this section provides the purpose of the document and outlines the legal requirements for an AGS and its link to the Council's Code of Corporate Governance.
 - The Purpose of the Governance Framework – describes the Council's system of internal control.
 - The Governance Framework – describes how the Council has complied with the principles in its Code of Corporate Governance and includes links to online documents where the reader can access more detailed information.
- 1.8 There were several areas for improvement identified in the review of the AGS 2021/22 and 2022/23 for which updates have been provided.
- 1.9 The review of the 2023/24 AGS has identified further areas for improvement which are set out in the section titled "What are our key governance development priorities for 2024/25?". The Annual Governance Statement is a snapshot document that reflects the governance arrangements, performance, and structure of the Council at a specific point in time. Typically, it is prepared to coincide with the end of the financial year, and it provides a transparent account of the Council's governance policies and practices

over that period. The AGS 2024/25 will demonstrate the progress the Council has made in improving its governance arrangements.

1.10 The final section of the report details the overall opinion and conclusion.

1.11 Following Audit and Governance Committee approval, the final AGS will be published on the Council's website.

Policies and other considerations, as appropriate	
Council Priorities:	- A Well-Run Council
Policy Considerations:	Code of Corporate Governance.
Safeguarding:	None.
Equalities/Diversity:	None.
Customer Impact:	None.
Economic and Social Impact:	None.
Environment, Climate Change and Zero Carbon	None.
Consultation/Community/Tenant Engagement:	None.
Risks:	The AGS is a mandatory requirement for local authorities. Failure to produce an AGS may result in non-compliance with relevant regulations namely the Accounts and Audit Regulations 2015.
Officer Contact	Paul Stone Director of Resources paul.stone@nwleicestershire.gov.uk

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**ANNUAL
GOVERNANCE
STATEMENT
2023/24**

What is Governance?

Governance is about how we ensure that we are doing the right things, in the right way for the right people in a timely, inclusive, open, honest and accountable manner.

Governance refers to the processes, systems, and practices through which organisations, including governments, are directed and controlled. It encompasses the mechanisms by which decisions are made, implemented, and monitored to ensure accountability, transparency, and efficiency.

It includes:

1. **Decision-Making:** Local councils and officials make decisions on various issues affecting the community, such as planning, public services, and local regulations.
2. **Service Delivery:** Ensuring that essential services like waste management, public transportation, and social services are effectively provided to residents.
3. **Community Engagement:** Involving citizens in the decision-making process through consultations, public meetings, and feedback mechanisms to ensure their needs and preferences are considered.
4. **Accountability and Transparency:** Maintaining clear and open communication with the public about decisions, policies, and the use of public funds to build trust and ensure responsible governance.
5. **Regulation and Enforcement:** Implementing and enforcing local laws and regulations to maintain order and protect the welfare of the community.

Effective local governance is crucial for fostering sustainable development, enhancing the quality of life for residents, and ensuring that local governments are responsive and accountable to their communities.

Background and Scope of Responsibility

North West Leicestershire District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging the overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The Council has approved and adopted a Local Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' 2016. A copy of the Code is available on our website at www.nwleics.gov.uk.

This Statement explains how the Council has complied with the code and meets the requirements of the Accounts and Audit Regulations 2015 in relation to the preparation and approval of an Annual Governance Statement. The Council's arrangements comply with each of the principles in the CIPFA/SOLACE Framework. The Code is reviewed annually and was approved by the Audit and Governance Committee on 26 July 2023.

The Purpose of the Governance Framework

The governance framework comprises the systems, processes, culture and values, by which the authority is controlled and directs its activities and through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

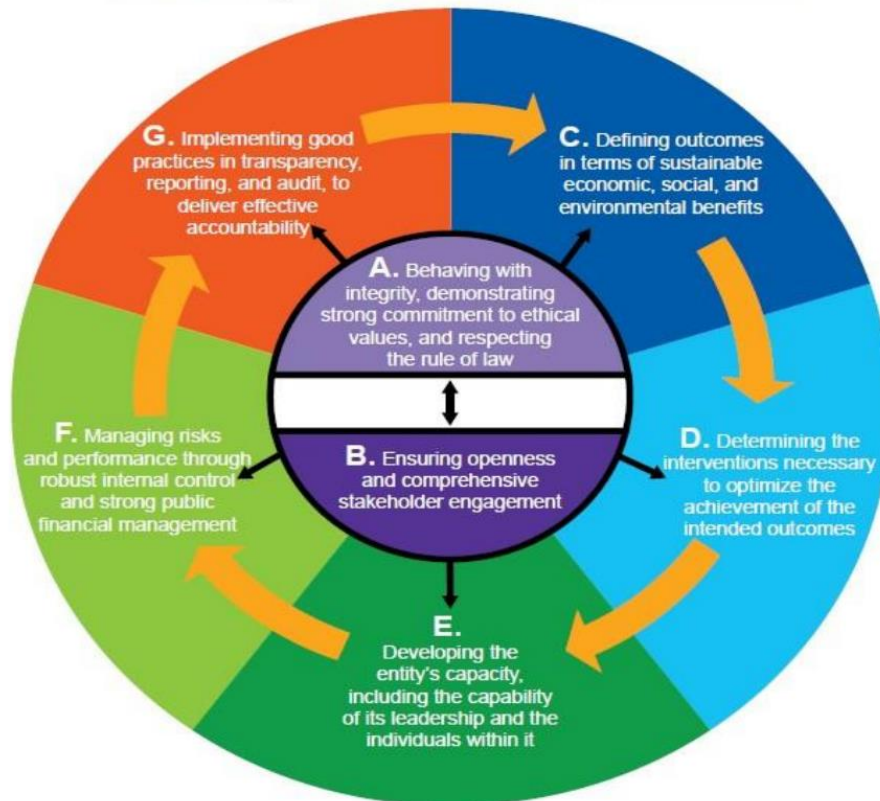
The Council's system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can, therefore, only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place for the year ended 31 March 2024.

The "Delivering Good Governance" framework below, envisages that there will be a continuous process of applying the seven principles, as set out in the Local Code of Corporate Governance, with two principles at the core of this process.

**Achieving the Intended Outcomes
While Acting in the Public Interest at all Times**



The Governance Framework - Our vision, priorities and values

The Council's vision, priorities and values are set out in the Council Delivery Plan, which was approved by Council on 14 November 2023. The Council's vision is to support a clean, green and prosperous place where people want to live, work and visit. Our priorities are:

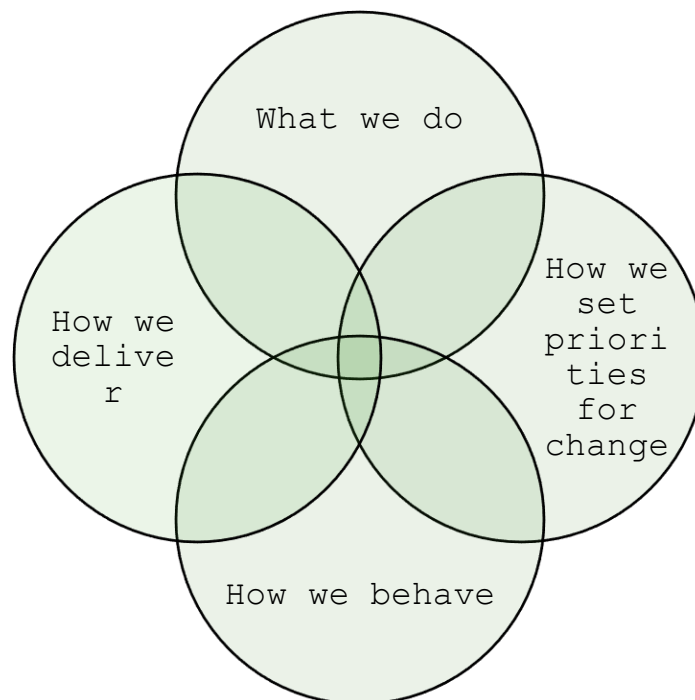
- **Planning and regeneration** This is about economic growth and physical development of the district.
- **Communities and housing** This is about looking after our tenants and keeping our communities safe.
- **Clean, green and Zero Carbon** This is about looking after the environment we live in.
- **A well-run council** This is about making sure our services are provided in a positive and friendly way, that we provide good value for money and that our finances are in good order.

We want our employees to believe in our five core values. These values will be integrated into our performance staff development and appraisal programmes.

The overarching value is “One Council, one team” supported by the following five values:

- Excellence – we will always work to be the best we can be
- Trust – We are honest fair and transparent, and we value trust
- Respect – We respect each other and our customers in a diverse, professional and supportive environment
- Pride – We are proud of the role we play in making North West Leicestershire a happy healthy and vibrant place to live and work
- Growth – We will work together to grow and continually improve.

The key elements of our governance framework



The Council operates a cabinet style system of governance with separation of executive and scrutiny functions. All Cabinet members have been allocated a specific portfolio and are responsible for driving forward the Council’s key strategic aims.

The Council has a Constitution which sets out how it operates, how decisions are made and the procedures which are followed to ensure that decisions are efficient, transparent, and accountable to local people. The Constitution is reviewed annually by a working group of members supported by the Monitoring Officer.

The Council's arrangements for governance and scrutiny follow appropriate codes and guidance.

There are various layers of management within the organisation and our management teams each play an important role in governance framework.

Our corporate leadership team (CLT), comprises of the Head of Paid Service, Directors and all Heads of Service. The group meet monthly and are programmed as a series of themed sessions to focus individually on either business as usual, strategic issues, projects and programmes and the health of the organisation.

We also have a series of Corporate Leadership Team (CLT) meetings (held with Directors and Heads of Service to consider strategic and operational matters relevant to specific directorates), and an Extended Leadership Team (ELT) meetings which include all Team Managers.

Managers across the Council, help the Chief Executive to shape the strategic direction of the Council and feed in to CLT and Senior Management Team (SMT) meetings where Heads of Service meet with their respective Team Managers to consider specific service matters.

Role of the Council

The extent of the role of full Council in reviewing and monitoring effectiveness of internal control is set out in Part 3 of the Council's Constitution. Part 3 provides that the Council is responsible for setting the policy and budgetary framework. The 'Call-in' provisions found within the Constitution provide members of the Corporate and Community Scrutiny Committees with a mechanism to scrutinise decisions of Cabinet where they feel that they have been taken outside the principles of decision making set out in Part 2, Section A of the Constitution:

- a) proportionality (i.e. the action must be proportionate to the desired outcome).
- b) due consultation and the taking of professional advice from officers.
- c) respect for human rights.
- d) a presumption in favour of openness.
- e) clarity of aims and desired outcomes.
- f) explaining what options were considered and giving the reasons for the decision."

The Council's Statutory Officers who consist of the Head of Paid Service (the Chief Executive), the Monitoring Officer (Head of Legal and Support Services) and the Section 151 Officer (Director of Resources) fulfil the statutory duties associated with their roles, including ensuring that the Council's activities are in accordance with the law and legislative requirements, and that financial budgets are set appropriately and are monitored regularly. The Council's financial management arrangements conform to the governance requirements as set out in the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016).

The Constitution of the Council is subject to a continuous review process which sets out matters reserved to Council, Cabinet and Committees for decision, all other decisions are delegated to Officers. The Constitution was reviewed in 2023/24 and the new version, which was actively considered by Members, was approved by Council in February 2024.

Role of Cabinet

The Cabinet has responsibility for all executive functions and for making recommendations to Council within the Budget and Policy Framework. Its remit is clearly set out in the Constitution, and it plays a major role in reviewing key aspects of overall service delivery, including monitoring its effectiveness and related governance issues.

Role of Audit and Governance Committee

The Audit and Governance Committee is responsible for ensuring that the Council's systems for internal control are sound by reviewing control mechanisms, and guidelines (both internal and external) and ensuring continued probity and good governance of the Council's operations. The Committee meets the external auditor to discuss findings in the Annual Audit Management Letter and reports. The Committee is also responsible for dealing with members conduct and standards issues.

Role of Scrutiny Groups

The Community and Corporate Scrutiny Committees carry out the Council's Scrutiny function. The Scrutiny committees can "call in" a decision which has been made by the Cabinet but not yet implemented, to enable them to consider whether the decision is appropriate. The Constitution contains a section on the "Principles of Decision Making", and non-compliance with one or more of those principles is a ground for "call-in" by the Scrutiny Committees. The Committees are also consulted on policy development ahead of reports being taken to Cabinet.

Risk Management

The overall objective of the Council's risk management strategy is 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.

The Risk Management Policy was approved by Audit and Governance Committee on 26 July 2023 and all reports to Council, Cabinet and Committees have a risk management section. A Corporate Risk Register has been developed and approved at both Corporate Leadership Team and by Elected Members. The Corporate Risk Register is accepted as a live document constantly under review for progress on managed risks and new risks that could impact on the Council. A risk review cycle has been developed that will allow closer links with the service planning process. Service Plans now contain identified risks which was introduced for the Service Planning for 2024/25.

The Corporate Risk Group (CRG) is represented by each of the Council's services. The CRG will identify new risks and review the corporate risk register. Review of corporate risks is part of the terms of reference of the Audit and Governance Committee. Risks are reported to Audit and Governance Committee on at least a quarterly basis.

To ensure the Council's risk management approach is working effectively an external review was undertaken by Zurich (the Council's insurers). The review took place in 2022/23 with an action plan developed to address areas of weakness across the Council.

Role of Internal Audit

The Council has a Public Sector Internal Audit Standards (PSIAS) compliant Internal Audit service that is responsible for monitoring the quality and effectiveness of systems of internal control. A risk model is used to formulate an annual work plan, progress against which is reviewed each quarter by the Audit and Governance Committee. The reporting process for Internal Audit requires a report of each audit to be submitted to the relevant Director and Head of Service as well as the Chief Executive, Section 151 Officer and Monitoring Officer. The reports include an independent opinion on the adequacy of the applicable internal controls, audit findings and recommendations for improvements with an agreed timescale for implementation. Progress against recommendations is followed up by Internal Audit and reported to Audit and Governance Committee on a quarterly basis throughout the year. In addition, Corporate Leadership Team oversees the delivery of Audit Recommendations. These are reviewed monthly with separate meetings with of Statutory Officers with lead officers where audit recommendations are outstanding.

The Internal Audit Report 2023/24 was considered by the Audit and Governance Committee at its meeting on 7 August 2024. The Chief Audit Executive (Audit Manager) issued a "Limited Assurance" opinion. This was the second consecutive year of a limited assurance opinion. It is recognised that this level of assurance is not acceptable and requires improvements. In response to the Opinion the Council has instigated and established an Action Plan to address the concerns and issues raised. Details of which are set out later in this document.

Of the audit opinions given in 2023/24, three had a reasonable opinion and fourteen had a limited opinion. The Management Response to this was considered by Audit and Governance Committee on 7 August 2024.

Mazars LLP was appointed by the Public Sector Audit Appointments (PSAA) as the Council's external auditor for 2021/22 and 2022/23, with Azets being appointed as the Council's external auditors for the 2023/24 financial year. The auditor's statutory responsibilities and powers are set out in the Local Audit and Accountability Act 2014, the National Audit Office's Code of Audit Practice and the PSAA Statement of Responsibilities. The Council has built good working relationships with Mazars and onboarding arrangements with Azets is progressing.

External Audit provides an opinion on the Council's financial statements and conclude on the arrangements in place for securing economy, efficiency and effectiveness in the Council's use of resources (value for money conclusion).

At the end of the financial year, the Council had not published its Statement of Accounts for 2021/22 and 2022/23. The Government confirmed its proposals to address the audit and backlog, and the Council is working towards publication of the unaudited Statement of Accounts to meet the backstop dates of 13 December 2024.

How we comply with the CIPFA/SOLACE framework

The following sections list the key elements of the systems and processes that comprise the Council's governance framework with a commentary setting out how the arrangements comply with each of the principles that are laid out in the CIPFA/SOLACE Framework - Delivering Good Governance in Local Government.

During the year, the Council completed the Office for Local Government Best Value Self-Assessment. This is a framework designed for local authorities to evaluate their performance against the Best Value Duty. This duty requires councils to ensure continuous improvement in their services, focusing on economy, efficiency and effectiveness. Key components of the assessment include Leadership and Governance, use of resources, service delivery and partnerships and community engagement. The self-assessment has helped to evaluate where the Council is performing strongly, and this is reflected in the following pages. In areas where performance is lacking, a comprehensive action plan has been developed, and a significant portion of the actions has already been implemented.

Principle A – Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

Arrangements have been put in place to ensure probity when dealing with different stakeholders and these are frequently updated. The Council has a Councillors' Code of Conduct, Planning Code of Conduct, Licensing Code of Conduct and Citizens' Rights which are all set out in the Constitution. These are regularly reviewed to take account of the latest legislation and guidance; the last review of these codes being completed in February 2023 as part of the update of the Council's Constitution.

The Constitution contains a section on the "Principles of Decision Making", and non-compliance is a ground for "call-in" by the Policy Development Group.

The Council has an adopted Councillors Code of Conduct (based on the LGA Model Code), which is the same as other Leicestershire District/Borough Council and the County Council. Many Town and Parish Councils in NWL adopted the same code as the NWLDC. This provided consistency for dual/triple hatted members.

The Council has adopted Arrangements for Dealing with Complaints about Councillors. The MO deals with all complaints received.

During 2023/24 the Audit and Governance Committee had a pro-active work programme, and each meeting of the Committee received a quarterly performance

monitoring report including information on standards complaints and ethical indicators.

The Council has robust arrangements for monitoring compliance with the Councillor Code of Conduct (including gifts and hospitality). The Officer Register of Gifts and Hospitality is monitored by the Chief Executive, whilst Councillors are reminded of the need to complete the register of interest.

The Head of Paid Service, Section 151 Officer and Monitoring Officer meet regularly as a Statutory Officers Group (every six weeks). Their work includes monitoring compliance with standards of conduct across the Council, including both officers and members.

The Council's Confidential Reporting Policy includes members, contractors, suppliers and service providers and people working in partnership with the Council (e.g. volunteers). All reports received under the policy are investigated thoroughly.

Training is provided to councillors who are involved in several committees. Specific Audit and Governance Committee training was delivered on a range of topics throughout the year.

Our values have been developed by our staff, for our staff. They are reflected through our entire working journey with the Council – from recruitment to staff appraisal and staff recognition. The Council work as one team to provide high quality, value for money services, always putting the customer first.

Our staff values

Ensuring effective arrangements are in place for the discharge of the Monitoring Officer function

The “Monitoring Officer” function is carried out by the Head of Legal and Support Services who reports to the Chief Executive. The Legal Team Manager who has responsibility for legal matters and is also the “Deputy Monitoring Officer”, reports to the Head of Legal and Support Services.

Ensuring effective arrangements are in place for the discharge of the Head of Paid Service function

The “Head of Paid Service” role is undertaken by the Council's Chief Executive. The Head of Human Resources and Organisational Development, responsible for all HR matters, reports to the Chief Executive.



Undertaking the core functions of an Audit Committee, as identified in CIPFA's Audit Committees – Practical Guidance for Local Authorities

The Council has an established Audit and Governance Committee whose remit and functions are based on the guidance set out in the CIPFA/SOLACE 'External Audit in Delivering Good Governance in Local Government: Framework', 2016, which identifies best practice in relation to roles and responsibilities. The Committee meets quarterly and receives regular reports from both the Section 151 Officer and the Audit Manager. Arrangements are in place for the Audit Manager to report independently to the Audit Committee should he/she feel it appropriate to do so.

There have been a number of training sessions with Audit Committee Members in supporting CIPFA's Position Statement which include risk management training and an overview of the Statement of Accounts.

Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful

The Council ensures compliance with established policies, procedures, laws and regulations through various channels. Two of the Council's statutory officers, the Section 151 Officer and the Monitoring Officer, have responsibility for ensuring that the Council does not act in an ultra vires manner, supported by the Head of Human Resources and Organisational Development, who facilitates the management and mitigation of risk, and the Audit Manager who provides assurance on matters of internal financial control.

There is an in-house, Lexcel accredited Legal Team. Lexcel is the Law Society's legal practice quality mark for excellence in legal practice management and excellence in client care. The Legal Team work closely with all teams across the Council providing risk-based advice.

The Local Government Association has acknowledged the Council's good governance arrangements as an assurance case study, highlighting that good governance is important to both the political and managerial leadership of the Council.

Whistle-blowing and for receiving and investigating complaints from the public

The Council has in place appropriate Confidential Reporting policies and procedures which are regularly reviewed and updated where required. The Whistleblowing Policy is one of a suite of corporate governance policies which were reviewed in 2023.

Staff are aware of the Whistle Blowing policy through the Council's intranet and as an integral part of the induction process for new starters. There is also a well-

LGA Assurance case study

Revisiting the relationship between local and national government. Read our Local Government White Paper (<https://www.local.gov.uk/local-government-white-paper>)



North West Leicestershire District Council, Assurance case study

Both members and officers understand that good governance is important to both the political and managerial leadership of the council.

08 Mar 2024

What is meant by council-wide assurance? What does it mean in North West Leicestershire in particular?

Both members and officers understand that good governance is important to both the political and managerial leadership of the council.

How does this work in practice?

The council has introduced a suite of governance training which emphasises that good governance is everyone's job. The training is mandatory for directors, heads of service and team managers and optional for all other staff, includes content on how to support good quality decision-making and information governance and is being embedded into the council's management development programme. The council's training management system enables oversight of who has completed the governance training package.

A Governance Toolkit has been rolled out across the council by legal services, including information on procurement, decision making and guidance on consultation. The team will continue to add to the toolkit as questions and suggestions are received.

established and responsive complaints procedure to deal with both informal and formal complaints from customers and residents.

In 2022, the Council reviewed and adopted Arrangements for dealing with complaints about the conduct of councillors which include an informal resolution stage facilitated by the Monitoring Officer.

The Audit and Governance Committee has oversight of the complaints process and receive quarterly reports from the Monitoring Officer.

Principle B. Ensuring openness and comprehensive stakeholder engagement

The Council has established corporate communications principles and communications strategy/plan which identifies key projects and campaigns. The communications strategy aligns with the Council Delivery Plan. The Council has developed a corporate narrative with the support of the LGA which sets out what it can realistically achieve and how it will engage with communities.

The Council uses various means to communicate key messages to members of the public, including press releases, website content, social media and where relevant direct communication. Internally, we communicate with staff via team meetings, the intranet, blogs and Chief Executive's roadshows for staff. The Council's communication principles are:

- We will communicate the right information with the right people at the right time in the right way to make sure our priorities, key decisions and actions are understood.
-
- • We will be proactive, transparent and realistic in our communication
- • We will shout loudly about the positive things and show pride in our work
- • We will always seek to have control over the message
- • We will keep our audiences updated on our key projects, even when there aren't concrete updates
- • We will make sure the most affected people know the information first
- • We will target particular audiences depending on what we're talking about
- • We will use the right tools and channels for the job
- • Communications and the support from the Communications Team is embedded within teams and projects

- • We will evaluate our communication – with our Corporate Leadership Team and Strategy Group having visibility over this
-
- Our commitment to staff communication:
 - • We will consider how we communicate key messages to every member of staff, including remote workers and non-networked colleagues
 - • We will have a clear and consistent style of communication which doesn't get in the way of the message
 - • We will facilitate dialogue between the council's leadership team and officers
 - • We will share our knowledge and expertise so improve the standard of communications across the council
 - • We will support a positive staff morale by helping staff to feel more engaged and onboard

The Council has refreshed its communications strategy for keeping employees up to date. A specific communications strategy has been developed for our Transformation Programme.

A staff roadshow was held in November 2023 to support the development of our Transformation Delivery Plan.

The Council has a regular mechanism of meetings with representatives and officials from the recognised Trade Unions in place.

The Council's scrutiny arrangements are designed to ensure that key policies are scrutinised and involve all sections of the community and stakeholders, as necessary.

To strengthen the relationship between parish and district, our Community Focus Team was set up in 2012 and was split into the community forum areas – Coalville and surrounding area, Ashby, Measham and Moira and the northern area. The work includes:

- The main point of contact with NWL town and parish councils, including regular engagement through a quarterly parish liaison meeting and monthly newsletters.
- In partnership with food banks, emergency food providers across the district, and other stakeholders, delivery of the NWL Food Poverty Action Plan
- As a team, support departments with engagement and consultation on various projects across the district • Build and support community resilience across the district, including weather resilience, youth engagement, training to strengthen parish and town councils and voluntary/community groups.

- Administer and co-ordinate the ongoing district Small Grant and Zero Carbon Grant schemes, one-off grants such as the Kings Coronation Grant and the UK SPF Community Grant, and Council grants to Age UK and the Citizens Advice
- Coordinate and deliver the Free Tree Scheme in partnership with the National Forest Company

The Council has a Statement of Community Involvement which sets out how residents, businesses and other organisations can engage with the planning system. In addition, there are various forums and panels such as the Members and officers have a constructive relationship. Leading members meet with senior officers fortnightly at Strategy Group and the Chief Executive meets monthly with the Leader and Deputy Leader of the Opposition.

Principle C – Defining outcomes in terms of sustainable economic, social and environmental benefits.

Incorporating good governance arrangements in respect of partnerships and other group working and reflecting these in the authority’s overall governance arrangements

The Council participates in a range of joint working arrangements with other bodies. There are countless examples of the Council’s working in partnership with other local authorities via:

- Chief Housing Officers group
- Revs and Bens and Building Control Partnerships.
- Leicestershire Chief Executives
- East Midlands Chief Executives
- Planning Member Advisory Group
- Resilience Partnership Board for Emergency Planning

There is strong evidence within the organisation of networking at a local, county and regional level. Examples include:

- A Leicestershire Chief Execs Group and Leaders forum
- Freeport Board, Planning Officers Group to oversee the County’s Growth Strategy.
- Economic Development Officers group
- Revenues and Benefits and Building Control Partnership
- HR Managers Group and
- Community Safety Group.

The Chief Executive has a positive relationship with the Chief Executive of the National Forest. Our partners also include each of the registered Housing Providers, the Police, Health providers, community and voluntary sector groups, parish councils.

Where there are formal partnership arrangements, appropriate governance arrangements have been put in place.

For those that deliver services to our customers there are service level agreements or contractual arrangements in place to ensure delivery and protect reputational risk. Should there be corporate risks based on partnership arrangements these will be detailed within the corporate risk register. The Council is particularly mindful of the financial and reputational risks that can arise through entering joint working and collaborative arrangements, including the potential for a detrimental reputation impact on the Council should the partnership fail.

Enhancing the accountability for service delivery and effectiveness of other public service providers

The Council is a partner in the Leicestershire, Leicester and Rutland Resilience Partnership (LRRP). All councils at Unitary, District and Borough levels are members of the Partnership to bring together emergency management resources to prepare for and respond to civil emergencies within the Leicester, Leicestershire and Rutland area. The Head of Human Resources and Organisational Development is the Council's representative on the Resilience Partnership Management Board.

The Leicestershire Partnership, Revenues and Benefits is a collaborative effort involving three local authorities in Leicestershire to enhance the delivery of revenues and benefits services.

Principle D – Determining the interventions necessary to optimise the achievement of the intended outcome

The Council Delivery Plan and our Medium-Term Financial Strategy detail how we have planned all our resources, both financial and staffing to deliver against our priorities.

The Council has a robust performance management framework which was developed and agreed alongside the Council Delivery Plan (CDP). The framework sets out the arrangements for managing performance in the Council on an individual, team, service, department and CDP priority basis. Performance progress on the CDP is reported to Cabinet and the Corporate Scrutiny Committee on a quarterly frequency.

The Council's People Plan is being updated to reflect the move to flexible and agile working. The Council has reviewed its benefits package to recruit and retain appropriately skilled staff. This work has a focus on professions and areas of the workforce where there have been particular recruitment and retention difficulties. The Council has recruited 13 apprentices and has also been working with East Midlands Councils and the LGA to develop a national recruitment campaign for local government.

Profiled financial monitoring reports are produced, which also project the outturn, after each quarter end. These are reviewed by all budget holders and portfolio holder cabinet members on a quarterly basis and are reported to cabinet on a quarterly basis. However, the delivery of reports was hindered during the year as the Council addresses the challenges of a new financial management system.

A series of STAR Chamber meetings was convened to support the budget setting process for 2024/25. It helped to pinpoint potential budgetary reductions in line with the Council's strategic objectives. These sessions were instrumental in ensuring that the financial planning is in harmony with the Council's established priorities.

The Council has invested in a leadership development programme and provided opportunities for staff to take part in DCN Leadership programme, Young LA of the year where we came a creditable second place and Tri-Sector challenge to develop staff. The Council has also registered for the new Graduate Development programme.

The Best Value Duty requires local authorities and other public bodies to ensure continuous improvement in their functions, focusing on economy, efficiency, and effectiveness. The Council has conducted a self-assessment, leading to several actions that are currently being monitored.

Complaints and other formal enquiries are important information, providing an opportunity to understand where and why things sometimes go wrong and provide a basis for the Council to make positive changes, informed by data and the resident voice. The Council has recently reviewed its approach to complaint handling and updated that further following the publishing of the recent consumer standards in housing. Senior officers have oversight of all complaints at Stage 1 with the Chief Executive signing off all Stage 2.

The Council delivers a wide range of services to local people and in the main these are delivered to high standards and are comparable with similar councils. However, waste and housing are two areas of particular focus. The Council is undertaking a review of both these areas with a view to improving performance. A Housing Improvement Board has been established to initially focus on housing repairs but has a wider remit.

Principle E – Developing the entity's capacity including the capability of its leadership and the individuals within it

The Council has rigorous recruitment and selection, performance management and staff development processes.

The Council fully supports the requirements to ensure that both members and senior officers have the necessary skills sets to fulfil their strategic role in the organisation. A comprehensive induction programme exists for both members and officers which has been developed to deal with all relevant core issues. The Council is committed to creating an environment where elected members' skills can develop and thrive with regular courses being delivered.

An annual development review is undertaken for all officers, which includes the identification of training and development needs, which are then considered and built into a service level and corporate training programme where appropriate. We recognise the critical role that a motivated, skilled and capable workforce plays in

every aspect of service delivery. Our People Plan that sets out the Council's ambitions for a sustainable, effective and efficient workforce was approved by Cabinet in December 2018. The Plan includes timetabled actions against five thematic areas including: being an employer of choice; developing and supporting staff; leadership; happy and healthy workforce; and communication and listening. Progress to implement the plan will continue through the forthcoming year.

In April 2019 the Council achieved Investors in People accreditation and is now IIP Accredited (Silver) until 2025.

The Council adopted new corporate values in 2019, and these have been embedded into our recruitment and appraisal processes.

Principle F – Managing risks and performance through robust internal control and strong public management

The Community and Corporate Scrutiny Committees carry out the Council's scrutiny function. The Council has effective Scrutiny arrangements – two Committees chaired by opposition members. An informal working group plan the Scrutiny Work programme, and the work of the Committees is highlighted annually. Opposition members also Chair Audit and Governance Committee.

The Council maintains an Executive Decision Notice of key decisions to maximise transparency and consultation. The writing of formal reports follows a prescribed procedure which requires the completion of a number of procedural requirements for content, including Statutory Officer checks for legality, budgetary compliance, rationale and risk. Reasons for all decisions must be given and these are recorded in the minutes.

The Member and Officer Codes of Conduct and associated procedures act as a safeguard against conflicts of interest or bias.

The Audit and Governance Committee undertake the functions of an audit committee as identified by CIPFA guidance. It receives regular reports and presentations from the External Auditor and is independent of cabinet.

The Council has a customer feedback complaints system, and this information is used to improve service delivery and customer satisfaction.

The Council's has a Risk Management Policy in place. The strategic risk register is reviewed and updated and scrutinised by the Audit and Governance Committee on a quarterly basis.

The risks identified have been linked to Council priorities/strategic aims and lead officers have been identified to manage each risk. Risk Management also forms a key element of the Council's Delivery Plan, and the Service Planning process and risk management is an integral part of the Council's performance management arrangements.

As part of the Council's Corporate Project Management Framework, all major projects have their own risk log. All reports going to members include the risk implications associated with the decision members are being asked to make.

The Council is committed to the effective use of IT and has an ICT strategy and IT Security Policy which were reviewed during 2023.

The Council's 2023/24 Treasury Management Strategy Statement was approved by Council in February 2023, respectively, and risks are fully evaluated as part of this Strategy.

Principle G – Implementing good practices in transparency, reporting and audit to deliver effective accountability.

Ensuring the Authority's Financial Management Arrangements Conform With the Governance Requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016)

Formal arrangements are in place for the Section 151 Officer with an interim employee appointed for part of the year, however, a permanent Director of Resources (Section 151 Officer) commenced employment in September 2023. Adherence to the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016) continues.

The Section 151 Officer convenes with the Portfolio Holder on a fortnightly basis to provide updates on prevailing financial matters. The Section 151 Officer engages in regular dialogues with opposition members concerning fiscal matters, also fostering a transparent and candid rapport with the Audit and Governance Committee Chair.

Ensuring the authority's assurance arrangements addresses the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2019)

The Council's internal reporting arrangements are designed to ensure the independence of the internal audit function. Appropriate resources are made available to provide an independent, objective assurance and consulting activity designed to add value and improve the Council's operations. It brings a systemic disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes. The Audit Manager reports directly to the council's Audit and Governance Committee on all matters appertaining to audit outcomes.

Internal Audit Provision has been reviewed and planned audit days has been increased significantly to reflect the size of the organisation, complexities and risks.

The Audit Manager and the Section 151 Officer meet on a monthly basis to discuss and review governance and risk matters.

Progress on Improvement Areas Arising from the Previous Annual Governance Statement

Improvement	Outcome
Retention of documentation in relation to the recruitment of consultants/temporary staff and following appropriate contract procedure rules. Segregation of duties between HR and payroll functions.	Implemented.
Rent Accounting & Arrears – improvements required to the management and monitoring of accounts in arrears and in credit.	Implemented.
Choice Based Lettings – management and monitoring of the waiting list, including applications and the documenting of decisions.	Implemented.
Payroll – improvement in segregation of duties between the HR and Payroll functions	Not implemented. Finance and payroll have held a workshop to review the work required.
Tax – IR35 & P60 – improve processes in respect of document retention in relation to the recruitment of consultants.	Implemented.
Compliance with CIPFA Position Statement to ensure the Audit and Governance Committee have the required skills and knowledge.	Training was delivered to the Audit and Governance Committee in October 2023.

What are our key governance development priorities for 2024/25?

The sustainability of local government remains important in light of increasing financial pressures across the sector. The key governance priorities for 2024/25 are:

Area for Improvement	Responsible
Ensuring financial sustainability is a top priority for the Council. To address the funding gap over the medium term, the Council's Transformation Programme will focus on identifying potential savings while also enhancing services and streamlining internal processes.	Director of Resources
The Annual Audit Opinion for 2023/24 provided limited assurance. To address this, there is a strong emphasis on implementing outstanding audit recommendations, with regular monitoring by statutory officers and the corporate leadership team. An action plan has been developed in response to the audit opinion and was presented to the Audit and Governance Committee at its meeting on 7 August 2024	Chief Executive Directors Heads of Service
The Council completed an LGA Peer Review in June 2024. The outcomes of this review will be presented to the Cabinet in December 2024, followed by the development of an action plan based on the findings.	Chief Executive
Governance training continues to be a priority for the Council, with annual sessions scheduled for its leaders to ensure ongoing development and adherence to best practices. The training covers a range of essential topics. These sessions are designed to equip leaders with the knowledge and skills necessary to govern effectively and uphold the highest standards of governance.	Head of Legal and Support Services

<p>Appointment of an Independent Audit Committee Member for the Audit and Governance Committee, following the decision to remunerate the role. This will bring valuable external expertise and impartiality to the committee, enhancing its oversight and governance capabilities.</p>	<p>Director of Resources</p>
<p>Continue to strengthen project management governance across the council. Guidance documentation and standard templates have been published and will be regularly updated to ensure they remain effective. There is an ongoing emphasis on governance for all council projects, including regeneration schemes, housing, and transformation initiatives.</p>	<p>Chief Executive Director of Resources Head of Legal and Support Services</p>
<p>Training in assurance for members of the Audit and Governance Committee to equip them with the knowledge to effectively oversee the Council's financial reporting, internal controls, governance and risk management processes.</p>	<p>Director of Resources</p>
<p>Maintain a continued focus on fulfilling the Council's financial reporting requirements for local government, including the onboarding process with the new external auditor, Mazars.</p>	<p>Director of Resources</p>
<p>Conduct a review of the Council's Constitution which will focus on several key areas to ensure it is effective and up to date.</p>	<p>Head of Legal and Support Services.</p>
<p>The Council will monitor the boundary review closely and update governance arrangements as needed.</p>	<p>Head of Legal and Support Services</p>

Overall opinion and conclusion

The Council is satisfied that appropriate governance arrangements are in place, however, it remains committed to maintaining and where possible improving these arrangements, in particular by addressing the issues identified in undertaking the annual review. The Council will continue to seek to enhance and strengthen governance arrangements within these areas for improvement and monitor progress made as part of our next annual review.

Signed:



Cllr Richard Blunt
Leader



Allison Thomas
Chief Executive

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

AUDIT AND GOVERNANCE COMMITTEE – WEDNESDAY, 20
NOVEMBER 2024

Title of Report	TREASURY MANAGEMENT UPDATE REPORT - QUARTER 2	
Presented by	Anna Crouch Head of Finance	
Background Papers	Capital Strategy, Treasury Management Strategy and Prudential Indicators – Council 22 February 2024	Public Report: Yes
Financial Implications	There are no financial implications as a direct result of this report.	
	Signed off by the Section 151 Officer: yes	
Legal Implications	There are no legal implications as a direct result of this report.	
	Signed off by the Monitoring Officer: yes	
Staffing and Corporate Implications	There are no staffing or corporate implications as a direct result of this report.	
	Signed off by the Head of Paid Service: yes	
Purpose of Report	To inform the Committee of the Council's Treasury Activity for the period April – September 2024.	
Recommendations	THAT THE COMMITTEE NOTES THE TREASURY MANAGEMENT 2024-25 QUARTER 2 ACTIVITY REPORT (APPENDIX 1).	

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 Treasury Management Strategy was approved by Council on 22 February 2024.
- 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). Appendix 1 is the mid-year report for the financial year 2024/25 designed to inform the Committee of the Council's treasury activity and enable scrutiny of activity and performance.

2.0 TREASURY MANAGEMENT ADVISOR'S COMMENTARY – ARLINGCLOSE LTD

2.1 The commentary below has been provided by the Council's treasury management advisors:

2.1.1 The Council is currently taking a relatively low credit and liquidity risk approach to its investment strategy by investing mainly in deposits with UK central government, Money Market Funds (MMFs), UK local authorities, and a small number of UK banks, for short terms (up to 12 months). Most of these options avoid the direct bail-in risk¹ associated with bank deposits (although indirect exposure is held via the MMFs, this is highly diversified).

2.1.2 Interest rates set by central banks have started to be cut globally, with the Bank of England cutting UK Bank Rate to 5% in August 2024 and further reductions anticipated. The Council's investment returns have therefore fallen and will likely continue to do so, broadly in line with market rates. With inflation having fallen to below 2%, the Council is currently earning a positive real return (i.e. adjusting for inflation). The latest client investment benchmarking exercise that the Council took part in (September 2024) showed the Council's return was higher than the average for other local authorities and credit risk (as measured by credit ratings) was lower, for internally managed investments.

2.1.3 Other investment options that may fit with the Council's current risk appetite could include secured bank deposits (up to 12 months), longer-term loans to local authorities (the Council has done this before), covered or supranational bonds and loans to Registered Providers (housing associations), which may also require a longer investment horizon (three to five years).

2.1.4 Going beyond this would be an alternative approach – investing for the long-term (five years +) in asset classes such as property, bonds and equities which fluctuate in value, and carry a different and typically higher set of risks but offer the potential for higher long-term returns. The Council would need to identify a long-term investment horizon and/or these types of investments may need to be part of a documented strategy to manage liquidity, interest rate, exchange rate and/or inflation risks.

¹ Bail-ins are a way for banks to convert debt into equity to increase their capital requirements. Risks of bail-ins include:

- Moral Hazards: by offering the institution a way out of financial trouble, bail-in clauses may encourage irrational and risky behaviour that can lead to turmoil in the future.
- Higher costs of borrowing.

3.0 SUMMARY

3.1 In compliance with the requirements of the CIPFA Code, Appendix 1 provides the Committee with a summary report of the Treasury Management activity for the period April 2024 to September 2024. A prudent approach has been taken in relation to investment activity with priority being given to security and liquidity over yield.

Policies and other considerations, as appropriate	
Council Priorities:	The Treasury Strategies and Prudential Indicators help the Council achieve all its priorities: <ul style="list-style-type: none"> - Planning and Regeneration - Communities and Housing - Clean, Green and Zero Carbon - A Well-Run Council -
Policy Considerations:	Not applicable
Safeguarding:	Not applicable
Equalities/Diversity:	Not applicable
Customer Impact:	Not applicable
Economic and Social Impact:	Not applicable
Environment, Climate Change and Zero Carbon	The Council aims to be a responsible investor and will consider environmental, social and governance (ESG) issues when investing. Where practical, when making investment decisions ESG will be considered and counterparties with integrated ESG policies and commitments to carbon reduction.
Consultation/Community/Tenant 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 Head of Finance anna.crouch@nwleicestershire.gov.uk

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Treasury Management Activity Report Quarter 2 2024/25

1. Introduction

- 1.1 The Council 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 Council to approve treasury management semi-annual and annual reports.
- 1.2 This quarterly report provides an additional update and includes the new requirement in the 2021 Code, mandatory from 1st April 2023, of quarterly reporting of the treasury management prudential indicators.
- 1.3 The Council's treasury management strategy for 2024/25 was approved at the Council meeting on 22 February 2024. The Council 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 Council's treasury management strategy.

2. External Context (provided by Arlingclose)

- 2.1 **Economic background:** UK headline consumer price inflation remained around the Bank of England (BoE) target later in the period, falling from an annual rate of 3.2% in March to 2.0% in May and then rebounding marginally to June to 2.2% in July and August, as was expected, due to base effects from energy prices. Core and services price inflation remained higher at 3.6% and 5.6% respectively in August.
- 2.2 The UK economy continued to expand over the period, albeit slowing from the 0.7% gain in the first calendar quarter to 0.5% (downwardly revised from 0.6%) in the second. Of the monthly figures, the economy was estimated to have registered no growth in July.
- 2.3 Labour market data was slightly better from a policymaker's perspective, showing an easing in the tightness of the job market, with inactivity rates and vacancies declining. However, a degree of uncertainty remains given ongoing issues around the data collected for the labour force survey by the Office for National Statistics. Figures for the three months to July showed the unemployment rate fell to 4.1% (3mth/year) from 4.4% in the previous three-month period while the employment rate rose to 74.8% from 74.3%.
- 2.4 Over the same period average regular earnings (excluding bonuses) was 5.1%, down from 5.4% in the earlier period, and total earnings (including bonuses) was 4.0% (this figure was impacted by one-off payments made to NHS staff and civil servants in June and July 2023). Adjusting for inflation, real regular pay rose by 2.2% in May to July and total pay by 1.1%.
- 2.5 With headline inflation lower, the BoE cut Bank Rate from 5.25% to 5.00% at the August Monetary Policy Committee (MPC) meeting. The decision was finely balanced, voted by a 5-4 majority with four members preferring to hold at 5.25%. At the September MPC meeting, committee members voted 8-1 for no change at 5.00%, with the lone dissenter preferring Bank Rate to be cut again to 4.75%. The meeting minutes and vote suggested a reasonably hawkish tilt to rates, with sticky inflation remaining a concern among policymakers.

- 2.6 The latest BoE Monetary Policy Report, published in August, showed policymakers expected GDP growth to continue expanding during 2024 before falling back and moderating from 2025 to 2027. Unemployment was forecast to stay around 4.5% while inflation was shown picking up in the latter part of 2024 as the previous years' energy price declines fell out of the figures before slipping below the 2% target in 2025 and remaining there until early 2027.
- 2.7 Arlingclose, the Council's treasury adviser, maintained its central view that Bank Rate would steadily fall from the 5.25% peak, with the first cut in August being followed by a series of further cuts, with November 2024 the likely next one, taking Bank Rate down to around 3% by the end of 2025.
- 2.8 The US Federal Reserve (the Fed) also cut interest rates during the period, reducing the Federal Funds Rate by 0.50% to a range of 4.75%-5.00% at its policy meeting in September. The forecasts released at the same time by the central bank suggested a further 1.00% of easing is expected by the end of the calendar year, followed by the same amount in 2025 and then a final 0.50% of cuts during 2026.
- 2.9 Having first reduced interest rates in June, the European Central Bank (ECB) held steady in July before cutting again in September, reducing its main refinancing rate to 3.65% and its deposit rate to 3.50%. Unlike the Fed, the ECB has not outlined a likely future path of rates, but inflation projections remain in line with the central bank's previous forecasts where it will remain above its 2% target until 2026 on an annual basis.
- 2.10 **Financial markets:** Sentiment in financial markets continued to mostly improve over the period, but the ongoing trend of bond yield volatility remained. The general upward trend in yields in the early part of the period was reversed in the later part, and yields ended the half-year not too far from where they started. However, the volatility in response to economic, financial and geopolitical issues meant it was a bumpy ride for bond investors during that time.
- 2.11 Over the period, the 10-year UK benchmark gilt yield started at 3.94% and ended at 4.00% but hit a high of 4.41% in May and a low of 3.76% in mid-September. While the 20-year gilt started at 4.40% and ended at 4.51% but hit a high of 4.82% in May and a low of 4.27% in mid-September. The Sterling Overnight Rate (SONIA) averaged 5.12% over the period to 30th September.
- 2.12 **Credit review:** Arlingclose maintained its advised recommended maximum unsecured duration limit on all banks on its counterparty list at 100 days.
- 2.13 Having had its outlook increased by Fitch and ratings by S&P earlier in the period, Moody's upgraded Transport for London's rating to A2 from A3 in July.
- 2.14 Moody's also placed National Bank of Canada on Rating Watch for a possible upgrade, revising the outlook on Standard Chartered to Positive, the outlook to Negative on Toronto Dominion Bank, and downgrading the rating on Close Brothers to A1 from Aa3.
- 2.15 S&P upgraded the rating on National Bank of Canada to A+ from A, and together with Fitch, the two rating agencies assigned Lancashire County Council with a rating of AA- and A+ respectively.
- 2.16 Credit default swap prices were generally lower at the end of the period compared to the beginning for the vast majority of the names on UK and non-UK lists. Price volatility over the

period was also generally more muted compared to previous periods.

- 2.17 Financial market volatility is expected to remain a feature, at least in the near term and, credit default swap levels will be monitored for signs of ongoing credit stress. As ever, the institutions and durations on the Council's counterparty list recommended by Arlingclose remain under constant review.

3. Local Context

- 3.1 On 31 March 2024, the Council had net borrowing of £26.3m arising from its revenue and capital income and expenditure. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. These factors are summarised in Table 1 below.

Table 1: Balance Sheet Summary

	31.3.24 Estimated £m	31.3.25 Estimated £m
General Fund CFR	45.5	44.0
HRA CFR	50.5	53.0
Total CFR	96.0	97.0
External borrowing	56.3	55.0
Internal borrowing	39.7	42.0
Total Borrowing	96.0	97.0

- 3.2 The treasury management position as at the 30 September 2024 and the change over the six months is detailed in Table 2 below.

Table 2: Treasury Management Summary

	31.3.24 Balance £m	Movement £m	30.09.24 Balance £m	30.09.24 Rate %
Long-term borrowing	55.1	0.0	55.1	3.50%
Short-term borrowing	1.2	-0.6	0.6	2.25%
Total borrowing	56.3	-0.6	55.7	3.48%
Long-term investments	0.0	0.0	0.0	0.00%
Short-term investments	25.0	-15.0	10.0	4.84%
Cash and cash equivalents	5.0	11.8	16.8	5.25%
Total investments	30.0	-3.2	26.8	5.09%
Net borrowing	26.3	2.6	28.9	

4.0 Borrowing

- 4.1 CIPFA's 2021 Prudential Code is clear that local authorities must not borrow to invest primarily for financial return and that it is not prudent for local authorities to make any investment or spending decision that will increase the capital financing requirement, and so may lead to new borrowing, unless directly and primarily related to the functions of the Council.
- 4.2 Public Works Loan Board (PWLB) loans are no longer available to local authorities planning to buy investment assets primarily for yield and the Council intends to avoid this activity to retain its access to PWLB loans.
- 4.3 The Council currently holds £8.9m in commercial investments that were purchased prior to the change in the CIPFA Prudential Code. These commercial investments are primarily for local regeneration and growth with a secondary objective of financial return. Before undertaking further additional borrowing the Council will review the options for exiting these investments.
- 4.4 As shown in table 1 the Council has internally borrowed £39.7m. This internal borrowing foregoes a potential interest income rate of 5.09%. Current one-year external borrowing rates with the PWLB are 5.15% as of 30 September 2024. An additional rate for HRA specific borrowing has been implemented from June 2023 which is 0.4% lower than standard PWLB rates.

5 Borrowing Strategy and Activity

- 5.1 As outlined in the treasury strategy, the Council's chief objective when borrowing has been to strike an appropriately risk balance between securing lower interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Council's long-term plans change being a secondary objective. The Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. At the present time short term interest rates are higher than long term interest rates.
- 5.2 After substantial rises in interest rates since 2021 many central banks have now begun to reduce rates, albeit slowly. Gilt yields were volatile over the 6-month period and have reduced slightly between April and September 2024. Much of the downward pressure from lower inflation figures was counteracted by upward pressure from positive economic data. Data from the US continues to impact global bond markets including UK gilt yields.
- 5.3 The PWLB certainty rate for 10-year maturity loans was 4.80% at the beginning of the half year and 4.79% at the end. The lowest available 10-year maturity rate was 4.52% and the highest was 5.18%. Rates for 20-year maturity loans ranged from 5.01% to 5.57% during the half year, and 50-year maturity loans from 4.88% to 5.40%.
- 5.4 Whilst the cost of short-term borrowing from other local authorities spiked to around 7% in late March 2024, primarily due a dearth of LA-LA lending/borrowing activity during the month, as expected shorter-term rates reverted to a more normal range and were generally around 5.00% - 5.25%.
- 5.5 On 30 September 2024 the Council held £55.7m of loans, there has been a decrease of £0.6m since 31 March 2024 due to principal repayments. A breakdown of outstanding loans is shown below in table 3.

5.6 **Table 3: Borrowing Position**

	31.3.24	Net Movement	30.09.24	30.09.24	30.09.24
	Balance	£m	Balance	Weighted Average	Weighted Average
	£m		£m	Rate	Maturity
				%	(years)
Public Works Loan Board	52.4	-0.6	51.8	3.38%	14.1
Banks (LOBO)	0.0	0.0	0.0	0.00%	0.0
Banks (fixed term)	3.9	0.0	3.9	4.74%	2.1
Local authorities (long-term)	0.0	0.0	0.0	0.00%	0.0
Local authorities (short-term)	0.0	0.0	0.0	0.00%	0.0
Total borrowing	56.3	-0.6	55.7	3.48%	16.2

5.7 There remains a strong argument for diversifying funding sources, particularly if rates can be achieved on alternatives which are below gilt yields + 0.80%. The Council will evaluate and pursue these lower cost solutions and opportunities with its advisor Arlingclose.

6. **Treasury Investment Activity**

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

6.2 The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. During the year, the Council's investment balances have ranged between £26.3m and £45.9m due to timing differences between income and expenditure. The investment position is shown in table 4 below.

Table 4: Treasury Investment Position

	31.3.24	Net	30.09.2024	30.09.2024	30.09.2024
	Balance	Movement	Balance	Income Return	Weighted Average
	£m	£m	£m	%	Maturity
					days
Banks & building societies (unsecured)	0.0	0.0	0.0	0.00%	0
Government (incl. local authorities)	30.0	-15.0	15.0	5.14%	115
Money Market Funds	0.0	11.8	11.8	5.04%	1
Total investments	30.0	-3.3	26.8	5.09%	116

6.3 Both the CIPFA Code and government guidance require the Council 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 Council'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.

- 6.4 As demonstrated by the liability benchmark in this report, the Council expects to be a long-term borrower and new treasury investments are therefore primarily made to manage day-to-day cash flows using short-term low risk instruments. The existing portfolio of strategic pooled funds (money market funds) will be maintained to diversify risk into different sectors and boost investment income.
- 6.5 Bank Rate reduced from 5.25% to 5.00% in August 2024, with the prospect of further reductions in November 2024 and sometime in early 2025. Short-dated cash rates have remained steady at about 4.95%.
- 6.6 The progression of risk and return metrics are shown in the extracts from Arlingclose’s quarterly investment benchmarking in Table 5 below.

Table 5: Investment Benchmarking – Treasury investments managed in-house*

	Credit Score	Credit Rating	Bail-in Exposure	Weighted Average Maturity (days)	Rate of Return %
30/06/2024	5.08	A+	40%	51	5.43%
Similar Las	4.76	A+	62%	52	5.54%
All Las	4.66	A+	62%	10	5.24%

**From last available benchmarking data*

- 6.7 The first six months of 2024/25 were marked by ongoing market volatility, with global bond yields remaining elevated, although trending downward as policymakers kept rates at a restrictive level in light of persistent core inflation until nearly the end of the period, when the MPC, Federal Reserve, and ECB began to deliver rate cuts and signal a shift towards loosening monetary policy.
- 6.8 The Council has budgeted £696,200 in interest income from investments after deductions in 2024/25. Actual income received by 30 September 2024 was £976,221. We are now forecasting the risk adjusted interest received by the end of March 2025 to be £1.316m and after deductions income to be £1.043m.
- 6.9 Interest rates can and have been extremely volatile over the financial year and are likely to be similarly volatile in the upcoming months. Therefore, for the purpose of budget setting these forecasts are reduced by 20% to ensure that there is not an overreliance placed on interest return for creating a balanced budget.
- 6.10 The updated forecast of £1.043m will be split between the General Fund (GF) and Housing Revenue Account (HRA). This split will be 37.4% to the GF and 62.6% to HRA. The percentage split is worked using the investment balances for both funds throughout the year as a percentage of the overall investment fund. This is subject to change.
- 6.11 Interest forecasts are notoriously difficult to predict and are subject to change particularly in an unstable interest rate environment and constantly changing economic environment.

7. Non-Treasury Investments

- 7.1 The definition of investments in CIPFA’s revised 2021 Treasury Management Code covers all the financial assets of the Council as well as other non-financial assets which the Council 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).

- 7.2 Investment Guidance issued by the Department for Levelling Up Housing and Communities (DLUHC) and the Welsh Government also includes within the definition of investments all such assets held partially or wholly for financial return.
- 7.3 The Council held £8.9m of investments made for commercial purposes. This consisted entirely of directly owned property and land. A full list of the Council's non-treasury investments is available in the Investment Strategy 2024-25 document. These investments are forecast to generate £410,000 in investment income in 2024/25 for the Council after taking account of direct costs.
- 7.4 The main purpose of these investments is regeneration of the local area rather than investment income. All commercial investments are located within the district.

8. Treasury Performance

- 8.1 The Council 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.
- 8.2 As discussed in section 6.8 investment interest income during the reporting period was £976,221 before deductions. The Council's investment interest return percentage on 30 September 2024 was 5.09%. For comparison purposes the Daily Sterling Overnight Index Average (SONIA) which is used for benchmarking purposes was 4.95%. For similar local authorities the most recent benchmarking data, which is from 30 June 2024 showed an investment return of 5.54%. This is shown in Appendix 1.
- 8.3 Since the beginning of the reporting period the Council has paid £630,829 in interest on borrowing. The forecast amount to be spent on interest on loans for the financial year 2024/25 in total is £1.98m. The weighted average interest rate on borrowing is 3.48%. For comparison purposes the current PWLB Maturity Loan rate for new 10-year borrowing is 4.99%. This represents a good rate of borrowing in the current environment.
- 8.4 During the reporting period the Council has paid back £0.6m in principle on its PWLB loans. It is forecast to repay £1.26m in PWLB loan principle by the end of the year. £1.26m is for the annuity loans whereby regular payments are made throughout the lifetime of the loan. There is no intention to borrow to replace these loans as the Council currently has the resources to absorb this.
- 8.5 The Council has forecast to undertake new borrowing of £3.8m for the HRA in the 2024/25 financial year, however, none has so far been undertaken and borrowing will be delayed as long as possible to minimize debt interest costs.
- 8.6 On 10 April 2024 amended legislation and revised statutory guidance were published on Minimum Revenue Provision (MRP). The majority of the changes take effect from the 2025/26 financial year, although there is a requirement that for capital loans given on or after 7 May 2024 sufficient MRP must be charged so that the outstanding Capital Financing Requirement (CFR) in respect of the loan is no higher than the principal outstanding less the Expected Credit Loss (ECL) charge for that loan.
- 8.7 The regulations also require that local authorities cannot exclude any amount of their CFR from

their MRP calculation unless by an exception set out in law. Capital receipts cannot be used to directly replace, in whole or part, the prudent charge to revenue for MRP (there are specific exceptions for capital loans and leased assets).

9. Compliance

- 9.1 The S151 Officer reports that all treasury management activities undertaken during the quarter complied fully with the CIPFA Code of Practice.
- 9.2 Compliance with the Authorised Limit and Operational Boundary for external debt is demonstrated in table 6 below.

Table 6: Debt Limits

	2024/25 Maximum During Q2 £m	30.09.24 Actual	2024/25 Operational Boundary	2024/25 Authorised Limit	Complied?
Borrowing	56.3	55.7	99.2	110.2	YES

- 9.3 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. However, there were no days in the reporting period in which the operational boundary was breached.

Table 7: Investment Limits

	Q2 Maximum £m	30.09.24 Actual £m	2024/25 Limit £m	Complied?
The UK Government	15.0	10.0	Unlimited	YES
Local authorities & other government entities	20.0	5.0	60.0	YES
Secured investments	0.0	0.0	60.0	YES
Banks (unsecured)	1.7	0.5	60.0	YES
Building societies (unsecured)	0.0	0.0	5.0	YES
Registered providers (unsecured)	0.0	0.0	12.5	YES
Money market funds	22.0	11.8	60.0	YES
Strategic pooled funds	0.0	0.0	25.0	YES
Real estate investment trusts	0.0	0.0	12.5	YES
Other investments	0.0	0.0	2.5	YES
Totals	58.7	27.3		

10. Treasury Management Prudential Indicators

- 10.1 The Council measures and manages its exposures to treasury management risks using the following indicators.
- 10.2 **Security:** The Council 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.

Table 8: Security

	30.06.24 Actual	2024/25 Target	Complied?
Portfolio average credit rating	A+	A-	Yes

**From last available benchmarking data*

- 10.3 **Liquidity:** The Council 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.

Table 9: Liquidity

	30.09.24 Actual £m	2024/25 Target £m	Complied?
Total cash available within 3 months	£11.8	£2.5	YES

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

Table 10: Interest Rate Exposures

Interest rate risk indicator	30.09.24 Actual	2024/25 Limit	Complied?
Upper limit on one-year revenue impact of a 1% rise in interest rates	317,432	600,000	YES
Upper limit on one-year revenue impact of a 1% fall in interest rates	-317,432	-600,000	YES

- 10.5 The impact of a change in interest rates is calculated on the assumption that maturing loans and investment will be replaced at current rates. Due to all of our investments maturing in year and the majority of our borrowing maturing in later years this means that we would benefit from an increase in Interest rates (as we replace investments with higher rates but not borrowing) but are negatively impacted by a decrease in interest rates for the same reason.
- 10.6 This is demonstrated in the above figures which show a positive return from an increase and a negative return from a decrease in interest rates. Both impacts are within reasonable limits for the revenue budget. The Council also takes further precautions by reducing its interest forecast by a risk adjusted amount of 20% as discussed in paragraph 6.9.
- 10.7 For context, the changes in interest rates during the quarter were:

Table 11: Interest Rate Changes

	31/3/24	30/9/24
Bank Rate	5.25%	5.00%
1-year PWLB certainty rate, maturity loans	5.36%	4.95%
5-year PWLB certainty rate, maturity loans	4.68%	4.55%
10-year PWLB certainty rate, maturity loans	4.74%	4.79%
20-year PWLB certainty rate, maturity loans	5.18%	5.27%
50-year PWLB certainty rate, maturity loans	5.01%	5.13%

- 10.8 **Maturity Structure of Borrowing:** This indicator is set to control the Council's exposure to refinancing risk. [This indicator covers the risk of replacement loans being unavailable, not interest rate risk.] The upper and lower limits on the maturity structure of all borrowing were:

Table 12: Maturity Structure of Debt

	30.09.24 Actual £m	30.09.24 Actual %	Lower Limit	Upper Limit	Complied?
Under 12 months	0.6	1%	0%	70%	YES
12 months and within 24 months	1.3	2%	0%	30%	YES
24 months and within 5 years	2.5	4%	0%	30%	YES
5 years and within 10 years	1.8	3%	0%	30%	YES
10 years and within 20 years	43.8	80%	0%	90%	YES
20 years and above	5.7	10%	0%	30%	YES
Totals	55.7	100%			

- 10.9 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.
- 10.10 **Principal Sums Invested for Periods Longer than a year:** The purpose of this indicator is to control the Council'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:

Table 13: Long Term Investments

	2024/25 £M	2025/26 £M	2026/27 £M	No Fixed Date £M
Actual principal invested beyond year end	£0	£0	£0	£0
Limit on principal invested beyond year end	£60	£10	£10	£10
Complied?	YES	YES	YES	YES

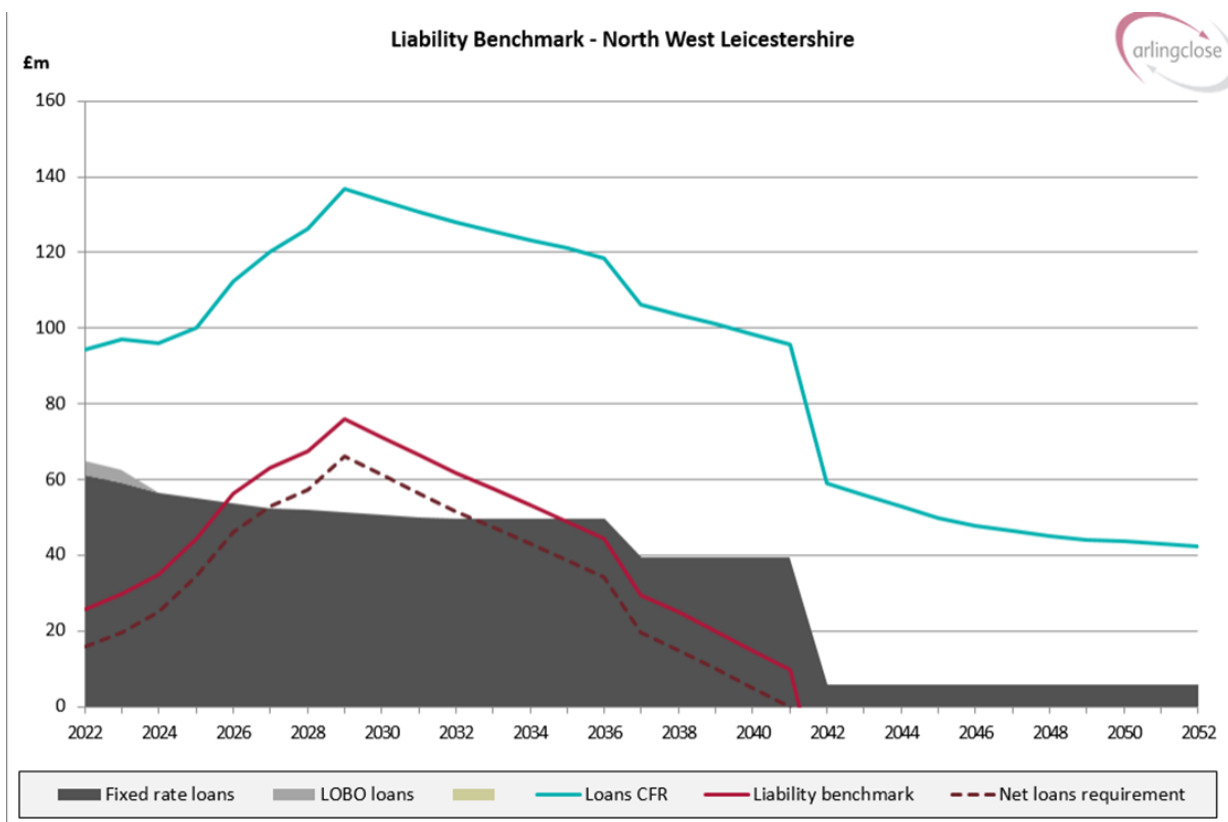
10.11 **Liability Benchmark:** This indicator compares the Council's actual existing borrowing against a liability benchmark that has been calculated to show the lowest risk level of borrowing. The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. It represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level of £10m required to manage day-to-day cash flow.

10.12 **Table 14: Liability Benchmark**

	31.3.24 Estimate	31.3.25 Forecast	31.3.26 Forecast	31.3.27 Forecast
Loans CFR	96.0	97.0	101.6	103.8
Less: Balance sheet resources	-70.0	-67.0	-68.0	-69.3
Net loans requirement	26.0	30.0	33.6	34.5
Plus: Liquidity allowance	10.0	10.0	10.0	10.0
Liability benchmark	36.0	40.0	43.6	44.5
Existing external borrowing	56.3	55.1	53.8	52.5

*The 31.3.24 position is an estimate due to statement of accounts not yet being published

10.13 Following on from the medium-term forecast above, the long-term liability benchmark assumes no capital expenditure funded by borrowing before 2025/26, minimum revenue provision on new capital expenditure based on a variable asset life depending on asset type (This can vary from 5 – 50 years) and income, expenditure and reserves all increasing by inflation of 2.5% p.a. This is shown in the chart below together with the maturity profile of the Council's existing borrowing.



10.14 The Liability Benchmark shows the underlying need to borrow (Loans CFR) in the blue line at the top of the graph, the grey shaded area as existing loans and the strong red line as the requirement for external borrowing. This graph demonstrates that by using internal resources the Council is likely to not have an external borrowing requirement in 2024/25. However, there is little room for adjustment and the Liability Benchmark graph is an estimate and subject to significant change. This situation may evolve and create a borrowing requirement in the next couple of years.



Investment Benchmarking
30 June 2024

North West Leicestershire
42 English Non-Met Districts Average
118 LAs Average

Internal Investments	£33.6m	£29.6m	£63.9m
Cash Plus & Short Bond Funds	£0.0m	£1.0m	£0.7m
Strategic Pooled Funds	£0.0m	£12.1m	£11.5m
TOTAL INVESTMENTS	£33.6m	£42.8m	£76.1m

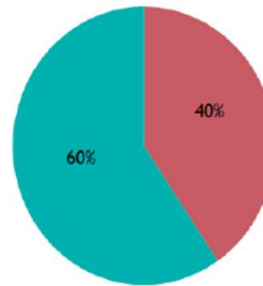
Security			
Average Credit Score	5.08	4.76	4.66
Average Credit Rating	A+	A+	A+
Average Credit Score (time-weighted)	5.00	4.44	4.41
Average Credit Rating (time-weighted)	A+	AA-	AA-
Number of Counterparties / Funds	8	12	12
Proportion Exposed to Bail-in	40%	62%	62%

Liquidity			
Proportion Available within 7 days	40%	42%	52%
Proportion Available within 100 days	85%	61%	71%
Average Days to Maturity	51	52	10

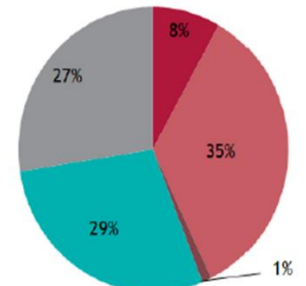
Market Risks			
Average Days to Next Rate Reset	69	70	48
Strategic Fund Volatility	-	2.8%	3.3%

Yield			
Internal Investment Return	5.43%	5.06%	5.07%
Cash Plus Funds - Income Return	-	3.75%	3.94%
Strategic Funds - Income Return	-	5.16%	5.16%
Total Investments - Income Return	5.43%	5.02%	5.06%
Cash Plus Funds - Capital Gain/Loss	-	1.97%	1.96%
Strategic Funds - Capital Gain/Loss	-	0.34%	-0.40%
Total Investments - Total Return	5.43%	5.54%	5.24%

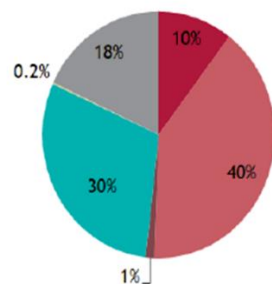
North West Leicestershire



English Non-Met Districts



All Arlingclose Clients



- Bank Unsecured
- Fund Unsecured
- Bank Secured
- Government
- Corporate/RP
- Strategic Funds

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.
- Pooled fund returns are 1-year to the end of the quarter.
- Credit scores are calculated as AAA = 1, AA+ = 2, etc.

*Data from last available benchmarking on 30 June 2024

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NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

AUDIT AND GOVERNANCE COMMITTEE – WEDNESDAY, 20
NOVEMBER 2024

Title of Report	CORPORATE RISK UPDATE	
Presented by	Paul Stone Strategic Director of Resources	
Background Papers	Corporate Risk Update (Audit and Governance Committee 22 August 2024)	Public Report: Yes
Financial Implications	There are no financial implications to be considered.	
	Signed off by the Section 151 Officer: yes	
Legal Implications	There are no direct legal implications from this report.	
	Signed off by the Monitoring Officer: yes	
Staffing and Corporate Implications	There are no direct Staffing or Corporate arising from this report.	
	Signed off by the Head of Paid Service: 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	

1.0 BACKGROUND

- 1.1 As part of the agreed Risk Management approach this report presents the latest version of the Corporate Risk Register which was reviewed at the last meeting of the officer Corporate Risk Group on 22 August 2024. In line with the Risk Management Policy, members of this Committee are to receive periodic updates on risks monitored through the Corporate Risk Register.

2.0 RISK REGISTER

- 2.1 The updated Risk Register can be found at Appendix 1. Note that the previous risk titled "Reduced Financial Funding has been merged with Risk Reference CR2 "Management of Council finances". Similarly, the previous risk "Local Authority Failure" has been merged with Risk Reference CR9 "Ultra vires decisions". The merging of the risks is sensible given the connections of the risks. There is also a new risk in respect of the East Midlands Freeport.
- 2.2 Out of the 16 active risks, one is red, nine are amber and six are green. There have been some narrative changes, and these are shown as tracked changes (red text).

- 2.3 The Director of Resources acts as the 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 October 2024, any further update on significant changes in risk will be provided at the meeting.
- 2.4 The Audit and Governance Committee is asked to review and note this risk update and provide any feedback they wish to be considered by the Corporate Risk Group at its next meeting.

Policies and other considerations, as appropriate	
Council Priorities:	- A Well-Run Council 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, Climate Change and Zero Carbon	None.
Consultation/Community/Tenant 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	Paul Stone Director of Resources paul.stone@nwleicestershire.gov.uk

Ref	Risk description	Inherent Risk			Risk Response	Risk Owner	Residual Risk		
		Likelihood	Impact	Risk Score			Likelihood	Impact	Risk Score
CR1	<p>Safeguarding</p> <p>Risk Death/serious harm to a vulnerable person receiving a Council service and safeguarding compliance</p> <p>Consequence A serious case review arising from death/serious harm to a customers and staff. Reputational damage to Council. Loss of confidence in ability of Council to deliver services. Ensuring compliance with Safeguarding legislation and practise.</p>	4	3	12	Treat	Head of Community Services	3	2	6
55									
Existing Controls	<ul style="list-style-type: none"> • An identified Corporate Lead: Head of Community Services. • An identified team responsible for Safeguarding (Community Safety) with responsibility embedded into Team Leader role and an officer (Child & Adults at risk Officer). • An agreed Safeguarding Policy refreshed as required. • An identified group of Designated Safeguarding Officers (DSO's). • An annual training programme to ensure new DSOs are well informed and trained. • A quarterly senior management review by the Head of Community Services of all cases to check progress/close cases. • Annual report to CLT and Corporate Scrutiny as required by exception. • A weekly case management review meeting by Environmental Health & Community Safety Team Leader to ensure all cases progressed. • 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 and exploitation. • A computerised system of reporting and managing reports introduced in 2019, ensures constant reminders of new cases, sending alerts at all points in the procedure. • There is now a requirement for suppliers to provide details of their safeguarding policies or agreed to adopt the Council's safeguarding policies as part of the Council's tender process. • Health and Safety Policy • Health and Safety at Work Regulations • Managers within the relevant services have a legal requirement to conduct regular risk assessments. • Staff induction training. • Annual reminders to complete/update health and safety risk assessments 								

October 2024

	<ul style="list-style-type: none"> Review of the referral process for safeguarding referrals has been implemented Review of the performance indicators for the safeguarding referral service has been implemented 		
Planned mitigating actions		Delivery timescales	Ongoing
		Reason for delay in delivery	
Comments and progress on actions	Stable		

		Inherent Risk			Residual Risk
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October 2024

Ref	Risk description	Likelihood	Impact	Risk score	Risk Response	Risk Owner	Likelihood	Impact	Risk score
CR2 57	<p>Management of Council finances</p> <p>Risk</p> <p>Reduced funding from Government. Increased demand for services, coupled with high inflation and pay awards has led to a funding gap over the medium term. Government plans reduction in business rates share to the Council. Changes to the local authority financial settlement. Economic downturn / recession. Commercial opportunities not progressed. Changing rent policies. The new Food Waste collections to be introduced in 2025/26 has a risk of insufficient revenue funding from Government being provided.</p> <p>Consequence</p> <p>Possible cessation of services or reduction of services provided.</p> <p>Central government intervention and special measures if Council issues a S114 notice.</p> <p>Inability to deliver Council Delivery Plan as resources are restrained.</p> <p>Potential staff redundancies.</p> <p>Funding of external groups is withdrawn.</p> <p>Potential breach of statutory duties/ability to deliver objectives compromised.</p>	4	2	8	Treat	Head of Finance	4	1	4
Existing Controls	<ul style="list-style-type: none"> Regular financial reporting to CLT and quarterly to Cabinet. Financial Regulations form part of the Council's Constitution. Financial planning processes are documented and reviewed regularly. No risky investments. Capital is funded from the Council's business rates growth. Enhanced governance around capital strategy spending, monitored/scrutinised by Capital Strategy Group. Monthly Statutory Officer meeting. Robust level of general fund and earmarked reserves. External support for technical finance/accounting i.e. Arlingclose (Treasury Management) and PSTax (VAT). Medium Term Financial Plan in place and is updated as part of the budget setting process. A clear financial strategy was established as part of the budget setting for 2023/24. 								

October 2024

	<ul style="list-style-type: none"> • Head of Finance monitoring of Local Government funding reviews - business rates review not expected until 2026/27 and fair funding review delayed again. • Funding advisor engaged. • Participation in Business Rates Pooling. • Accessing external funding where appropriate. • Income collection procedures in Revenues and Benefits Service and Housing sound. Leicestershire Revenues and Benefits Partnership has two trained officers working solely on Council Tax Reduction Scheme Fraud and act as Single Point of Contact for Department of Work and Pensions (DWP) referrals. • Capital Strategy to use business rates reserve to fund the capital programme • Transformation Programme in train to support the closing of the funding gap. • Contingency budget to be created in 2025/26 budget to manage the risk of insufficient ongoing revenue funding for food waste • Transformation Delivery Plan has been developed to support the balancing of the budget over the medium-term. 		
<p>Planned mitigating actions</p> <p>58</p>	<ul style="list-style-type: none"> • Compliance with CIPFA and accounting codes in meeting the revised backstop dates to ensure that the closure of the 2024/25 Statement of Accounts aligns with the statutory deadline. • Address internal control weaknesses identified in a range of finance audits • Action Plan developed to address financial management weaknesses which is monitored by the Finance Leadership Team • Unit 4 to be developed to provide timely and accurate budget monitoring for all key stakeholders • MTFP to be further developed to include sensitivity analysis 	<p>Delivery timescales</p>	<p>April 2027</p>
<p>Comments and progress on actions</p>	<p>Stable</p> <p>Internal audits of financial systems have been completed including accountancy and budget control, creditors, debtors, capital, procurement and treasury management. Actions have been developed to address weaknesses. Over 50% of internal audit recommendations from the recent limited assurance reports in respect of finance have now been implemented., with 25% on track for delivery and the remaining 25% are not yet due for delivery.</p> <p>Additional interim resource to ensure that the Statement of Accounts and statutory returns are published or completed, moving the Council towards a pre-Covid business as usual operation in meeting its statutory requirements.</p> <p>Additional third-party resource to address issues identified with the Council's financial system (Unit4) with a focus on budget monitoring activity.</p> <p>Budget setting has started earlier than in previous years to explore budget proposals.</p>		

October 2024

CR3	<p>The employment market provides unsustainable employment base for the needs of the organisation.</p> <p>Risk The Council has insufficient resources due to being unable to fill vacancies. Failure to horizon scan and interpret future needs in crucial roles. Changes to income or financial climate. Inability to recruit to vacancies/retain staff globally or in specialist areas.</p> <p>Consequences The Council is unable to perform its statutory duties and/or deliver the Council Delivery Plan. The Council's partners are unable to perform duties. Use of external resources at a significantly higher cost</p>	3	4	12	Treat	Head of HR and OD	3	2	6
Existing Controls	<ul style="list-style-type: none"> • Advance planning to mitigate this risk; the COVID pandemic experience demonstrated the Council's capability to be able to react and adjust the workforce. • Non pay benefits improved during the last year to attract and develop the right skills and promoting existing staff talent through secondments and tailored development programmes. IIP silver award maintained in 2024 and aiming for Gold accreditation in 2025. New focus on apprenticeships development to allow the Council to 'grow our own' and to tackle ageing workforce distribution. • 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. • Market conditions are tested through recruitment processes, some challenges in some specialist areas. Market supplements and other measures are applied as needed where there are recruitment difficulties in some professional areas. • The Council can offer a package of additional benefits to enhance the recruitment offer. • Mitigations in place for variety of staffing related aspects - e.g. mental health awareness, overall wellbeing work etc. • The Council has developed innovative partnering relationships with other sectors including the private sector to make posts uniquely attractive. • The Council's recruitments processes have been reviewed to make the process easier. 								
Planned mitigating actions	<ul style="list-style-type: none"> • Constantly reviewing its advertising strategies. • Specialist journals and their associated websites are also used depending on the role. • Social media is also used for advertising roles. • Work is underway at a national and regional and national level working with East Midlands Councils and the Local Government Association to promote the local government sector. National campaign to launch in November. • Recruitment and retention discussed at CLT in February 2024 and a sub-group has been established to consider potential future improvements to inform and update a new People Plan. 	Delivery timescales	April 2025						
		Reason for delay in delivery							

Comments and
progress on
actions

Stable

Report to Corporate Scrutiny Committee on 23 May 2024 setting out the actions being taken to support the recruitment process.

October 2024

Ref	Risk description	Inherent Risk			Risk Response	Risk Owner	Residual Risk		
		Likelihood	Impact	Risk score			Likelihood	Impact	Risk score
CR4	<p>Personal data breach</p> <p>Risk Loss or unlawful use of personal data constituting a breach of data protection legislation. Systems not in place to protect sensitive data. Staff are not properly trained in managing information and do not follow internal procedures.</p> <p>Consequences Monetary penalties from Information Commissioners Office (ICO), adverse publicity, private litigation and personal criminal liability of officers.</p>	4	3	12	Treat	Head of Legal and Support Services	2	2	4
Existing Controls	<ul style="list-style-type: none"> • Policies and procedures are in place and rolled out • The Information Governance polices have been reviewed and brought together under an Information Governance Framework which was approved by Cabinet in September 2024 Corporate Governance training is undertaken annually and includes information governance as appropriate to reflect changes in legislation. eLearning module updated and rolled out as mandatory annual training for all staff. Information Governance training delivered to leaders in November 2023. • The Council has a dedicated Senior Information Risk Officer (SIRO) and Data Protection Officer (DPO). • Quarterly meetings with Information Governance team and SIRO • Annual SIRO report considered by Audit and Governance Committee in April 2024 – provided overview of the Council’s compliance in relation to regulatory requirements, management of information risk across the Council and work done over the year. 								
Planned mitigating actions	<ul style="list-style-type: none"> • Information Governance Team to cooperate with the supervisory authority and monitor compliance with Data Protection laws. • Updated training to be provided to managers in November 2024. • Quarterly meetings with Information Governance team and SIRO to continue • Annual SIRO report 2024/25 to be taken to Audit and Governance Committee in April 2025 			Delivery timescales	Ongoing				
				Reason for delay in delivery					

October 2024

- Information Management Policy/Framework will be reviewed in 25/26 alongside other corporate governance policies.

Comments and
progress on
actions

Stable

		Inherent Risk			Residual Risk
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October 2024

Ref	Risk description	Likelihood	Impact	Risk score	Risk Response	Risk Owner			
						Likelihood	Impact	Risk score	
CR5	<p>Procurement and management of contracts</p> <p>Risk</p> <p>Contracts have not been adequately secured and administered. This can lead to a range of issues, including suboptimal terms, potential legal disputes, and financial losses. Legal and procurement teams are not consulted when contractors are engaged. Procurement procedures are not followed. The Council contributes to modern slavery via its contracts and supplies.</p> <p>The Council fails to meet the requirements of the Procurement Act 2023.</p> <p>Consequences</p> <p>Council liable to incur additional costs, contract overrun, litigation and potential health & safety issues as well as service disruptions.</p> <p>Failure to meet the requirements of the Procurement Act 2023 may lead to fines, sanctions or other legal actions, as well as reputational damage to the Council.</p>	3	3	9	Treat	Head of Finance	2	3	6
64									
Existing Controls	<ul style="list-style-type: none"> Oversight board structure in place to oversee major project work and compliance group now in place to oversee these elements of contracted work. Corporate procurement support and legal team to support where necessary on contract management. Review of procurement compliance undertaken leading to enhanced contract register and updated strategy Recasting procurement functions activity, processes and focus of training and education for staff in 2023. Training delivered in November 2023. Third-party support has been procured. 								
Planned mitigating actions	<ul style="list-style-type: none"> Procurement toolkit to be produced to cover majority of lower value procurements with high value and complex procurements to be supported by specialised function. Contracts register completed and to be published. Register to be regularly reviewed by CLT. Implement wider procurement response outside of financial to determine the competency of a contractor to undertake work – Health and Safety (H&S) competency, training, quality, environmental etc Ensure all staff involved in procurement are well-trained and fully understand the requirements of the Procurement Act 2023. Review and amend relevant policies. Support to be provided from additional third-party in respect of training, policies and strategy development. Task and finish group established to ensure meeting requirements of the Act. 			Delivery timescales	December 2025				
				Reason for delay in delivery					

October 2024

- Training to be provided as part of the annual corporate governance training in November 2024

**Comments and
progress on
actions**

Stable

Ref	Risk description	Inherent Risk			Risk Response	Risk Owner	Residual Risk		
		Likelihood	Impact	Risk score			Likelihood	Impact	Risk score
CR6	<p>Emergency response</p> <p>Risk Failure to respond to an emergency event in an appropriate manner. Lack of planning, training and exercising of Emergency plans.</p> <p>Consequences General public at risk of harm or unable to access relevant services (e.g. emergency accommodation or rest centre).</p>	4	4	16	Treat	Head of Human Resources and Organisation Development	4	2	8
Existing Controls	<ul style="list-style-type: none"> Business continuity plans have been reviewed and updated at Head of Service level as part of the 2024/25 business plans process. LRF and Council emergency plans and arrangements are being constantly updated and have been used during recent storm flooding events that have affected the district in late 2023 and early 2024. Exercises also take place at regional and national level for a variety of emergency planning scenarios. The LRF partnership arrangement with all Leicestershire and Rutland authorities provides resilience during civil emergency situations. Business Continuity exercises show the readiness of the Council to deal with emergencies. System of ICO / FLM duty rotas is in place and continued reassessment for ongoing incidents. COVID experience shows capability and ability to perform. LRF delivered training to the Corporate Leadership Team in 2024 Senior managers attend LRF training. 								
Planned mitigating actions					Delivery timescales	Ongoing			
					Reason for delay in delivery				

October 2024

Comments and progress on actions	Stable
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Ref	Risk description	Inherent Risk			Risk Response	Risk Owner	Residual Risk		
		Likelihood	Impact	Risk score			Likelihood	Impact	Risk score
CR7 67	<p>Cyber-attack</p> <p>Risk</p> <p>Systems not in place or kept current to deflect any foreseeable cyber-attack, including those attackers using generative AI, which is increasing in the industry. Limited staff awareness of possible threats. Lapse in security awareness and basic processes from a technical AI and human perspective</p> <p>Consequences</p> <p>Business as usual” would not be possible. Cost of repelling cyber threat and enhancing security features.</p>	4	4	16	Treat	Head of ICT	2	2	4
Existing Controls	<ul style="list-style-type: none"> Fully resilient network environment in place with no single points of failure for core systems. Systems which are running on premise have a daily off-site backup regime. In the case of on-premises systems which become unavailable for any reason, services would need to revert to their service BCP's to resume service. Yearly IT security health check and PEN (penetration) testing is carried out, by an Identity Attack Surface Management (IASME) security accredited supplier, with remediation action plan in place to mitigate any risks found. In 2024 the Council had 0 critical, 6 high, 3 medium and 23 Low issues. The five high and medium issues have now been remediated. The Council has also passed our Public Services Network (PSN) accreditation for 24/25. Phishing campaigns run four times a year to test staff security awareness and feedback results to CLT, with improvement plans in place for those who have not passed the test. Campaigns will now include members as they were excluded previously. Quarterly Cyber Security awareness training held for staff and new starters, to protect staff at home and in the office. Yearly mandatory information security training conducted for all staff on the Skillsgate training system. New business systems are run in remote fully resilient data centres and existing systems are being progressively migrated to cloud computing centres Diversity of environments used to avoid single point of failure risk, with backups now in the cloud, moving away from tapes. Improved business recovery arrangements have been implemented to minimise recovery time. 								

October 2024

	<ul style="list-style-type: none"> • Accreditation to Cyber Essentials and the Public Services Network. • Latest audit / assessments all confirm secure environment with reasonable assurance. Some formalisations of processes required and review of backups restoration window. • Purchase of external vulnerability scanner now in place. This allows the Council to scan and monitor its external perimeter daily and proactively mitigate issues. Cloud Centre of Excellence (CCOE) latest scan showed 47 medium and 102 Low Vulnerabilities, which the Council is working to mitigate using the tool which it has been purchased. • An annual external IT audit assessed the organisation's IT arrangements in a range of areas against best practice. The outcome of the audit in 2024 was, limited assurance, with two critical recommendations and twelve mediums, The two high recommendations have been resolved, as well as the nine mediums. Three remediations are due for completion in December. • The Council has signed up to the Cyber Assessment framework (CAF), which is another cyber assessment carried by Cabinet Office. This has now been completed successfully • Backups are now stored in the cloud as "offline backups", this is for all Council data and Office 365 tenancy • Increase the Active Directory (AD) password complexity from eight characters to 12 characters. This makes it harder for password to be cracked • Replacement of firewalls due to End of Life (EOL) hardware • Introduce password protection, so that when staff change AD passwords, they are checked against a Microsoft database of known weak passwords. This will prevent the use of insecure and weak password in the Council. 		
<p>Planned mitigating actions</p>	<ul style="list-style-type: none"> • Need a list of business-critical systems in order of restoration priority, in conjunction with CLT • Complete remaining audit recommendations by December 2024 	<p>Delivery timescales</p>	<p>Ongoing</p>
<p>Comments and progress on actions</p>	<p>Stable Good progress on keeping staff and the business secure.</p>	<p>Reason for delay in delivery</p>	

October 2024

Ref	Risk description	Inherent Risk			Risk Response	Risk Owner	Residual Risk		
		Likelihood	Impact	Risk score			Likelihood	Impact	Risk score
CR8	<p>Project Management Processes</p> <p>Risk Projects are poorly managed. Failure of proposed projects could result in failure to achieve overall objectives. Inefficient use / waste of resources.</p> <p>Consequences 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</p>	3	3	9	Treat	Director of Resources	2	2	4
Existing Controls	<ul style="list-style-type: none"> Greater use of professional project managers for key projects. Work ongoing to address project methodologies deployed across the Council. Greater use of external / non-subject board members. Board structure covering all major projects in place. 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. Utilising Internal Audit to conduct audits of individual projects or project management more widely. . Scrutiny of risk registers or project management framework of individual projects by Risk Scrutiny Group. Project management guidance has been developed and published, as well as a suite of templates List of Council-wide projects developed and to be monitored by the Transformation Steering Group. 								
Planned mitigating actions	<ul style="list-style-type: none"> A schedule of all projects across the Council has been developed and will be monitored by the Transformation Steering Group Project management training scheduled for some officers in September 2024 E-learning module is being developed 			Delivery timescales	April 2025				
				Reason for delay in delivery					

October 2024

Comments and
progress on
actions

Stable

Ref	Risk description	Inherent Risk			Risk Response	Risk Owner	Residual Risk		
		Likelihood	Impact	Risk score			Likelihood	Impact	Risk score
CR9	<p>Ultra vires decisions/Local authority failure</p> <p>Risk</p> <p>Council makes ultra vires (beyond the Council’s powers and functions) decisions or those which it does not have the correct permissions to undertake. Staff / Members proceeding without established governance arrangements. Failure to consult with Legal / Monitoring Officer.</p> <p>There is greater focus from Government and regulators on the local government sector. There is a risk of an impact of an adverse external assessment on the Council. If this risk materialised it could impact on service delivery, performance levels, governance, reputation and decision-making arrangements. Greater focus on the local government sector from Government and regulators following high profile council 'failures'.</p> <p>Consequences</p> <p>Potential challenge to decision/litigation against the Council, resulting in increased costs / compensation. Financial, reputational, legal and political damage to the Council.</p>	4	3	12	Treat	Head of Legal and Support Services	4	1	4
71									
Existing Controls	<ul style="list-style-type: none"> • Constitution reviewed annually – 23/24 review completed, and Constitution approved at Council in Feb 24. • Guidance provided to report authors. • Legal advice provided to officers and legal implications considered in reports to members as appropriate. • Statutory Officer checks take place on reports to Council, Cabinet, Licensing, Planning and Audit and Governance Committees • Advice provided to members by the MO/Dep MO as needed on matters being considered by Council/Committees. • Policies and procedures in place, governance processes are documented and in operation, ongoing assessments and reviews are performed. Completion of the Annual Governance Statement. • Corporate governance training on decision making provided in 2023 to CLT/ELT • The Council has in place a range of controls including financial procedures, governance framework, performance management framework, project management methodology, strategies, controls underpinning its operations, clear communication with staff, Statutory officer meetings and internal audit plan. The Council is aware of the creation of the Office for Local Government and is actively working to understand the implications/requirements for the Council. 								

October 2024

	<ul style="list-style-type: none"> • “Golden triangle” of Statutory Officers is in place with a regular meeting of Statutory Officers taking place • Recognised in case study by the LGA for having good governance in place • LGA Peer Review completed June 2024 • Internal audits of finance functions completed. Finance Leadership Team meet regularly to track recommendations. • Where specific regulatory regimens are in place additional oversight and control implemented – e.g. Housing Improvement Board • The Council has completed the Office for Local Government Best Value Self-Assessment and is performing well against the measures. 		
<p>Planned mitigating actions</p>	<ul style="list-style-type: none"> • Annual review of Constitution 2024/25 • Legal advice provided to officers and legal implications considered in reports to members as appropriate. • Statutory Officer checks to take place on reports to Council, Cabinet, Licensing, Planning and A and G Committees • Guidance provided to report authors • Corporate Governance Training to be provided to Managers in November 2024 • Report authors guide to be refreshed and rolled out for officers • Outcome of LGA Peer Review awaited • Governance training scheduled for November 2024 	<p>Delivery timescales</p>	<p>Ongoing</p>
		<p>Reason for delay in delivery</p>	
<p>Comments and progress on actions</p>	<p>Stable</p>		

October 2024

Ref	Risk description	Inherent Risk			Risk Response	Risk Owner	Residual Risk		
		Likelihood	Impact	Risk score			Likelihood	Impact	Risk score
CR10	<p>Fraud</p> <p>Risk</p> <p>Council is subject to serious fraud, corruption or theft. Lack of checks and balances within financial regulations. Poor budget / contract management. Poor monitoring of / adherence to financial systems. Changes in working practises causing unintended risk/exposure.</p> <p>Consequences</p> <p>Financial, reputational and political damage to Council.</p>	4	3	12	Treat	Head of Finance, Heads of Service and all Team Managers.	3	2	6
73		<ul style="list-style-type: none"> A policy framework that includes Anti-Fraud and Corruption Policy, Confidential Reporting (Whistleblowing) Policy and Anti-Money Laundering Policy. Policies refreshed annually. Approved by Cabinet in September 2024 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. Internal control and governance arrangements such as segregation of duties, schemes of delegation, bank reconciliations of fund movements, and verification processes. Participation and strengthening of involvement in National Fraud Initiative (mandatory) Information on how to report fraud is on the website including relevant links. A Fraud module is available on Skillgate and is an annual mandatory module for all staff a 							
	Existing Controls								
	Planned mitigating actions	<ul style="list-style-type: none"> Fraud discussions and promotion of Fraud policies to be included by internal audit when attending team meetings. 			Delivery timescales	Ongoing			
					Reason for delay in delivery				

Ref	Risk description	Inherent Risk			Risk Response	Risk Owner	Residual Risk		
		Likelihood	Impact	Risk score			Likelihood	Impact	Risk score
CR13	<p>Political Administration</p> <p>Risk No overall control of the Council following the May 2023 elections could lead to instability in the decision-making process which could impact adversely on service delivery. The election in May 2023 changed the political make-up of the Council.</p> <p>Consequences Financial, reputational and political damage to the Council. Slower decision making.</p>	3	3	9	Treat	Chief Executive	2	3	6
74									
Existing Controls	<ul style="list-style-type: none"> There has been extensive work by officers to work with all Groups to minimise the impact. This work has been supplemented by external engagement with the Local Government Association. The work undertaken to date includes regular briefings with all Groups, a member induction programme, a continuing training programme for councillors, clarity on the roles of councillors on each committee and engaging with staff to raise their awareness in dealing with/responding to/working with councillors. The Council has in place a range of controls including financial procedures, governance framework, performance management framework, project management methodology, strategies, controls underpinning its operations, clear communication with staff, Statutory officer meetings and internal audit plan. The Council is aware of the creation of the Office for Local Government and is actively working to understand the implications/requirements for the Council. 								
Planned mitigating actions	<ul style="list-style-type: none"> Continued engagement with all groups/members. Advice provided to members on Constitution to enable members to undertake their roles. Continued Statutory Officer meetings Oflog self-assessment. 			Delivery timescales	ongoing				
				Reason for delay in delivery					
Comments and progress on actions	Stable								

Ref	Risk description	Inherent Risk			Risk Response	Risk Owner	Residual Risk		
		Likelihood	Impact	Risk score			Likelihood	Impact	Risk score
CR15	<p>Climate Change/Zero Carbon Delivery</p> <p>Risk Inability to deliver programme due to resource / financial / operational / procedural process. Inability to gain action by partners</p> <p>Consequences The failure of the Council to achieve carbon neutrality for its operations by 2030 and carbon neutrality for the District by 2050. This may have long term impacts on both the financial picture of the council and the ability of key service provision in the long term.</p>	3	4	12	Treat	Head of Community Services	2	2	4
76		<p>Existing Controls</p> <ul style="list-style-type: none"> Achievement of the carbon reduction ambitions are mainly vested in our Zero Carbon Policy and Roadmap. The Action Plan contains planned and programmed actions and will be reviewed annually. It will quantify the estimated net financial costs and net carbon savings associated with the contents of the Plan. Attaining the targets in the Plan is one of the Corporate Plan Key Performance Indicators. Whilst the action plan has been agreed it does contain several actions where funding has not been committed. The Strategy and Plan have identified the main carbon emissions sources. The Council will be alive to the many and various windfall opportunities for interventions in between the annual Plan revisions where these are considered likely to make significant impacts on reducing emissions. Emerging statute and government policy will exert significant influence over the Council's operations and indirect influence in relation to climate change. 							
		<ul style="list-style-type: none"> Work is ongoing to understand the costs of zero carbon delivery which in turn will help to understand the risks. 			<p>Delivery timescales</p> <p>April 2026</p>				
					<p>Reason for delay in delivery</p>				
		<p>Comments and progress on actions</p> <p>Stable</p>							

Ref	Risk description	Inherent Risk			Risk Response	Risk Owner	Residual Risk		
		Likelihood	Impact	Risk score			Likelihood	Impact	Risk score
CR16	<p>Changes in national priorities and legislative change</p> <p>Risk Changes in national priorities given the new Government elected in July 2024. This could include changes in delivery of statutory services.</p> <p>Consequences Council may not have the necessary resources to deliver on key projects. Projects may adversely affect local residents.</p> <p>Introduction of new statutory duties may change the strategic direction of the Council, entail additional workload for officers, change the way existing services are delivered and increase financial pressures.</p>	3	3	9	Treat	Chief Executive	2	2	4
77									
Existing Controls	<ul style="list-style-type: none"> Briefings to officers on relevant changes Working alongside other stakeholders and partner organisations to keep informed of developments such as the Local Government Association, District Councils Network and Leicestershire Chief Executives Group 								
Planned mitigating actions	<ul style="list-style-type: none"> Circulation of relevant briefings to key offices on proposed/new legislation Effective business continuity planning Regular updates to Members on developments and potential changes in legislation Coordination and sharing of information with other local authorities through various networks and forums 				Delivery timescales	Ongoing			
					Reason for delay in delivery				
Comments and progress on actions	New								

Ref	Risk description	Inherent Risk			Risk Response	Risk Owner	Residual Risk		
		Likelihood	Impact	Risk score			Likelihood	Impact	Risk score
CR17	<p>Housing Landlord Function</p> <p>Risk That the Council fails to deliver services in compliance with the new regulatory standards and the longer-term arrangements for the service.</p> <p>Consequences Loss of control of service provision , loss of function, unlimited fines, reputational and political risk.</p>	3	4	12	Treat	Head of Housing	2	3	6
78									
Existing Controls	<ul style="list-style-type: none"> Some levels of control over the major areas of compliance exist in general sense – achieved through system control, process and evidenced through auditing processes and self-assessment Greater burdens to provide assurance that performance management is robust, and intervention taken when performance drops. Assurance the data is correct, timely and is being seen and understood by the appropriate governing body High level of external oversight and reporting to regulatory bodies – including engagement with the same on regular basis Adherence to policy and improvement of policy in line with new guidance and process from regulator 								
Planned mitigating actions	<ul style="list-style-type: none"> Housing Improvement Plan in place with oversight from Cabinet, Scrutiny and Housing Improvement Board – this sets out a phased improvement plan to address regulatory change and service change as a whole Requested increased audit appraisals Independent consultancy (Housing Quality Network) invited to work with us and undertake a gap analysis of current performance against meeting rigor of new consumer standards 				Delivery timescales	April 2026			
					Reason for delay in delivery				

October 2024

Comments and
progress on
actions

New

Given the findings of poor assurance on compliance areas across both the Consumer Standards (introduced April 2024) and the safety compliance areas (Fire, Legionella, Electricity, Gas, Asbestos, Lifts) coupled with the ratings awarded so far by the Regulator of Social Housing to Local Authorities (C4 to Newham LBC and majority of other LA inspections graded at C3

Ref	Risk description	Inherent Risk			Risk Response	Risk Owner	Residual Risk		
		Likelihood	Impact	Risk score			Likelihood	Impact	Risk score
CR18	<p>Health and Safety</p> <p>Risk: The Council fails to comply with health and safety legislation and manage health and safety risks in delivering its services</p> <p>Consequences Fatality or serious injury to an employee or member of the public. Breach of legislation may lead to criminal prosecution, imprisonment, fines and reputational damage. Loss of major assets.</p>	3	4	12	Treat	Head of HR and Organisational Development	2	3	6
8									
Existing Controls	<ul style="list-style-type: none"> Corporate Health and safety policy in place and reviewed annually. Supporting policies, Fire, Legionella, Asbestos in place. Teams undertake risk assessments and record on the SHE Assure system to identify and implement controls to reduce risk. Health and safety training program implemented with further development progressing. Health and safety discussion forms part of regular meetings with CLT, Management Teams, JTUCC and Union safety reps. 								
Planned mitigating actions	<ul style="list-style-type: none"> Further development of a H&S management system in line with ISO 45001 Introduction of H&S guidance notes and introduction of H&S page as a single point to access H&S information. 			Delivery timescales	<ul style="list-style-type: none"> April 2026 December 2024 				
				Reason for delay in delivery					
Comments and progress on actions	Stable								

Ref	Risk description	Inherent Risk			Risk Response	Risk Owner	Residual Risk		
		Likelihood	Impact	Risk score			Likelihood	Impact	Risk score
CR19	<p>East Midlands Freeport</p> <p>Risk</p> <p>While the Freeport aims to provide financial incentives, there are concerns about the long-term sustainability of these benefits.</p> <p>The establishment of the Freeport involves complex legal frameworks, including compliance with the Subsidy Control Act.</p> <p>The development associated with the Freeport could lead to significant environmental concerns, such as increased traffic congestion, impacts on local wildlife, and potential flooding risks.</p> <p>Local communities may have concerns about the changes brought by the Freeport, including potential disruptions and changes to the character of the area.</p> <p>The influx of businesses and workers may strain existing infrastructure, such as roads and public services.</p> <p>Economic conditions can change rapidly, and reliance on the Freeport model may expose the council to market fluctuations that could affect investment and job creation.</p> <p>Consequences</p> <p>If businesses do not meet growth expectations, the anticipated increase in business rates may not materialise.</p> <p>Not adhering to subsidy control regulations could expose the Council to legal challenges or financial penalties.</p> <p>Could lead to opposition from communities that complicates planning and development efforts.</p>	3	4	12	Treat	Head of Housing	2	3	6

October 2024

<p>Existing Controls</p>	<ul style="list-style-type: none"> • No detriment agreement has been established to ensure that the Council retains the same level of business rates as it would without the Freeport. • Legal expertise has been sources to ensure compliance with the subsidy control act and other regulations • Clear governance structures for oversight have been established • The Council is represented at Board level • Statutory officers and legal representatives are actively involved in meetings. The Section 151 Officer is represented on the Section 151/Finance Sub-Committee • Report on the implications of housing need in the district has been drafted • As the planning authority, the Council will handle any planning applications related to the Freeport that fall within its jurisdiction 		
<p>Planned mitigating actions</p>	<ul style="list-style-type: none"> • 	<p>Delivery timescales</p>	<p>April 2026</p>
<p>Comments and progress on actions</p> <p>83</p>	<p>New</p>		

October 2024

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

Assessing the impact of exposure

1. Minor	<p>Loss of a service for up to one day. Objectives of individuals are not met. No injuries.</p> <p>Financial loss over £1,000 and up to £10,000. No media attention.</p> <p>No breaches in Council working practices. No complaints / litigation.</p>
2. Medium	<p>Loss of a service for up to one week with limited impact on the general public.</p> <p>Service objectives of a service unit are not met.</p> <p>Injury to an employee or member of the public requiring medical treatment.</p> <p>Financial loss over £10,000 and up to £100,000.</p> <p>Adverse regional or local media attention - televised or newspaper report.</p> <p>Potential for a complaint litigation possible. Breaches of regulations / standards.</p>

October 2024

<p>3. Serious</p>	<p>Loss of a critical service for one week or more with significant impact on the general public and partner organisations. Service objectives of the directorate of a critical nature are not met. Non-statutory duties are not achieved. Permanent injury to an employee or member of the public Financial loss over £100,000. Adverse national or regional media attention - national newspaper report. Litigation to be expected. Breaches of law punishable by fine.</p>
<p>4. Major</p>	<p>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. Strategic priorities of a critical nature are not met. Statutory duties are not achieved. Death of an employee or member of the public. Financial loss over £1m. Adverse national media attention - national televised news report. Litigation almost certain and difficult to defend. Breaches of law punishable by imprisonment.</p>

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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

October 2024

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 “Four 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.

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

AUDIT AND GOVERNANCE COMMITTEE – WEDNESDAY, 20
NOVEMBER 2024

Title of Report	STANDARDS AND ETHICS REPORT - QUARTER 2	
Presented by	Kate Hiller Interim Head of Legal and Support Services and Monitoring Officer	
Background Papers	None	Public Report: Yes
Financial Implications	There are no financial implications to be considered.	
	Signed off by the Section 151 Officer: Yes	
Legal Implications	The report details the Council's compliance with legislative requirements including Freedom of Information requests, Environmental Information Requests and use of RIPA powers from the previous quarter.	
	Signed off by the Monitoring Officer: Yes	
Staffing and Corporate Implications	There are no staffing or corporate implications to be considered.	
	Signed off by the Head of Paid Service: Yes	
Purpose of Report	To receive and consider the figures for the Local Determination of Complaints and Ethical Indicators for Quarter 2 of 2024/25.	
Recommendations	THAT THE REPORT BE RECEIVED AND NOTED.	

1.0 BACKGROUND

- 1.1 The Audit and Governance Committee assists the Council in fulfilling its duty under the Localism Act 2011 to promote and maintain high standards of conduct by Councillors and co-opted Councillors of District and Parish Councils.

This is a quarterly report to the Committee. The Standards and Ethics Report appended provides information in two categories: Local Determination of Complaints and Ethical Indicators. Each category is split for ease of reference.

This report will enable the Audit and Governance Committee to keep track of how many complaints are received by the Monitoring Officer each quarter and how these are dealt with. Where the Councillor Code of Conduct has been breached, this will also

be recorded to enable the Committee to determine whether there needs to be further targeted training.

The report also allows the Committee to have oversight on the quarterly data for Ethical Indicators. This includes reporting on instances of concern raised regarding Modern Slavery, reporting of whistleblowing incidents, whether the Council has used its RIPA powers, and several other indicators.

Policies and other considerations, as appropriate	
Council Priorities:	A Well-Run Council
Policy Considerations:	N/a
Safeguarding:	Customers and the community are safeguarded in relation to modern slavery by having the ability to raise instances of concern, which must be looked into and referred to the national agencies where appropriate.
Equalities/Diversity:	N/a
Customer Impact:	None arising directly from the report. Details regarding the process for making an FOI request or making a complaint about a councillor are on the Council's website.
Economic and Social Impact:	N/a
Environment, Climate Change and Zero Carbon	N/a
Consultation/Community/Tenant Engagement:	N/a
Risks:	Receiving regular reports on the statistics of Ethical Indicators and councillor complaints enables the Committee to exercise oversight of their function under the Localism Act 2011 and manage risks.
Officer Contact	Kate Hiller Interim Head of Legal and Commercial Services kate.hiller@nwleicestershire.gov.uk

Standards and Ethics

Quarter 2 Report

2024-2025

Contents

Page 1 - Introduction

Page 2 - Local Determinations of Complaints

Page 3 - Ethical Indicators

Page 4 - Freedom of Information Requests

Page 5 - Definitions

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 2024/25.

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 two 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 and 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.

Local Determination of Complaints

The Monitoring Officer received one complaint in Quarter 2 of 2024/25 (1 July 2024 – 30 September 2024).

One complaint received in Quarter 1 was unable to be progressed as it was determined in Quarter 2 that the initial tests were not met.

One complaint received in Quarter 2 is still ongoing.

2.1 Assessment Sub-committee Decisions

There have been no 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.

No complaints have been resolved informally in Quarter 2.

2.2 Timeliness of Decision

The Local Government Association [guidance](#) states that where the decision has been delegated to an officer, the authority should aim to complete their initial assessment of an allegation within 15 working days of receiving a complaint. Where the assessment is sent to a committee, the committee should be set up along similar timescales. The Council has taken this standard and included it in the Council's arrangements for dealing with complaints to aim to hold an Assessment Sub-committee within 15 working days of notifying the parties that informal resolution is not possible.

2.3 Review Requests

There have been no review requests in Quarter 2. 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

None to report – see above

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

Complaints made to the Monitoring Officer under the Code of Conduct during Q2 2024/25

<u>Qtr 2</u> <u>24/25</u>	<u>Complaint from</u>	<u>About district/ parish councillor</u>	<u>Regarding</u>	<u>status</u>
	Member of the public	Parish Councillor	Failing to follow procedures re calling an extraordinary meeting	Ongoing

Ethical Indicators

PERFORMANCE INDICATOR	Q1			Q2			Q3			Q4		
	22/ 23	23/ 24	24/ 25	22/ 23	23/ 24	24/ 25	21/ 22	22/ 23	23/ 24	21/ 22	22/ 23	23/ 24
Instances of concerns raised re Modern Slavery	0	0	1	0	0	0	0	0	1	1	0	0
Instances of concerns raised re Modern Slavery referred to national agencies	0	0	0	0	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
Use of RIPA powers	0	0	0	0	0	0	0	0	0	0	0	0

FOI Data for Q2 24/25

	Subject Access Requests											
	Q1			Q2			Q3			Q4		
	22/23	23/24	24/25	22/23	23/24	24/25	21/22	22/23	23/24	21/22	22/23	23/24
Total number received	3	11	11	6	11	10	5	5	9	13	10	8
% answered on time			100%			90%			78%			88%
Internal reviews			1			0						

	Freedom of Information Requests											
	Q1			Q2			Q3			Q4		
	22/23	23/24	24/25	22/23	23/24	24/25	21/22	22/23	23/24	21/22	22/23	23/24
Total number received	147	157	122	122	196	132	90	108	157	196	148	194
% answered on time	51%	93%	89%	79%	86%	90%	95%	60%	92%	78%	91%	92%
Internal reviews	1	1	0	3	2	0	1	3	1	2	1	0

	Environmental Information Requests											
	Q1			Q2			Q3			Q4		
	22/23	23/24	24/25	22/23	23/24	24/25	21/22	22/23	23/24	21/22	22/23	23/24
Total number received	4	6	4	4	5	6	NH	7	3	1	7	3
% answered on time			100%		80%	100%			100%			100%
Internal reviews			0		0	0			0			0

Definitions

Business as usual Information requested can be sent quickly and easily within the normal course of business.

Environmental Information Request a right for any person to request access to environmental information held by public authorities.

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

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

AUDIT AND GOVERNANCE COMMITTEE – WEDNESDAY, 20
NOVEMBER 2024

Title of Report	QUARTER 2 AUDIT PROGRESS REPORT	
Presented by	Kerry Beavis Internal Audit Manager	
Background Papers	Public Sector Internal Audit Standards Internal Audit Plan 2024-25	Public Report: Yes Appendix 2 is exempt under Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972
Financial Implications	None arising from this report.	
	Signed off by the Section 151 Officer: yes	
Legal Implications	None arising from this report.	
	Signed off by the Monitoring Officer: yes	
Staffing and Corporate Implications	None arising from this report.	
	Signed off by the Head of Paid Service: yes	
Purpose of Report	To inform the Committee of the progress against the Internal Audit Plan for 2024/25 and to highlight any incidences of significant control failings or weaknesses that have been identified.	
Recommendations	THAT THE AUDIT AND GOVERNANCE COMMITTEE NOTES THE REPORT.	

1.0 BACKGROUND

- 1.1 The Public Sector Internal Audit Standards require the Council'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 2024/25 Audit Plan on 24 April 2024. The Committee receives quarterly progress reports.

2.0 PROGRESS REPORT

- 2.1 The Internal Audit Progress Report for quarter 2 is attached at Appendix 1. A confidential audit report is attached at Appendix 2.

Policies and other considerations, as appropriate	
Council Priorities:	An effective internal audit service supports all council priorities.
Policy Considerations:	N/A
Safeguarding:	There are no specific risks associated with this report.
Equalities/Diversity:	N/A
Customer Impact:	N/A
Economic and Social Impact:	N/A
Environment, Climate Change and Zero Carbon	N/A
Consultation/Community/Tenant Engagement:	The report was presented to the Corporate Leadership Team on 30 October 2024.
Risks:	There are no specific risks associated with this report, however, if the Audit and Governance Committee did not receive periodic reports from Internal Audit, there would be a risk of none conformance with the Public Sector Internal Audit Standards.
Officer Contact	Kerry Beavis Internal Audit Manager Kerry.beavis@nwleicestershire.gov.uk



INTERNAL AUDIT SHARED SERVICE

North West Leicestershire District Council

Internal Audit Progress Report 2024/25 Q2

1. Introduction

- 1.1. Internal Audit is provided through a shared service arrangement led by North West Leicestershire District Council and delivered to Blaby District Council and Charnwood Borough Council. 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 2024/25 Internal Audit Plan up to 30 September 2024.

2. Internal Audit Plan Update

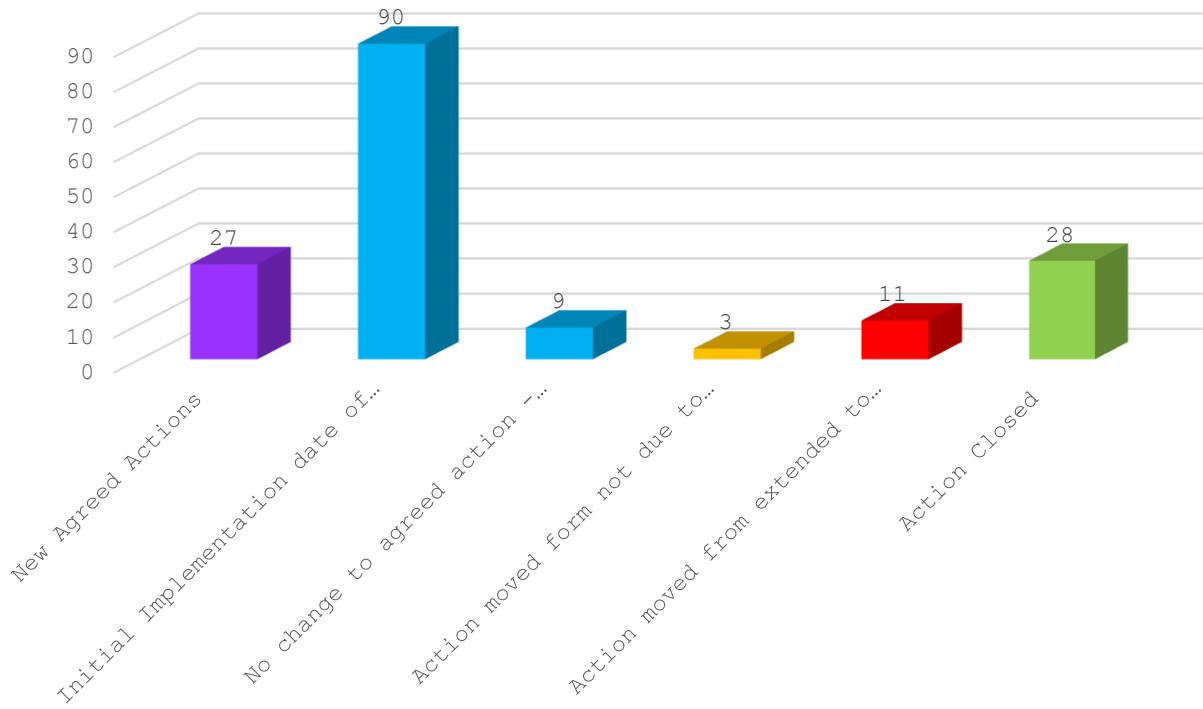
- 2.1 The 2024/25 audit plan is included at Appendix A for information and details the audits in progress. Since the last update two final reports have been issued from the 2023/24 audit plan, this finalised the 2023/24 plan.
- Housing Rents
 - Fleet Management (Confidential – Appendix E)

3. Internal Audit Recommendations

- 3.1. Internal Audit monitor and follow up critical, high and medium priority recommendations. Further details of overdue and extended recommendations are detailed in Appendix C for information. An update on overdue actions since 30 September will be provided at the meeting.

Year	Not Due		Extended		Overdue	
	High	Medium	High	Medium	High	Medium
21/22	-	-	2	1	-	-
22/23	-	-	2	1	7	4
23/24	70	47	4	2	-	-

Movement of Agreed Actions During Quarter 2
2024/25



4. Internal Audit Performance Indicators

4.1. Progress against the agreed Internal Audit performance targets is documented in Appendix D.

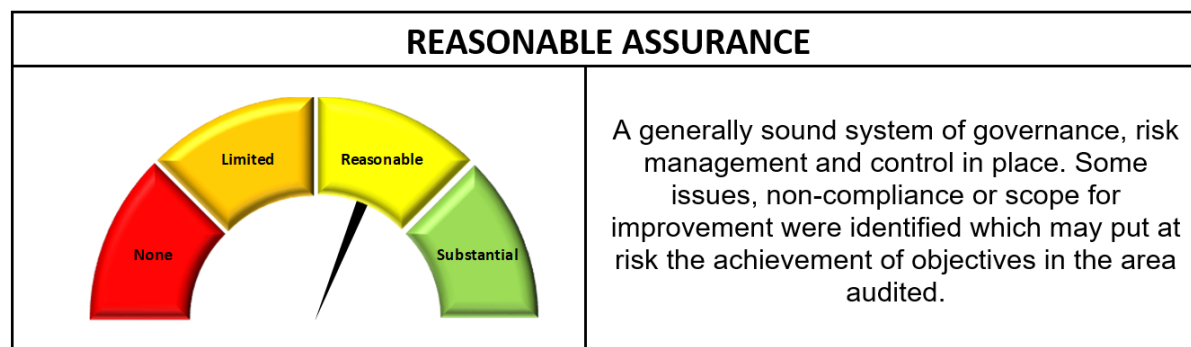
2024/25 AUDIT PLAN AS AT 30 SEPTEMBER 2024

Audit Area	Type	Planned Days	Actual Days	Status	Assurance Level	Recommendations				Comments
						C	H	M	L	
Housing Void Properties	Audit	12		Q3						
Housing Compliance	Audit	20	5.5	In progress						
Housing Contract Management	Audit	20		Q2						Postponed until Q4 to allow for Wates contract to be fully mobilised.
Choice Based Lettings	Advisory	7	1	In progress						
Tree Stock Management	Audit	8	1	In progress						
Waste Services	Audit/ Advisory	20	0.5	To be agreed						
Insurance	Audit	8	11.5	In progress						
VAT & Benefits in Kind	Audit	10		Q2						
Key Financial Systems	Audit	55		Q3,4						
Regeneration Projects	Consultancy	20	22	Draft Report						
IT Audit – IT Security Management	IT Audit Contractor	10		In progress						
IT Audit – Unit 4 Application Review	IT Audit Contractor	10		In progress						
Net Zero	Audit	8		Q3						
Driver Checks	Advisory	6	12.5	Draft Report						
Transformation Projects	Advisory	3		As required						
Complaints	Audit	12		Q2						
UKSPF	Audit	8		Q2						Postponed until Q4
Changing Places	Grant	2		Q3						
Procurement & Contract Management	Audit	12		Q4						
TA Accounts	Assurance		8.5	Completed	N/A					

Housing Decarbonisation Grant	Grant Assurance	5		Q3 & Q4						
CCAN	Advisory			Addition to Plan						
Corporate Property Projects	Advisory			Addition to Plan						
Outstanding from 23/24										
Fleet Management	Audit	8	14	Completed	Limited	-	18	2	-	
Asbestos Management	Audit	10	12	Completed	Limited	-	11	1	-	
Debtors	Audit	10	10	Completed	Limited	-	7	4	1	
Creditors	Audit	10	10	Completed	Limited	-	9	5	-	
Main Accounting	Audit	10	10	Completed	Limited	-	8	4	-	
Treasury Management	Audit	8	7	Completed	Limited	-	5	1	-	
Housing Repairs	Audit	40	51	Completed	Limited	-	4	16	-	
Housing Planned Maintenance	Audit	40	24	Completed	Limited	-	9	2	2	
HMO's	Audit	10	7.5	Completed	Reasonable	-	3	4	2	
Safeguarding	Audit	8	20.5	Completed	Limited	-	6	7	3	
Workforce Planning	Audit	8	5.5	Completed	Limited	-	3	-	-	
Remote Support & Data Exchange	Audit	10	10	Completed	Limited	1	4	4	-	
Cyber Security	Audit	10	10	Completed	Limited	2	-	12	2	
Capital Programme Management	Audit	10	5.5	Completed	Limited	-	3	6	-	
Procurement & Contracts	Audit	10	15	Completed	Limited	-	5	3	-	
Rent Accounting	Audit	10	9	Completed	Reasonable	-	1	5	-	

SUMMARY OF FINAL AUDIT REPORTS ISSUED DURING 2024/25 Q2

Housing Rents



104 Key Findings

Areas of positive assurance identified during the audit:

- There is a robust process for ensuring that annual rents are set in line with the Rents Policy and appropriately approved and uploaded to the system.
- Current tenants arrears collection rates are regularly monitored and are calculated as a proportion of the authority's rent roll.
- Refunds are being made to originating bank accounts.
- The rent suspense account is being regularly reviewed and transactions cleared promptly.

The main areas identified for improvement are:

- Former tenant arrears are measured against total rent debt.
- Former tenant arrears action is undertaken in accordance with procedure.
- Credit balances need regularly reviewing.
- Regular reviews of system access are undertaken.

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
1. Management report former tenant arrears collection rates as a percentage of income collected against the total rent debt at the end of each period, in accordance with the Former Tenant Arrears Policy, enabling management/ members to determine the effectiveness of the former tenant arrears recovery processes and ensure income collection is being maximised.	Medium	Performance targets will be set and reported to the Housing Improvement Board. Performance indicators will be included in the service delivery plan.	Housing Strategy and Systems Team Manager.	January 2025
2. Collection rates are reported to the new Housing Improvement Board for scrutiny.	Medium	As above.	Housing Strategy and Systems Team Manager.	January 2025
3. A review is completed of all former tenant accounts in arrears to ensure accounts are not stagnant in the recovery process. Based on the findings appropriate action should be taken in accordance with the Former Tenant Arrears Procedure.	Medium	A review of former tenant arrear cases will be completed and procedures will be reviewed or replaced if necessary. The use of a debt collection agency will be considered.	Housing Strategy and Systems Team Manager.	March 2025
4. Accounts in credit should be regularly reviewed and actioned to ensure that amounts do not become excessive, and amounts are correctly credited back to the original payment account to reduce the risk of fraud and money-laundering.	High	Quarterly rent statements are issued to show credit balances which give opportunity for tenants to request a refund. Officers believe the risk of fraud and money-laundering is reduced through current working practices and accept the level of risk remaining. Quarterly reviews of credit balances will be undertaken and documented in the housing management system.	Housing Management Team Manager	November 2024
5. A Credit Balances Policy is put in place to ensure that the Council's stance on rent accounts in credit is clear to tenants and staff.	Medium	The Council's stance on credit balances will be included when the wider review on the Income and Rent Policy is undertaken.	Housing Strategy and Systems Team Manager	November 2024
6. A clear review process is put in place to clarify review periods, responsibilities and procedures to ensure leavers are identified, acceptable periods for inactively before accounts are revoked, and access for support administrators upon completion of certain tasks.	Medium	Internal Audit will share audit findings to enable the team to immediately cleanse the system based on the findings. Procedures will be put in place to revoke access to officers who have not accessed the system within the last two months.	Housing Strategy and Systems Team Manager	November 2024

OVERDUE RECOMMENDATIONS AS AT 30 SEPTEMBER 2024

Audit Year	Audit	Recommendation	Priority	Response/ Agreed Action	Responsible Officer	CLT Lead	Original Due Date	1st Follow up comments	Extension Date	Second Follow up comments	Extension Date	Further Management update	Further extension date
2022/23	Payroll	1. A review of the roles carried out between HR Administration, HR Payroll and Finance Payroll should be carried out to ensure, adequate separation of duties exist between HR (staffing), payroll (preparation) and payroll (payment).	High	Agree – will need to look at roles of staff and how to implement to ensure adequate separation of duties.	Head of Finance and Head of HR and Organisational Development	Director of Resources/ Head of HR & OD	April-24	Not implemented due to resourcing issues/ staff leaving. Will further discuss with Director of Finance and Head of Finance.	July-24	Jul 24 – No response received			
2022/23	Payroll	2. A regular review of the iTrent audit log is carried out by an independent officer to ensure functions are appropriate to the officer.	High	Agree – appropriate audit log to be sourced, possibly reviewed by Senior HR Advisors.	Head of HR and Organisational Development.	Head of HR and Organisational Development	Dec-23	Dec 23 – Not implemented due to resourcing issues/ staff leaving. Will further discuss with Director of Finance and Head of Finance.	July 24	Jul 24 – No response received			
2022/23	Payroll	3.Consideration should be given to providing training to a member of the Human Resources Team to ensure business continuity in the event of the absence of the HR Analyst.	Medium	Agree – training to be provided to a member of the HR Team but may require additional resource.	Head of HR and Organisational Development.	Head of HR and Organisational Development	Dec-23	Dec 23 – Not implemented due to resourcing issues/ staff leaving. Will further discuss with Director of Finance and Head of Finance.	July 24	Jul 24 – No response received			
2022/23	Payroll	4. Sample testing should be undertaken when changes to standing data occur to confirm they have been correctly applied.	High	Agree – sample checking to be undertaken and evidence retained.	Payroll Officer / HR Analyst	Director of Resources	Dec-23	Dec-23 Testing to be undertaken in January with changes to NI and again Feb/ March.	July-24	Jul 24 – No response received			
2022/23	Payroll	5. On, at least, an annual basis an establishment report from iTrent should be run and issued to Heads of Service / Managers to confirm the accuracy of the report. The report should include all staff, vacancies, hours worked, contractual basis, salary and salary point. Checks should be documented and once completed should be returned to HR to action any items identified and to retain as evidence of checks being undertaken.	High	Agree – report to be obtained from iTrent and issued on an annual basis.	Head of HR and Organisational Development.	Head of HR and Organisational Development.	Mar-24	Extended as requested.	July-24	Jul 24 – No response received			
2022/23	Payroll	6.A review of the payroll checking process is carried out to eliminate duplication, reduce the risk of fraud and ensure independence in the review and checking of the monthly payroll.	High	Agree – current payroll checks to be reviewed and revised.	Exchequer Services Team Leader and Head of HR and Organisational Development	Director of Resources / Head of HR and Organisational Development	Dec-23	Dec 23 – Not implemented due to resourcing issues/ staff leaving. Will further discuss with Director of Finance and Head of Finance.	July 24	Jul 24 – No response received			

2022/23	Payroll	7. A full review of user access is carried out, in particular System Administrator access should be reviewed, and the number reduced.	High	Agree – access to be reviewed and removed where no longer required.	Head of HR and Organisational Development	Head of HR and Organisational Development	Dec-23	Dec 23 – Not implemented due to resourcing issues/ staff leaving. Will further discuss with Director of Finance and Head of Finance.	July 24	Jul 24 – No response received			
2022/23	Payroll	8. A review of the access for the HR Analyst should be undertaken and access removed / disabled where no longer required.	High	Agree – access to be reviewed and removed where no longer required.	Head of HR and Organisational Development	Head of HR and Organisational Development	Dec-23	Dec 23 – Not implemented due to resourcing issues/ staff leaving. Will further discuss with Director of Finance and Head of Finance.	July 24	Jul 24 – No response received			
2022/23	Payroll	9. Consideration should be given to ICT undertaking the System Administration role within iTrent. This would assist with the separation of duties, referred to in recommendation 1.	Medium	Agree – will discuss transfer of responsibilities with IT Manager.	Head of HR and Organisational Development	Head of HR and Organisational Development	Dec-23	Dec 23 – Not implemented due to resourcing issues/ staff leaving. Will further discuss with Director of Finance and Head of Finance.	July 24	Jul 24 – No response received			
2022/23	ASB	2. The performance indicators are reviewed and where appropriate new indicators added to measure performance against the incremental approach.	Medium	Review the indicators in line with the review of the ASB policy. With the intention to make the indicators for community safety and housing the same.	Housing Management Team Manager.	Head of Housing	Mar-24	March 23: New set of indicators within the policy. Extension to ensure that these are fully embedded and reported following the approval of the Policy at Cabinet	July 24	Jul 24 – Information provided does not detail any ASB performance indicators. No further update provided			
2022/23 107	ASB	3. Statistical information and benchmarking is completed to ensure comparison for best practice, and identifying trends, in accordance with the ASB Policy.	Medium	This statement within the policy was intended for housing, as the policy is driven by housing legislation and will be reviewed as part of the policy. Housing response 17.7.23: a new suite of indicators is now being captured in line with the Tenant satisfaction measures outlined by the Social Housing regulator.	Housing Management Team Manager.	Head of Housing	Mar-24	March 23: New set of indicators within the policy. Extension to ensure that these are fully embedded and reported following the approval of the Policy at Cabinet	July 24	Jul 24 – No information received			

EXTENDED RECOMMENDATIONS AS AT 30 SEPTEMBER 2024

Audit Year	Audit	Recommendation	Priority	Response/ Agreed Action	Responsible Officer	CLT	Original Due Date	1st Follow up comments	Extension Date	Second Follow up comments	Extension Date	Further Management update	Further extension date
2021/22	Corporate Estates Management	2. A performance monitoring and reporting framework is introduced which includes contractor and legislative compliance performance monitoring and periodic reporting to the Statutory Duty Group and, where necessary, the Corporate Leadership Team.	High	Overlapping with the audit we have begun the introduction of a performance monitoring framework, utilising a RAG system. This will be reported through to CLT. It would be beneficial to include properties not managed by property services into this report.	Head of Economic Regeneration	Head of Economic Regeneration	Oct-22	Update - consultants have been employed to develop a Corporate Asset Management Toolkit. This will cover frequency of inspections and recording of compliance.	Jul-23	Jul-23 – Good progress is being made but consultants still engaged.	Dec-23	Dec-23 Contractor performance is currently being monitored via the Statutory Duty Group. Further improvements are expected to be delivered by the council adopting a digital Asset Management System to work alongside the Asset Management Toolkit currently being prepared. Work to identify Asset Management Systems is with implementation and onboarding likely to take 6 months.	Oct-24
2021/22	Corporate Estates Management	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	Head of Economic Regeneration	Oct-22	Update - consultants have been employed to develop a Corporate Asset Management Toolkit. This will cover frequency of inspections and recording of compliance.	Jul-23	Jul-23 – Good progress is being made but consultants still engaged.	Dec-23	As per recommendation 2	Oct-24
2021/22	Corporate Estates Management	6. A comprehensive record of all assets and statutory inspections/ checks that are required by the Council is introduced. 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. 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.	High	Not all of these assets are owned by the authority. The scope of the contracts need to be known and recorded and performance monitored against this. Where assets are owned by the authority these will be detailed as required.	Head of Economic Regeneration	Head of Economic Regeneration	Mar-23	Extended to align with other recommendations	Jul-23	Jul-23 – Good progress is being made but consultants still engaged.	Dec-23	The digital Asset Management System will automatically schedule inspections at the required frequency. It is expected that a decision on which Asset Management system is to be adopted will be taken by 31/3/2023 with implementation and onboarding likely to take 6 months thereafter.	Oct-24

2022/23	Rent Accounting and Arrears	10. With the introduction of Unit 4 (new Finance System) the rent debit should be uploaded automatically from the Housing System to the General Ledger each week. This should enable weekly reconciliations between the two systems to be carried out.	High	Agreed	Housing Strategy and Systems Team Manager	Director of Communities	Aug-23	Aug 23 – No response	Sept 23	Sept 23 - Issues regarding UNIT4 - meeting with Finance planned for w/c 11.9.23. Will require an extension to the implementation date.	Oct 23	Nov-23 Further extension requested.	Mar-24 Sept-24 Mar-25
2023/24	Safeguarding	7.The updated DBS Policy should be made available to staff on SharePoint. The out-of-date DBS Policy should be removed from SharePoint to avoid confusion.	High	Agreed	Head of HR and Organisational Development	Chief Executive	May-24	June 24 - The revised policy will be considered by CLT in early August 2024 and SharePoint will then be updated accordingly.	Oct -24				
2023/24	Safeguarding	8. Staff required to have DBS checks should be made aware of the requirement to have annual rechecks, the results of which should be provided to and recorded by HR. Consideration should be given to including this as an item within the annual Individual Development Review (IDR) to ensure that it is not overlooked. Consideration should be given to including this as an item within the annual Individual Development Review (IDR) to ensure that it is not overlooked.	High	Agreed – however the policy is to be changed, and the requirement will be for DBS rechecks to be completed every three years.	Head of HR and Organisational Development	Chief Executive	May-24	June 24 - An updated list of posts requiring checks is being circulated to managers and when the revised policy has been agreed by CLT all staff checks will be renewed.	Oct-24				
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2023/24	Procurement and Contracts	3. The contract register should be reviewed and updated on a regular basis to ensure compliance with the Local Government Transparency Code. Responsibility for updating the contracts register should be relevantly assigned.	High	Agreed. This is currently in train. If the full information is not available, will publish and add full detail at a later date.	Procurement Officer	Director of Resources	Jun-24	June 24 – The data continues to be compiled. It is intended that the register will be published on the Council's website by the end of July.	Aug-24	July 24 - Currently reviewing how the software available can be utilised to ensure that the register is relevantly published.	Sep-24		
2023/24	Procurement and Contracts	2. The Procurement information on SharePoint should be reviewed and removed if no longer required.	Medium	Agreed	Director of Resources	Director of Resources	Aug-24	Sept-24 – Extension requested.	Nov-24				

2022/23	Rent Accounting and Arrears	1. The policies and procedures held by both the Rent Accounting and Housing Management Teams should be reviewed and updated where necessary. Any obsolete / out of date policies should be archived.	Medium	Agreed – consultation is required for certain policies. This can also be picked up as part of the Policy audit whereby all council policies are listed, with the author and recommended review date.	Housing Strategy and Systems Team Manager and Housing Management Team Manager.	Director of Communities	Dec-23	Dec 23 – This will be picked up following the policy audit report being presented to CLT.	Jun-24	June 24 – To be addressed through the ongoing policy review process and through the specific Rent Accounting Audit recently completed.	Mar-25		
2022/23	Rent Accounting and Arrears	3. A review as to the circumstances in which properties are taken 'out of debit' and whether this is the correct action to take should be carried out. Where a decision is made to continue to take properties 'out of debit', then the relevant policy / procedure needs to be updated.	High	Agreed, this will be reviewed along with the decision-making process.	Head of Housing	Director of Communities	Jun-24	June 24 – To be addressed via the Head of Housing working with the Head of Finance and the Housing Systems and Strategy Team Leader.	Dec-24				
2023/24	Houses in Multiple Occupation	5. The discrepancy in respect of the information relating to the number of self-contained units is investigated and resolved to ensure that all details are accurately recorded on the Public Register.	Medium	Agreed.	Systems Support Officer.	Director of Communities	Aug-24	Aug-24 - There are currently issues with the public register system, but this is due to be upgraded shortly and a review will be carried out after the upgrade.	Oct-24				
110													
2023/24	Main Accounting and Budgetary Control	3. Work on closing FY 2021/22 and 22/23 Accounts be completed as a matter of priority, to enable a confirmed opening balance for FY 2023/24.	High	Agree - The Finance Team is currently finalising the 2021/22 and 2022/23 accounts.	Head of Finance	Director of Resources	Aug-24	Sept-24 – Extension requested	Sept-24				

2024/25 INTERNAL AUDIT PERFORMANCE

Performance Measure	Position as at 30.09.2024	Comments
Achievement of the Internal Audit Plan	11%	A number of audits are in progress but are not included until a draft report has been issued.
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 - August 2024 Audit and Governance Committee Meeting	Achieved	
100% Customer Satisfaction with the Internal Audit Service	100%	Based on two received during 2023/24
Compliance with Public Sector Internal Audit Standards	Conforms	External inspection carried out w/c 30 November 2020 which confirmed that the Council conforms with the Public Sector Internal Audit Standards.

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Likely to contain exempt information under paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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