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Meeting	<b>AUDIT AND GOVERNANCE COMMITTEE</b>
Time/Day/Date	6.30 pm on Thursday, 22 August 2024
Location	Abbey Room, Stenson House, London Road, Coalville, LE67 3FN
Officer to contact	Democratic Services (01530 454512)

### AGENDA

Item	Pages
<b>1. APOLOGIES FOR ABSENCE</b>	
<b>2. DECLARATION OF INTERESTS</b>	
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.	
<b>3. COMMITTEE WORK PLAN</b>	
To note the Committee's work plan	<b>3 - 4</b>
<b>4. INTERNAL AUDIT PROGRESS CONTINUATION REPORT</b>	
The report of the Audit Manager	<b>5 - 36</b>
<b>5. TREASURY MANAGEMENT STEWARDSHIP REPORT 2023/24</b>	
The report of the Head of Finance	<b>37 - 52</b>
<b>6. LOCAL GOVERNMENT AND SOCIAL CARE OMBUDSMAN ANNUAL REVIEW LETTER 2023/24</b>	
The report of the Head of Legal and Support Services and Monitoring Officer	<b>53 - 56</b>
<b>7. CORPORATE RISK UPDATE</b>	
The report of the Strategic Director of Resources	<b>57 - 92</b>
<b>8. STANDARDS AND ETHICS REPORT - QUARTER 1</b>	
The report of the Head of Legal and Support Services and Monitoring Officer	<b>93 - 104</b>

Circulation:

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

**AUDIT AND GOVERNANCE COMMITTEE – WORK PROGRAMME** (as at 14/08/24)

<b>Issue</b>	<b>Report Author</b>	<b>Meeting at which will be reported</b>
<b>September 2024</b>		
Statement of Accounts 2021/22 To members to approve the Statement of Accounts 2021/22.	Anna Crouch, Head of Finance	25 September 2024
Draft Accounting Policies 2023/24	Anna Crouch, Head of Finance	25 September 2024
Review of the Council's Arrangements for Dealing with Complaints about Councillors	Kate Hiller, Legal Team Manager and Deputy Monitoring Officer	25 September 2024
<b>November 2024</b>		
Annual Review of the Council's Constitution	Kate Hiller, Legal Team Manager and Deputy Monitoring Officer	20 November 2024
Standards and Ethics Report - Quarter 2	Kate Hiller, Legal Team Manager and Deputy Monitoring Officer	20 November 2024
Treasury Management Update Report - Quarter 2 To present the quarterly treasury management report to members,	Anna Crouch, Head of Finance	20 November 2024
Annual Governance Statement 2023/24 The Council is required to produce an Annual Governance Statement which is presented as part of its annual Statement of Accounts.	Paul Stone, Strategic Director of Resources (Section 151 Officer)	20 November 2024
<b>February 2025</b>		
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
<b>March 2025</b>		
There is currently nothing scheduled for this meeting		

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Issue	Details	Report Author	Meeting at which will be reported
<b>April 2025</b>			
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
<b>June 2025</b>			
Standards and Ethics Report - Quarter 4		Kate Hiller, Legal Team Manager and Deputy Monitoring Officer	4 June 2025
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 – THURSDAY, 22  
AUGUST 2024

<b>Title of Report</b>	<b>INTERNAL AUDIT PROGRESS CONTINUATION REPORT</b>	
<b>Presented by</b>	Kerry Beavis Audit Manager	
<b>Background Papers</b>	<a href="#">Public Sector Internal Audit Standards</a>	<b>Public Report:</b> Yes
<b>Financial Implications</b>	None arising from this report	
	<b>Signed off by the Section 151 Officer:</b> Yes	
<b>Legal Implications</b>	None arising from this report	
	<b>Signed off by the Monitoring Officer:</b> Yes	
<b>Staffing and Corporate Implications</b>	None arising from this report	
	<b>Signed off by the Head of Paid Service:</b> Yes	
<b>Purpose of Report</b>	To inform the Committee of the progress against the Internal Audit plan for 2024/25 and to highlight any incidents of significant control failings or weaknesses that have been identified. This report is the second part of the quarterly update report presented to the committee on 7 August 2024 and details the remaining audit reports issued in final during quarter 1 2024/25	
<b>Recommendations</b>	<b>THAT THE AUDIT AND GOVERNANCE COMMITTEE NOTES THE REPORT.</b>	

**1.0 BACKGROUND**

- 1.1 The Public Sector Internal Audit Standards require the Authority's Audit Committee to approve the audit plan and monitor progress against it. The Standards state that the Committee should receive periodic reports on the work of internal audit.
- 1.2 The Audit and Governance Committee approved the 2024/25 Audit Plan on 24 April 2024. The Committee receives quarterly progress reports.
- 1.3 Due to the number of limited assurance audit reports that were issued during quarter 1 2024/25 the quarterly progress report has been split and presented at two meetings, the first one being 7 August 2024, to allow due consideration of these reports.

## 2.0 PROGRESS REPORT

2.1 The Internal Audit Progress Continuation Report for quarter 1 is attached at Appendix 1.

<b>Policies and other considerations, as appropriate</b>	
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 26 June 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 Audit Manager <a href="mailto:Kerry.beavis@nwleicestershire.gov.uk">Kerry.beavis@nwleicestershire.gov.uk</a>



# **INTERNAL AUDIT SHARED SERVICE**

## **North West Leicestershire District Council**

### **Internal Audit Progress Report 2024/25 Q1**

#### **Continuation report**

## **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 June 2024.

## **2. Internal Audit Plan Update**

- 2.1 The majority of the first quarter has been focused on the completion of the 2023/24 audit plan. Delays in completing the plan have been due to staffing issues within both the audit service and services being audited. There have been fourteen audit reports issued since the last report. Due to the number of reports, the following reports were discussed at the Audit and Governance Committee meeting on 7 August 2024 -

- Housing Repairs
- Housing Planned Maintenance
- HMO's
- Asbestos Management
- Remote Support and Data Exchange
- Cyber Security – CONFIDENTIAL

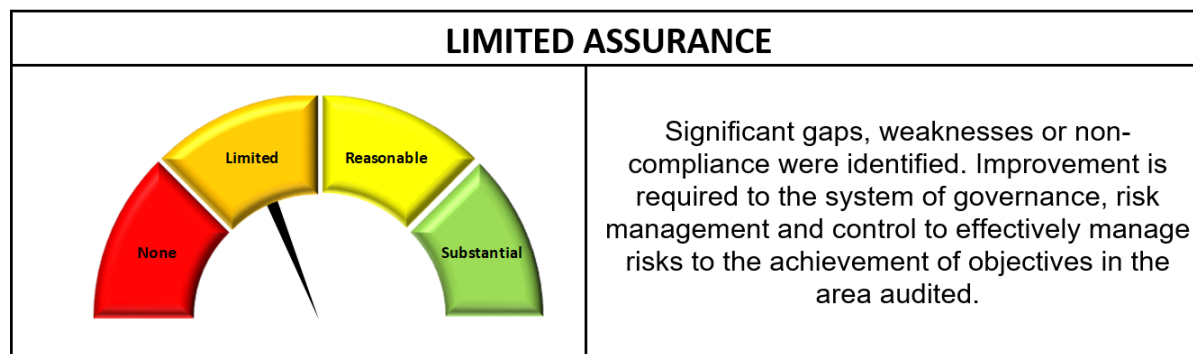
The remaining audit reports, detailed below, are to be discussed at the Audit and Governance Committee meeting on 22 August 2024 -

- Creditors
- Debtors
- Main Accounting and Budgetary Control
- Treasury Management
- Safeguarding
- Workforce Planning
- Capital Programme Management
- Procurement and Contract Management

Summaries of these reports are detailed in appendix A.



## Treasury Management



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### Key Findings

Areas of positive assurance identified during the audit:

- Investments have been made in line with policy and have been correctly authorised.
- Fidelity insurance is in place.

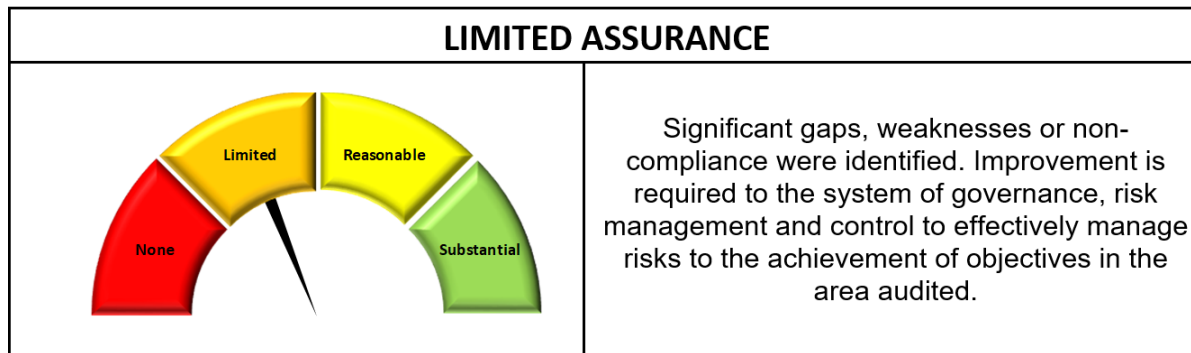
The main areas identified for improvement are to:

- Update the Treasury Management practices document.
- Complete and review reconciliations between Treasury Management and the General Ledger for 2023/24.
- Review the number of designated officers and the relevant job roles recorded on the Fidelity Guarantee Insurance.
- Regularly review staff access to Lloyds link to ensure the level of access is appropriate.

<b>Recommendation</b>	<b>Priority</b>	<b>Response/Agreed Action</b>	<b>Officer Responsible</b>	<b>Implementation Date</b>
1.The Treasury Management Practices document is reviewed and updated to ensure it complies with 2021 CIPFA Treasury Management Code of Practice.	Medium	Agreed	Treasury Management Officer	March 2025
2.Reconciliations between the Treasury Management system and the general ledger should be brought up to date.	High	Agreed The treasury management reconciliations will be completed once the bank reconciliation for 2023/24 have been completed.	Treasury Management Officer	December 2024
3. The number of designated officers recorded on the Fidelity Guarantee insurance should agree to the detailed job roles. Additionally, the job roles for the designated officers should be reviewed and updated to reflect the current Council structure.	High	Agreed	Head of Finance	Implemented – May 2024
4.The users with Primary Administrator access to Lloyds Link should have their access reviewed to confirm if this is still appropriate. To ensure a separation of duties, consideration should be given to this level of access being provided to and managed by ICT.	High	Agree	Interim Exchequer Services Team Leader	June 2024
5. A regular review of user access should be carried out.	High	Agreed. Quarterly reviews to be undertaken.	Interim Exchequer Services Team Leader	September 2024

6. A review of the roles assigned to users on Lloyds Link is carried out to ensure that these are appropriate and assist with segregation of duties.	High	Agreed – as above.	Interim Exchequer Services Team Leader	September 2024
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## Safeguarding



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## Key Findings

Areas of positive assurance identified during the audit:

- Policies, procedures and guidance are up to date and easily available to all staff, volunteers and Members.
- Staff are aware of the designated safeguarding officers and the process for reporting any suspicions or concerns.
- There is mandatory Safeguarding Training, which includes Prevent and Modern Slavery, for all staff with refresher training every three years.
- There are adequate arrangements for dealing with referrals promptly and sharing information with other agencies.
- Performance is recorded, monitored and reported to senior managers and members.
- Relevant processes and protocols are in place to ensure smooth inter agency working.
- Regular reviews are carried out to ensure compliance with Section 11 of the Children Act.

The main areas identified for improvement are:

- Including the risk of Safeguarding in Team Plans where relevant.

- Recruiting and retaining Designated Safeguarding Officers (DSO's).
- The process for dealing with safeguarding referrals.
- Updating of the DBS Policy and Procedure.
- Identifying and recording roles requiring a DBS and the level of DBS check required.
- Monitoring and recording of DBS rechecks.
- Providing guidance for use of photographic equipment at events and retaining consent forms.
- Reviewing of safeguarding policies and procedures for contractors at procurement stage.
- Providing information at events and for hirers to raise awareness of safeguarding and how to report concerns.

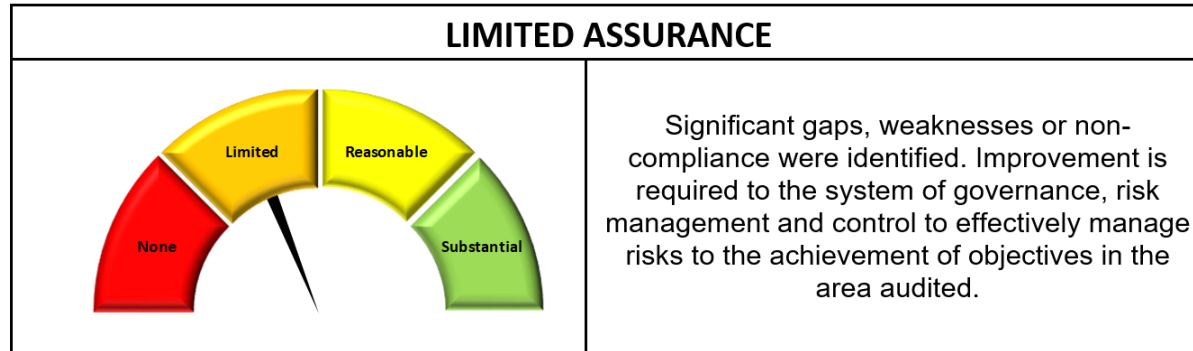
Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
<p>1. Where teams have safeguarding responsibilities, consideration should be given to including a relevant risk within their service plans. This will need promoting from a corporate level and disseminating to teams as needed.</p> <p>The template for all service plans should reference safeguarding risks to ensure that all teams with safeguarding responsibilities have been identified and the risks relevantly documented.</p>	Medium	Agreed – Team Plans are being replaced with Service Plans. These will include reference to Safeguarding and whether there is a need to include this as a risk in the risk register.	Head of HR and Organisation Development	May 2024
<p>2. A review of the process for dealing with Safeguarding referrals should be undertaken to ensure that only relevant action is taken, cases do not remain open longer than is necessary and the authority does not breach any boundaries but continues to meet its statutory requirements and nothing further.</p>	High	<p>To undertake a review of the current process for dealing with safeguarding referrals</p> <p>To implement a revised process for dealing with safeguarding referrals</p>	Environmental Health Team Manager	<p>September 2024</p> <p>December 2024</p>
<p>3. Additionally, the requirement to have a second DSO involved in all safeguarding referrals should be reviewed.</p>	Medium	To review the requirement to have a second DSO in all safeguarding referrals	Environmental Health Team Manager	September 2024

<p>4. Whilst there are still issues with recruiting and retaining DSO's the introduction of Safeguarding Champions within specific services across the authority should be considered. The role of the champion would be to promote safeguarding, offer safeguarding advice and support within their service area, highlight any specific issues that the service is having and reduce the pressure on DSO's.</p> <p>N.B a review of the process may lead to no additional DSO requirement. Consideration should be given to having "service champions" to advise and assist within their area of expertise reducing the need to involve DSO's by completing their own referrals.</p> <p>Endorsement and support from all of CLT is required to either introduce Safeguarding Champions within specific services (e.g. Housing, Customer Services) across the authority or support the recruitment of more DSO's.</p>	Medium	<p>As part of the review of the process for dealing with Safeguarding referrals and considering the scope required, this will identify if there is a requirement to recruit additional DSOs.</p> <p>To introduce and recruit to the role of Safeguarding Champions within the services making the majority of referrals (Housing and Customer Services)</p>	Director of Communities	September 2024
<p>5. The retention period for documentation relating to Safeguarding referrals should be reviewed to ensure that the authority is meeting retention requirements.</p> <p>Details of the type of documentation to be retained should also be obtained. There should be reference to this within the revised process for dealing with Safeguarding referrals.</p>	Medium	Review the retention period for documentation relating to Safeguarding referrals and update the retention document.	Environmental Health Team Manager	September 2024
<p>6. A full review of the performance indicators is carried out to ensure that the duty of the authority is correctly monitored and reported.</p>	Medium	<p>Following completion of the review of the process, to carry out a review of the performance indicators to ensure that the legal duty of NWLDC is correctly monitored and reported.</p> <p>Implementation of new performance indicator.</p>	Environmental Health Team Manager	September 2024

		Details of performance indicators will also be included within the Community Services service plan.		December 2024
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 Organisation Development	May 2024
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.	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 Organisation Development	May 2024
10.All posts which are required to have a DBS check should be identified and recorded on iTrent. Details relating to the level of DBS check, date of check, reference number and confirmation of the annual recheck having been completed should also be recorded on iTrent.	High	Agreed – those posts currently shown as requiring DBS checks will be reviewed and details will be recorded on iTrent.	Head of HR and Organisation Development	September 2024
12.Guidance on use of Photographic equipment at events should be made available on SharePoint and promoted to staff.	Medium	Add photo consent guidance and photo consent forms to Communications Team Page on Sharepoint. iNet article to promote and message included in weekly email	Communications Team Manager	May 2024
13.A reminder should be issued regarding the requirement to obtain consent when taking photographs. Completed consent forms should be forwarded / retained by the Communications Team.	High	iNet article and message in weekly update. Mentioned in next ELT meeting	Communications Team Manager	May 2024
14.Leaflets / posters regarding Safeguarding and how to report concerns should be made available and distributed / displayed at council run events (where appropriate).	Medium	Posters will be displayed at the two events scheduled for delivery by the district council in 2024: 29 and 30 June 2024 - Celebrating 125 years of Coalville Park 23 November 2024 – Christmas in Coalville	Economic Regeneration Team Manager	June 2024

		Leaflets will be held at the event control area and will be distributed as appropriate. The poster and leaflet PDF will be shared with parish / town councils who deliver events across the district, who will be encouraged to display / distribute as appropriate at events the run.		
15. As part of the tender reviews, officers should ensure that Safeguarding policies for prospective contractors are reviewed to confirm they are appropriate and adequate to meet the needs of the contract. Where this is found not to be the case the contractor should be required to formally adopt the Safeguarding policies of NWLDC for the duration of their contract. Additionally, where applicable to the contract, officers are reminded of the need to obtain confirmation of safeguarding training, current DBS checks and a current safeguarding policy is in place during their annual contract management review meetings.	High	Agreed – will be communicated to officers and any relevant guidance updated accordingly.	Director of Resources	June 2024

## Workforce Planning



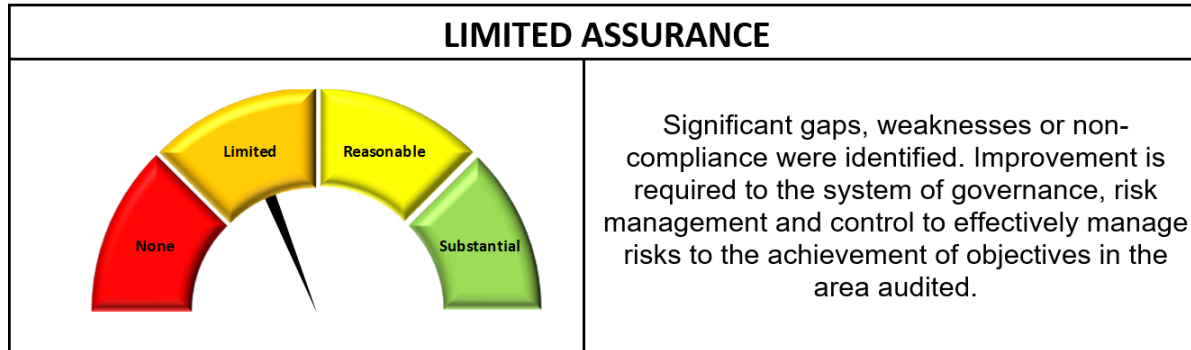
### Key Findings

- ⇒ The main areas identified for improvement are:
  - Development of a Workforce Strategy.



Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
<p>1.The Council should develop a Workforce Planning Strategy, supported by an action plan, that clearly sets out the desired approach and methodology to workforce planning along with roles and responsibilities across the Council. The Strategy should also include details of how the Council will react to any significant external factors such as emerging risks, changes in legislation, opportunities and staff satisfaction that could impact the resourcing structure or pressures across the organisation.</p> <p>Once developed the Strategy should be formally approved and communicated as appropriate, with the action plan becoming a live document that is appropriately reviewed, managed, monitored, and updated.</p>	High	Agreed. A Work Force Planning Strategy will be developed.	Head of HR & OD	CLT September 2024 Followed by consultation Approval by Cabinet November 2024
<p>2.The partners that the Council is working with need to be documented in either the Workforce Planning Strategy or supporting documentation.</p>	High	Agreed as per the recommendation.	Head of HR &OD	in line with above.
<p>3.The controls contained in the Corporate Risk Register (Risk 3) should be reviewed and updated where required.</p>	High	Corporate Risk Register (Risk 3) has been reviewed and updated.	Head of HR & OD	Implemented

## Procurement & Contracts



### Key Findings

Areas of positive assurance identified during the audit:

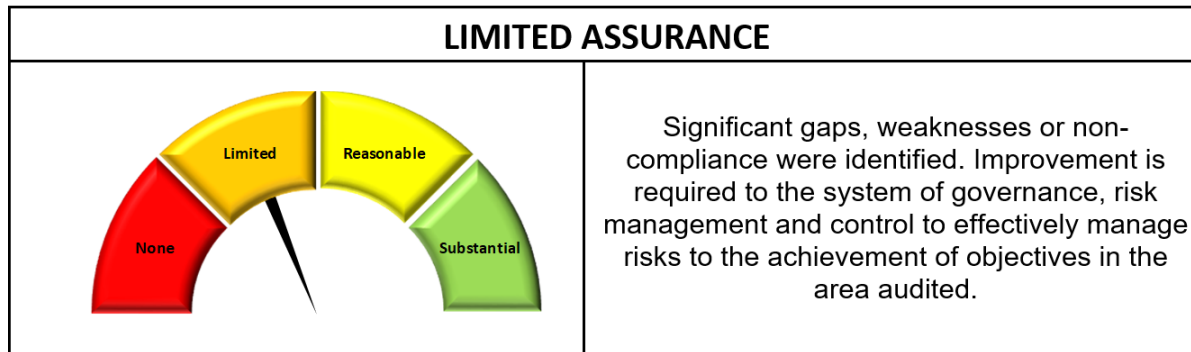
- There is a dedicated Procurement page on TEAMS with procedures and guidance which is available to staff.

The main areas identified for improvement are to:

- Complete and formally approve the Council's Procurement Strategy
- Review procurement guidance on SharePoint and remove if no longer relevant.
- Maintain an up-to-date register of Council contracts.
- Ensure there are named contract managers to manage and monitor both the overall contract and performance.
- Ensure contract managers are trained to ensure effective contract management.

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
1.The draft procurement strategy should be reviewed and updated to ensure it contains reference to all key areas. Once updated the strategy should be formally approved, and its availability communicated to staff.	High	Agreed. Whilst the strategy was developed by the previous Procurement Consultant, it is lacking specific detail.	Director of Resources	December 2024
2.The Procurement information on SharePoint should be reviewed and removed if no longer required. Staff should be reminded of where to obtain information on Procurement should they require it.	Medium	Agreed	Director of Resources	August 2024
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	June 2024
4.Where appropriate satisfactory contract management arrangements should be incorporated into contract documentation.	Medium	Agreed. The additional planned resource for Procurement will help to support relevant training for officers.	Director of Resources	December 2024
5.Ensure, where appropriate, that contracts have an assigned contract manager with responsibility for ensuring all contract management processes are undertaken.	High	Agreed – guidance will be produced detailing roles and responsibilities associated with contract management.	Director of Resources	December 2024
6.Suitable training and advice should be available to staff that are new to contract management to enable them to manage contracts effectively.	Medium	Agreed. See 4. Above.	Director of Resources	December 2024

## CAPITAL PROGRAMME MANAGEMENT



### Key Findings

Areas of positive assurance identified during the audit:

- The Council has established a Capital Strategy and detailed Capital Programme that is refreshed and formally approved by members each year.
- New schemes are considered by the Capital Strategy Group and approved by members as required.

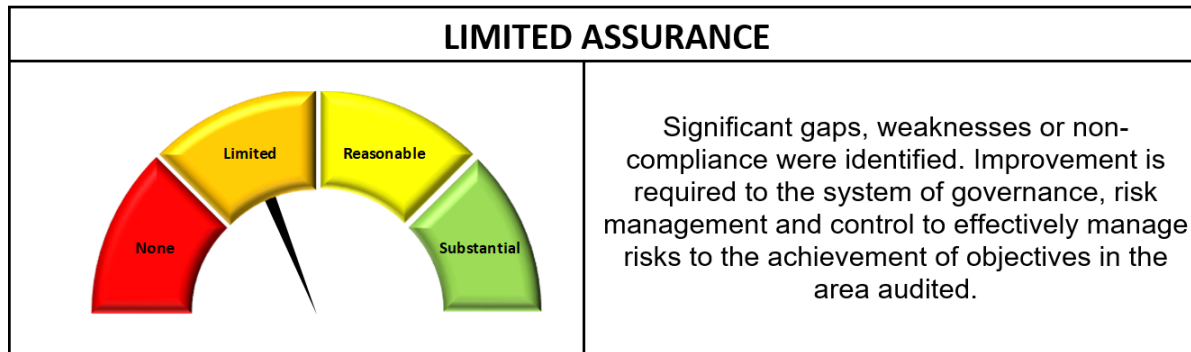
The main areas identified for improvement are:

- The availability of documented procedures and training for new managers.
- The virement procedure.
- The monitoring and reporting process.

<b>Recommendation</b>	<b>Priority</b>	<b>Response/Agreed Action</b>	<b>Officer Responsible</b>	<b>Implementation Date</b>
1. The Capital Governance procedures and forms are reviewed, updated as required are made available to all relevant staff.	Medium	Agreed.	Head of Finance	December 2024
2. Officers are provided with training in respect of financial management and the capital governance process, commensurate to their role.	Medium	Agreed.	Head of Finance	March 2025
3. The virement procedure and approval process for capital schemes is clarified to ensure that virements are clearly documented and approved.	Medium	Agreed. Updates to Unit4 will help to create relevant workflow. However, the process needs to be communicated. Will review the Financial Procedures Rules, specifically sections A24 – A28 to align with the approach of the development and active pool approach.	Head of Finance	February 2025
4. The documented procedure and request form are published and made available to all relevant staff.	Medium	Agreed	Head of Finance	March 2025
5. Consideration is given to reviewing the virement scheme requirements as set out in Financial Procedure Rules, and approval levels to ensure that they are appropriate and prevent the use of cumulative transactions to circumvent Financial Procedure Rules.	Medium	Agreed	Head of Finance	February 2025
6. Meetings of the Capital Strategy Group take place in accordance with the agreed timetable.	Medium	Terms of Reference to be updated to reflect that CSG meetings can be flexible and to reflect that some meetings may be cancelled.	Head of Finance	July 2024
7. All capital expenditure is periodically reported to the Capital Strategy Group to ensure that it is effectively monitored and reviewed.	High	Agreed. Interim capital accountant employed who will be responsible for agendas. Terms of Reference for the Capital Strategy Group to be reviewed to reflect reporting to other key stakeholders e.g. CLT	Head of Finance	September 2024

8. All completed schemes are reported to the Capital Strategy Group and subject to a post-implementation review.	High	Agreed. Capital Strategy Group in May 2024 agreed this approach and, in the future, completed projects will be communicated across the Council. Lessons learned log to be maintained.	Head of Finance	September 2024
9. A full review of the capital expenditure to date for all capital projects is completed and reported to the Capital Strategy Group as soon as accurate information is available.	High	Agreed. Focus is on updating Unit 4 which focuses on revenue monitoring. Capital monitoring functionality is available and will be considered at a later date to support improved monitoring.	Head of Finance	September 2024

## MAIN ACCOUNTING AND BUDGETARY CONTROL



### Key Findings

The main areas identified for improvement are:

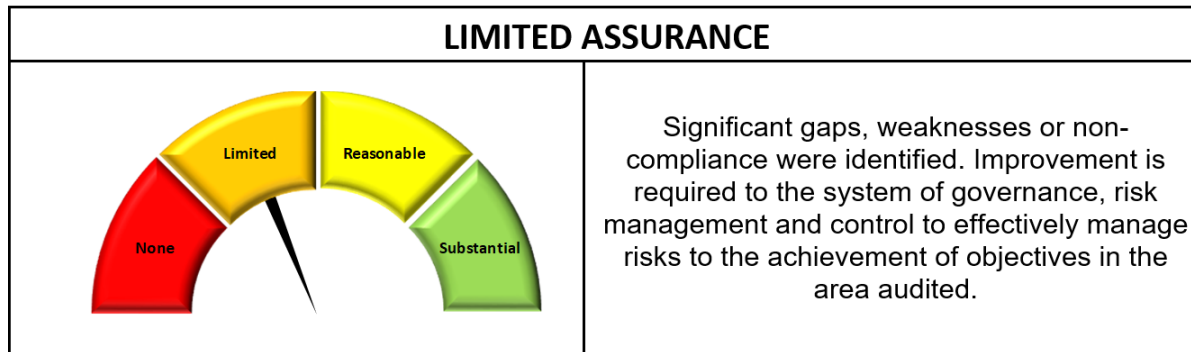
- Documented policies and procedures not being in place.
- Reconciliation between approved annual budget and budget uploaded to system.
- Conclusion on financial year 2021/22 and financial year 2022/23 Accounts.
- Timely completion of reconciliations.
- Timely and accurate compilation of budgetary information to budget holders.
- Monitoring and appropriate accounting of virements.

<b>Recommendation</b>	<b>Priority</b>	<b>Response/Agreed Action</b>	<b>Officer Responsible</b>	<b>Implementation Date</b>
1. Key procedures covering Main Accounting and Budgetary Control are developed. All procedures be made available to relevant officers.	High	Agree - With the new finance system, many procedures and processes are new or evolving, as and when each process is understood. Knowledge around each task is being captured and procedures and guides are being created, these will then be maintained to ensure consistency is applied.	Finance Team Manager	June 2025
2. Formal reconciliation of annual budget upload should be undertaken and signed-off.	Medium	Agree - A formal reconciliation will take place from 2024/25 onwards.	Finance Team Manager	July 2024
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	August 2024
4. Reconciliations for FY 23/24 be completed as a matter of urgency. Going forward, time limits are set for the completion and sign off for all reconciliations, these should be relevantly managed and monitored.	High	Agree - completion of 2023/24 reconciliations are being worked on as a priority. There will be a monitoring process for all feeder system reconciliations going forward.	Finance Team Manager and Interim Exchequer Services Team Leader	30 Sep 2024
5. All virements must be appropriately processed through the finance system.	High	Agreed.	Finance Team Manager	30 Sep 2024
6. Finance Team to maintain a cumulative log of all virements approved to ensure that the approval limits are not breached.	High	Agreed. Virement log has been created for 2024/25	Finance Team Manager	30 Jun 2024
7. Timely and accurate budgetary information is generated and provided to Budget Holders and Members to ensure spend and saving decisions can be made based on accurate information.	High	Agree - With the backlog reducing, the issues in 2023/24 are not expected to be repeated in 2024/25. There is work underway with a Third Party to develop a budget monitoring solution for use by Budget Holders.	Head of Finance	30 Dec 2024
8. A formal training programme be put in place for Budget holders. Budget holders are reminded of their responsibilities for managing their budgets.	Medium	Agree - A guide setting out the responsibilities of a budget holder and any other relevant information to be created. This can be used by new and existing budget holders. New budget holders will be trained on an individual level by the Finance Team.	Finance Team Manager	30 June 2025



9. Review to be completed as a matter of priority.	High	Agree – a review is already underway	Interim Exchequer Services Team Leader	30 September 2024
10. A review of open purchase orders to be undertaken on a quarterly basis going forward to ensure that available funds are identified in a timely manner.	Medium	Agree – quarterly reviews to commence from October 2024 once the initial review has been completed.	Interim Exchequer Services Team Leader	31 October 2024
11. A process for managing and investigating variances is implemented.	High	Agree - The Budget monitoring solution will cover all aspects of monitoring variances. Any variances will be reported as part of the budget monitoring cycle, after review by both the service and finance.	Head of Finance	31 Dec 2024
12. Following completion of clearing the suspense/ holding accounts, regular monitoring of these accounts is carried out.	Medium	Agree – monthly reconciliations will be undertaken	Interim Exchequer Services Team Leader	30 September 2024

## DEBTORS



### Key Findings

Areas of positive assurance identified during the audit:

- Pro-active action is being taken to address current issues within the sundry debtor's operation (outstanding backlog of monthly sundry Debtor Account reconciliations, streamlining of historical inefficient processes and activities etc).
- Adequate separation of duties exists between the raising of invoices and collection and monitoring of sundry debts.

The main areas identified for improvement are:

- Policies and procedures.
- Automation of the 'Dunning' process (dispatch of overdue reminder letters to customers).
- Manual debt recovery strategy following completion of automated 'Dunning' process (including risk assessment, prioritisation and use of external debt recovery services).
- Bad debt identification and write-off.
- Monthly Debtor Account reconciliations.
- Finance Service Plan KPI targets for the collection of sundry debt.
- Reporting of management information and performance as part of the quarterly service and business plan performance reports.

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
<p>1. Key policies and procedures for the management of debtors generally and sundry debtors are developed All policies and procedures be made available to relevant officers.</p>	High	<ol style="list-style-type: none"> <li>1. Identify and formalise a full set of policies which will be supported by procedures.</li> <li>2. Allocate the responsibility for writing policies and procedures.</li> <li>3. Review and approval phase for both policies and procedures.</li> <li>4. A training matrix will be developed to ensure all relevant staff are fully trained and aware of the policies and procedures to be followed and understood.</li> </ol>	Interim Financial Services Team Leader	June 2025
<p>2. UNIT4 system user guide/ manual be produced and made available to all relevant officers. NB – this recommendation also applies to the Creditors and Main Accounting audits.</p>	Medium	<p><b>Response/Agreed Action:</b></p> <ol style="list-style-type: none"> <li>1. Create training Matrix for each role containing list of all tasks.</li> <li>2. Create Standard Operating Procedures (SOPs) for each task undertaken in Unit 4 as a step by step guide.</li> <li>3. If required, training video's will be produced.</li> <li>4. Review of training material and sign off.</li> <li>5. Add to role training pack.</li> </ol>	<p><b>Officer Responsible:</b> Interim Financial Services Team Leader</p>	<p><b>Implementation Date:</b> Six months after implementation of Unit 4 Audit to follow up for progress in March 2025</p>
<p>3. Management consider automation of the process, whereby once the Service function has raised a sundry sales order, the system is programmed to automate the raising of the respective customer sundry sales invoice.</p>	Medium	<ol style="list-style-type: none"> <li>1. Review of full end to end process.</li> <li>2. Training review, implement and document.</li> <li>3. Finance Service Plan will include relevant KPI's which will be monitored monthly.</li> </ol> <p>Notes: Vision ERP (External software consultants) will amend the labelling of two boxes in the system for a more user-friendly approach. Vision ERP will amend layout on invoice to ensure customer Purchase Order is shown in the right place on the invoice. Vison ERP will aim to enhance and maximise the invoice automation as much as possible.</p>	Interim Financial Services Team Leader and Finance Systems Administrator role (Capital Accountant)	March 2025

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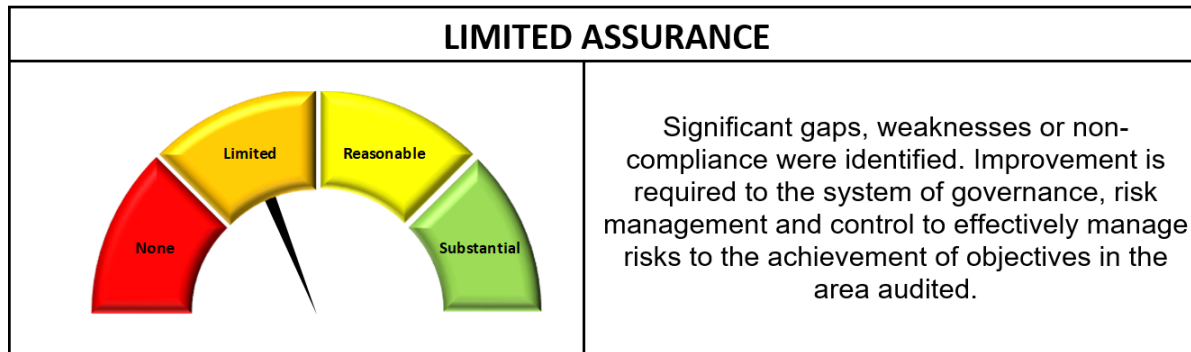
<p>4. Sales orders, where possible, should be raised in advance of providing goods or services to customers unless there is a suitable reason as to why this should not occur. Requirement to be incorporated into a policy (refer to Policies and Procedures section already covered in report above).</p>	<p>Low</p>	<ol style="list-style-type: none"> <li>1. Review of full end to end process.</li> <li>2. Create Policies.</li> <li>3. 3. Review training, implement and document.</li> <li>4. Finance Service Plan will include relevant KPI's which will be monitored monthly.</li> </ol>	<p>Interim Financial Services Team Leader</p>	<p>June 2025</p>
<p>5. Overdue monthly Debtor Account reconciliations for FY 23/24 be completed as a matter of urgency. Going forward, time limits are set for the completion and sign off for all monthly reconciliations.</p>	<p>High</p>	<p>Due to the issues with the implementation of Unit4, it had not been possible to complete any reconciliations during 2023/24</p> <ol style="list-style-type: none"> <li>1. Full review of existing reconciliation and process taking place between Unit 4 and the debtors' system, including method.</li> <li>2. Implement agreed daily and monthly reconciliation process of the Sundry Debtor Account.</li> <li>3. Training rollout and introduction of Finance Service Plan KPI's.</li> <li>4. Bring up to date all outstanding reconciliation and update KPI's.</li> <li>5. A set review time will be put in place for completion of the reconciliations and the management sign off going forward.</li> </ol>	<p>Interim Financial Services Team Leader</p>	<p>December 2024</p>
<p>6. Automated functionality within UNIT4 system be utilised for the generation and issue of standard overdue reminder letters, to ensure follow-up activity is undertaken in a timely manner. Parameters set within the system for issue of overdue reminders letters to be agreed by senior management. Senior management review and assess the rationale for not issuing reminder letters to customers with overdue unpaid invoices for Licences issued.</p>	<p>Medium</p>	<ol style="list-style-type: none"> <li>1. Following review, Vision ERP (External software consultants) will complete the setting up of the reminder letters functionality.</li> <li>2. Embed automation of the reminder letters instead of manual workload.</li> <li>3. Training rollout and Policy/training material creation.</li> <li>4. Introduction of monitoring of letters sent out monthly via Finance Service Plan KPI's and review of aged creditors report with actions follow up.</li> <li>5. Set up monthly meetings with services including licensing, property and revenues to ensure consistent collaboration of driving down aged debt.</li> </ol>	<p>Interim Financial Services Team Leader</p>	<p>March 2025</p>

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		6. Ensure reminder letters are set up for all including Licensing and Property services. (Listing in Finance Service Plan KPI monthly review).		
7. Manual debt recovery procedures be introduced which outlines pro-active debt recovery processes and activities to be undertaken. All overdue sundry unpaid debts be pro-actively worked on for recovery of payment, not just the most current. Pro-active telephone call be made by Exchequer Services function in first week of invoices in excess of £5,000 falling overdue (providing telephone contact details have been provided and resources allow) to discuss non-payment and make acceptable arrangements for the invoice to be paid.	High	<ol style="list-style-type: none"> <li>1. Review of full existing processes and procedures.</li> <li>2. Training rollout and Policy/training material creation.</li> <li>3. Finance Service Plan KPI with clear to ensure timely review of aged creditors report with credit control actions follow up including monitoring the timely chasing of overdue payments.</li> <li>4. Set up monthly meetings with services where serious aged debt outstanding to ensure consistent collaboration of driving down aged debt.</li> <li>5. Review bad debt write offs.</li> </ol>	Interim Financial Services Team Leader	March 2025
8. Senior management to consider approval of the reintroduction of the facility to use external debt recovery agencies into the sundry debt recovery process for overdue debts. Use of 'External Debt Recovery Services' policy and associated procedures to be agreed and documented.	High	<ol style="list-style-type: none"> <li>1. Set up workshop to discuss new world requirements post pandemic, document and apply into policy for debt recovery.</li> <li>2. Review and sign off policy</li> <li>3. Activate and implement as part of Finance Service Plan KPI and monitor monthly.</li> </ol>	Interim Financial Services Team Leader	September 2024
9. Bad Debt write-off policy and associated procedures to be agreed and documented, this should be linked into the outstanding recommendation from 2022/23 relating to the production of a corporate debt policy.	High	<ol style="list-style-type: none"> <li>1. Create / Review and sign off bad debt policy and training document in line with the creation of the corporate debt policy.</li> </ol>	Interim Financial Services Team Leader	March 2025
10. Exchequer Service function, in conjunction with relevant Service function officers to review the complete and full 'Aged Debtor' position in detail quarterly to identify and recommend to management 'unrecoverable' debts for consideration of potential write-off. The quarterly reviews should not just concentrate on identifying those debts which have become statute barred, but pro-actively	High	<ol style="list-style-type: none"> <li>1. Set up monthly review and sign off aged debtors report with credit control actions.</li> <li>2. Set up standard unrecoverable debt report for write off review, including potential bad debts.</li> </ol>	Interim Financial Services Team Leader	December 2024

<p>identify debts outside of this category which are deemed 'unrecoverable'.</p>				
<p>11. Introduce a Business Plan KPI with associated targets for the collection rate of sundry debts. Performance should be reported as part of the service and business plan quarterly monitoring arrangements in place.</p> <p>The Monthly Debtors Performance Pack produced by Exchequer Services function be distributed to all relevant members of staff (Heads of Service, finance colleagues, CEO).</p> <p>The Monthly Debtors Performance Pack produced by Exchequer Services be reviewed to ensure it meets its stakeholder needs. Stakeholders be issued with a full Aged Debt listing of their specific area. Resources be made available to pro-actively chase and recover historic overdue sundry debt.</p>	<p>Medium</p>	<ol style="list-style-type: none"> <li>1. List of Finance Service Plan KPI's to be produced for monthly review and the Monthly Debtors reporting Pack</li> <li>2. Automate majority via Unit 4 where possible and remaining in RTI via day-to-day completion of tasks.</li> <li>3. Review and sign off monthly pack to be distributed and action production.</li> <li>4. Collate feedback and improve on content.</li> <li>5. Build into individual's performance as part of their day-to-day duties and responsibilities.</li> <li>6. Review with Exchequer team to ensure they are provided all the tools and training to ensure completion, regular consistency and quality of aged debt maintenance.</li> </ol>	<p>Interim Financial Services Team Leader</p>	<p>March 2025</p>
<p>12. A review is undertaken of current individuals with enhanced user access to the UNIT4 system to ensure their current roles and responsibilities require such access. Going forward a quarterly review is undertaken on validity and appropriateness of current user access to the system.</p>	<p>High</p>	<ol style="list-style-type: none"> <li>1. Review full list of users who have enhanced user access.</li> <li>2. Update user access according to role, including the removal of super user access.</li> <li>3. Document roles with superuser access and save in Project folder under Unit 4</li> </ol> <p>Note: "Read Only" Access has been created in Unit 4. To be assigned to Auditors as and when needed going forward. Restrict external user access when no longer required.</p>	<p>Interim Financial Services Team Leader &amp; Finance Systems Administrator role (Capital Accountant)</p>	<p>September 2024</p>

## CREDITORS



### Key Findings

Areas of positive assurance identified during the audit:

- Pro-active action is being taken to address current issues within the creditor's operation (outstanding backlog of monthly Creditor Account reconciliations, streamlining of historical inefficient processes and activities etc).

The main areas identified for improvement are:

- Corporate strategy, policies and procedures.
- Timeliness of processing supplier invoices and credit notes.
- Timeliness of investigating historic 'old' open Purchase Orders.
- Training on functionality of Accounts Payable module.
- Monthly Creditor Account reconciliations.
- System reporting functionality.
- Publishing of supplier payment transactions of invoices and credit notes of £500 (excluding VAT).

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
<p>1. Key policies and procedures for the management of creditors operation are developed. All relevant policies and procedures be made available to relevant officers.</p>	High	<p>1. Identify and formalise a full set of policies which will be supported by procedures.</p> <p>2. Allocate the responsibility for writing policies and procedures.</p> <p>3. Review and approval phase for both policies and procedures.</p> <p>A training matrix will be developed to ensure all relevant staff are fully trained and aware of the policies and procedures to be followed and understood.</p>	Interim Financial Services Team Leader	June 2025
<p>2. A standard system report be made available for both Audit and management monitoring / reporting purposes which provides details of the officers involved in the requisitioning and approver process of PO's raised.</p>	Medium	<p>1. Report creation currently in progress which contains both the requestor and approver against each PO.</p> <p>2. User report available showing requisitioner and approver levels.</p>	Interim Financial Services Team Leader	March 2025
<p>3. Review be undertaken by the finance team once system reporting data becomes available to ensure PO's are not being raised and approved by the same officer.</p>	Medium	<p>Review will be undertaken once report has been created to ensure there is no conflict between requisitioner and approver.</p>	Interim Financial Services Team Leader	March 2025
<p>4. An exercise on identifying all duplicate invoice payments made during 2023/24 be completed as a matter of priority.</p>	High	<p>1. Duplication report has been created within the Unit 4 system. This report requires a review alongside the bank reconciliation which is currently taking place.</p> <p>2. Historic duplicate payments listing for the previous financial year has also been located which will be reviewed.</p> <p>3. A request has been raised with Embridge (software management company) to provide a tool on Unit 4 to track duplicate invoices and payments for accuracy and also allow a report to be run against these specific invoices.</p>	Interim Financial Services Team Leader	September 2024



		4. External Duplicate payments tracker created in the meantime to monitor and track payments alongside bank rec.		
5. Recovery of funds or credit notes be obtained for all duplicate payments identified.	High	<ol style="list-style-type: none"> <li>1. Duplicate payments report will be tracked and actioned weekly to chase up and provide update.</li> <li>2. To be included in monthly Finance Service Plan KPI to monitor and feedback.</li> </ol>	Interim Financial Services Team Leader	December 2024
6. Processes and activities be reviewed to ensure risk of future duplicate invoice payments being processed are minimised (all potential circumstances to be considered).	High	<ol style="list-style-type: none"> <li>1. Payment processing controls are currently being documented.</li> <li>2. Training to be rolled out around the requirement of invoices and documents processing prior to making payment as this is where some of the gaps were identified.</li> <li>3. Improve document management within and outside the system.</li> </ol>	Interim Financial Services Team Leader	September 2024
7. Supplier invoice payment performance be monitored going forward, with a KPI introduced within the Finance Service Plan.	Medium	<ol style="list-style-type: none"> <li>1. Report now created and introduced to enable the effective monitoring of supplier invoice payment.</li> <li>2. To include in KPI in Finance Service Plan and monitor monthly.</li> </ol>	Interim Financial Services Team Leader	March 2025
8. User training required to understand functionality of system.	Medium	<ol style="list-style-type: none"> <li>1. Payment processing controls is currently being documented.</li> <li>2. Create and obtain sign off of payment approval value levels by payment type. i.e BACS, cheques, faster payments, manual payments etc.</li> <li>3. Review overall existing controls within Unit 4, Paygate and the bank and compare to requirements.</li> <li>4. Review audit trail within Unit 4, Paygate, cheques and bank.</li> <li>5. Update / system changes in authorisation access and levels to enable controls.</li> <li>6. Training to be rolled out in line with policy and procedures.</li> </ol>	Interim Financial Services Team Leader	September 2024

<p>9. A review of approvals required for all payments made by the authority is carried out to ensure that they are in line with the bank mandate, documented and circulated to all relevant officers.</p>	High	<ol style="list-style-type: none"> <li>1. Payment processing controls are currently being documented.</li> <li>2. Create and obtain sign off of payment approval value levels by payment type. i.e BACS, cheques, faster payments, manual payments etc.</li> <li>3. Review overall existing controls within Unit 4, Paygate and the bank and compare to requirements.</li> <li>4. Review audit trail within Unit 4, Paygate, cheques and bank.</li> <li>5. Update / system changes in authorisation access and levels to enable controls.</li> <li>6. Training to be rolled out in line with policy and procedures.</li> </ol>	Interim Financial Services Team Leader	December 2024
<p>10. A Corporate Credit Card Policy is introduced and all officers that have been issued with a credit card are required to sign up to this policy.</p>	Medium	<ol style="list-style-type: none"> <li>1. Create credit card policy</li> <li>2. Create standard form for cardholders to complete each month (if used) and attached receipts, include new cost centre/account codes.</li> <li>3. Ensure card rules are emphasised in the agreement they complete that failure to provide timely receipts and cost centre codes will result in card being retracted.</li> <li>4. Emphasising point 3 as backlog included card statement receipts not processed since Nov 2022. Team had been chasing for receipts and codes.</li> <li>5. Possible opportunity to enable the submission of card receipts via unit 4 – to look into.</li> </ol>	Interim Financial Services Team Leader	March 2025
<p>11. Reporting specification to be written into UNIT4 to enable exception reports of this nature to be generated showing the audit trail of newly created supplier accounts and amendments made to supplier account records. Exercise to be undertaken with immediate effect. These reports may possibly be available through audit functionality within the system.</p>	High	<p>Report requested from Embridge to allow the viewing of new and amended suppliers with audit trail (created by, amended by, checked by and approved by) within Unit 4.</p>	Interim Financial Services Team Leader	September 2024
<p>12. Overdue monthly Creditor Account reconciliations for FY 2023/24 be completed as a matter of urgency.</p>	High	<p>Due to the issues with the implementation of Unit4, it had not been possible to complete any reconciliations during 2023/24</p>	Interim Financial	December 2024

<p>Going forward, time limits are set for the completion and sign off for all monthly reconciliations.</p>		<ol style="list-style-type: none"> <li>1. Full review of existing reconciliation and process taking place between Unit 4 and the creditors system, including method.</li> <li>2. Implement agreed daily and monthly reconciliation process of the creditor Account against the GL.</li> <li>3. Training rollout and sign off of agreed Finance Service Plan KPI.</li> <li>4. Bring up to date all outstanding reconciliation and update Finance Service Plan KPI.</li> <li>5. Review and sign off all monthly reconciliations going forward.</li> </ol>	<p>Services Team Leader</p>	
<p>13. Reporting specification be written into UNIT4 to enable supplier invoice and credit note payment data over £500 to be extracted for publishing requirements. Exercise to be undertaken with immediate effect. Supplier payment data for FY 2023/24 be published on the Council's website as soon as available. Going forward, supplier payment data to be published each quarter on the Council's website.</p>	<p>High</p>	<p>Note: Original request could not be concluded until backlog had been completed. Report specification does exist for £250 &amp; £500 within Unit 4 and is ready to run. (Tested and passed)</p> <ol style="list-style-type: none"> <li>1. Finalise entries of all invoices into the system for year end.</li> <li>2. Run report and review for sign off prior to publishing.</li> <li>3. Embed into KPI and as part of routine task.</li> </ol>	<p>Interim Financial Services Team Leader</p>	<p>December 2024</p>
<p>14. Publication of FY 2022/23 and 2023/24 performance data to be published as a matter of priority.</p>	<p>High</p>	<ol style="list-style-type: none"> <li>1. Report now created and introduced to enable the effective monitoring of supplier invoice payment for FY23/24</li> <li>2. Obtain data from Total for 22/23</li> <li>3. Review and sign off</li> <li>4. Publish.</li> <li>5. To include as a KPI within the Finance Service Plan and monitor monthly as part of routine task.</li> </ol>	<p>Interim Financial Services Team Leader</p>	<p>March 2025</p>

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## NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

AUDIT AND GOVERNANCE COMMITTEE – THURSDAY, 22  
AUGUST 2024

<b>Title of Report</b>	<b>TREASURY MANAGEMENT STEWARDSHIP REPORT 2023/24</b>	
<b>Presented by</b>	Anna Crouch Head of Finance	
<b>Background Papers</b>	<a href="#">Prudential Indicators and Treasury Strategies 2023-24</a> – Council 23 February 2023  <a href="#">Treasury Management Activity Report 2023/24 – Quarter 3</a> - Audit and Governance Committee 24 April 2024	<b>Public Report:</b> Yes
<b>Financial Implications</b>	There are no financial implications as a direct result from this report.	
	<b>Signed off by the Section 151 Officer:</b> yes	
<b>Legal Implications</b>	There are no legal implications as a direct result from this report.	
	<b>Signed off by the Deputy Monitoring Officer:</b> yes	
<b>Staffing and Corporate Implications</b>	There are no staffing or corporate implications as a direct result from this report.	
	<b>Signed off by the Head of Paid Service:</b> yes	
<b>Purpose of Report</b>	For the Committee to consider the draft Treasury Management Stewardship Report 2023/24 before consideration by Cabinet in October 2024.	
<b>Recommendations</b>	<b>THAT THE COMMITTEE NOTES THE REPORT AND PROVIDES ANY COMMENTS FOR CABINET WHEN THEY CONSIDER THE REPORT AT ITS MEETING ON 22 OCTOBER 2024.</b>	

**1.0 BACKGROUND**

- 1.1 Treasury Management activity is underpinned by the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code), which requires local authorities to produce Prudential Indicators and a Treasury Management Strategy Statement annually on the likely

financing and investment activity. The Prudential Indicators and Treasury Strategies were approved by Council on the 23 February 2023.

- 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). The year-end report and the fourth to be presented in relation to 2023/24 is attached at Appendix A. The report is designed to inform Members of the Council's treasury activity and enable scrutiny of activity and performance.

## 2.0 SUMMARY

- 2.1 In compliance with the requirements of the CIPFA code of practice, Appendix A provides Members with a summary report of the Treasury Management activity for the period April 2023 to March 2024. A prudent approach has been taken in relation to investment activity with priority being given to security and liquidity over yield.
- 2.2 For the reporting period, there has been no breaches of Treasury Management Strategy Statement that need bringing to the attention of the Committee.

<b>Policies and other considerations, as appropriate</b>	
Council Priorities:	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	Not applicable
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 <a href="mailto:anna.crouch@nwleicestershire.gov.uk">anna.crouch@nwleicestershire.gov.uk</a>

## DRAFT TREASURY MANAGEMENT STEWARDSHIP REPORT 2023/24

### 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. The Council's treasury management strategy for 2023/24 was approved at a meeting on 23 February 2023. The Council has borrowed and 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.
- 1.3. The Prudential Code includes a requirement for local authorities to provide a Capital Strategy, a summary document approved by full Council covering capital expenditure and financing, treasury management and non-treasury investments. The Council's Capital Strategy, complying with CIPFA's requirement, was approved by full Council on 23 February 2023.

### 2. External Context (provided by Arlingclose Ltd)

- 2.1. **Economic background:** UK inflation continued to decline from the 8.7% rate seen at the start of 2023/24. By the last quarter of the financial year headline consumer price inflation (CPI) had fallen to 3.4% in February but was still above the Bank of England's 2% target at the end of the period. The core measure of CPI, i.e. excluding food and energy, also slowed in February to 4.5% from 5.1% in January, a rate that had stubbornly persisted for three consecutive months.
- 2.2. The UK economy entered a technical recession in the second half of 2023, as growth rates of -0.1% and -0.3% respectively were recorded for Q3 and Q4. Over the 2023 calendar year GDP growth only expanded by 0.1% compared to 2022. Of the recent monthly data, the Office for National Statistics reported a rebound in activity with economy expanding 0.2% in January 2024. While the economy may somewhat recover in Q1 2024, the data suggests that prior increases in interest rates and higher price levels are depressing growth, which will continue to bear down on inflation throughout 2024.
- 2.3. Labour market data provided a mixed message for policymakers. Employment and vacancies declined, and unemployment rose to 4.3% (3mth/year) in July 2023. The same month saw the highest annual growth rate of 8.5% for total pay (i.e. including bonuses) and 7.8% for regular pay growth (i.e. excluding bonuses). Thereafter, unemployment began to decline, falling to 3.9% (3mth/year) in January and pay growth also edged lower to 5.6% for total pay and 6.1% for regular pay, but remained above the Bank of England's forecast.

- 2.4. Having begun the financial year at 4.25%, the Bank of England's Monetary Policy Committee (MPC) increased Bank Rate to 5.25% in August 2023 with a 3-way split in the Committee's voting as the UK economy appeared resilient in the face of the dual headwinds of higher inflation and interest rates. Bank Rate was maintained at 5.25% through to March 2024. The vote at the March meeting was 8-1 in favour of maintaining rates at this level, with the single dissenter preferring to cut rates immediately by 0.25%. Although financial markets shifted their interest rate expectations downwards with expectations of a cut in June, the MPC's focus remained on assessing how long interest rates would need to be restrictive in order to control inflation over the medium term.
- 2.5. In the Bank's quarterly Monetary Policy Report (MPR) released in August 2023 the near-term projection for services price inflation was revised upwards, goods price inflation widespread across products, indicating stronger domestic inflationary pressure with second-round effects in domestic prices and wages likely taking longer to unwind than they did to emerge. In the February 2024 MPR the Bank's expectations for the UK economy were positive for the first half of 2024, with a recovery from the mild recession in calendar H2 2023 being gradual. Headline CPI was forecast to dip below the 2% target quicker than previously thought due to declining energy prices, these effects would hold inflation slightly above target for much of the forecast horizon.
- 2.6. Following this MPC meeting, Arlingclose, the Council's treasury adviser, maintained its central view that 5.25% remains the peak in Bank Rate and that interest rates will most likely start to be cut later in H2 2024. The risks in the short-term are deemed to be to the downside as a rate cut may come sooner than expected, but then more broadly balanced over the medium term.
- 2.7. The US Federal Reserve also pushed up rates over the period, reaching a peak range of between 5.25-5.50% in August 2023, where it has stayed since. US policymakers have maintained the relatively dovish stance from the December FOMC meeting and at the meeting in March, economic projections pointed to interest rates being cut by a total of 0.75% in 2024.
- 2.8. Following a similarly sharp upward trajectory, the European Central Bank hiked rates to historically high levels over the period, pushing its main refinancing rate to 4.5% in September 2023, where it has remained. Economic growth in the region remains weak, with a potential recession on the cards, but inflation remains sticky and above the ECB's target, putting pressure on policymakers on how to balance these factors.
- 2.9. Financial markets: Sentiment in financial markets remained uncertain and bond yields continued to be volatile over the year. During the first half of the year, yields rose as interest rates continued to be pushed up in response to rising inflation. From October they started declining again before falling sharply in December as falling inflation and dovish central bank attitudes caused financial markets to expect cuts in interest rates in 2024. When it emerged in January that inflation was stickier than expected and the BoE and the Federal Reserve were data dependent and not inclined to cut rates soon, yields rose once again, ending the period some 50+ bps higher than when it started.



- 2.10. Over the financial year, the 10-year UK benchmark gilt yield rose from 3.44% to peak at 4.75% in August, before then dropping to 3.44% in late December 2023 and rising again to 3.92% (28 March 2024). The Sterling Overnight Rate (SONIA) averaged 4.96% over the period to 31 March.
- 2.11. Credit review: In response to an improving outlook for credit markets, in January 2024 Arlingclose moved away from its previous temporary stance of a 35-day maximum duration and increased its advised recommended maximum unsecured duration limit on all banks on its counterparty list to 100 days.
- 2.12. Earlier in the period, S&P revised the UK sovereign outlook to stable and upgraded Barclays Bank to A+. Moody's also revised the UK outlook to stable, Handelsbanken's outlook to negative, downgraded five local authorities, and affirmed HSBC's outlook at stable while upgrading its Baseline Credit Assessment. Fitch revised UOB's and BMO's outlooks to stable.
- 2.13. In the final quarter of the financial year, Fitch revised the outlook on the UK sovereign rating to stable from negative based on their assessment that the risks to the UK's public finances had decreased since its previous review in October 2022, the time of the mini- budget.
- 2.14. Moody's, meanwhile, upgraded the long-term ratings of German lenders Helaba, Bayern LB and LBBW on better solvency and capital positions, despite challenges from a slowing German economy and exposure to the commercial real estate sector. Moody's also upgraded or placed on review for an upgrade, Australian banks including ANZ, CBA NAB and Westpac on the back of the introduction of a new bank resolution regime.
- 2.15. Credit default swap prices began the financial year at elevated levels following the fallout from Silicon Valley Bank and collapse/takeover of other lenders. From then the general trend was one of falling prices and UK lenders' CDS ended the period at similar levels to those seen in early 2023. Earlier in the year some Canadian lenders saw their CDS prices rise due to concerns over a slowing domestic economy and housing market, while some German lenders were impacted by similar economic concerns and exposure to commercial real estate towards the end of the period, with LBBW remaining the most elevated.
- 2.16. Heightened 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**

	31.3.23 Provisional £'m	31.3.24 Provisional £'m
General Fund CFR	43.9	45.5
HRA CFR	53.0	50.5
<b>Total CFR</b>	<b>96.9</b>	<b>96.0</b>
External borrowing	62.6	56.3
Internal borrowing	34.3	39.7
<b>Total Borrowing</b>	<b>96.9</b>	<b>96.0</b>

- 3.2. The Council pursued its strategy of keeping borrowing and investments below their underlying levels, sometimes known as internal borrowing, to reduce risk and keep interest costs low.
- 3.3. The treasury management position as of 31 March 2024 and the change during the year is shown in Table 2 below.

**Table 2: Treasury Management Summary**

	31.3.23 Balance £m	Movement £m	31.3.24 Balance £m	31.3.24 Rate %
Long-term borrowing	59.8	-3.5	56.3	3.66%
Short-term borrowing	2.7	-2.7	0.0	2.30%
<b>Total borrowing</b>	<b>62.6</b>	<b>-6.2</b>	<b>56.3</b>	<b>3.58%</b>
Long-term investments	0.0	0.0	0.0	0.00%
Short-term investments	39.0	-24.0	15.0	5.67%
Cash and cash equivalents	4.1	10.9	15.0	5.62%
<b>Total investments</b>	<b>43.1</b>	<b>-13.1</b>	<b>30.0</b>	<b>5.65%</b>
<b>Net borrowing</b>	<b>19.5</b>	<b>6.9</b>	<b>26.3</b>	

- 3.4. As shown above external borrowing decreased by £6.2m after repayment of a £3.5m Lender Option Borrower Option (LOBO) loan held with Commerzbank, a PWLB Maturity Loan of £1.5m and two PWLB annuity loan repayments totalling £1.2m.
- 3.5. Investment balances overall reduced by £13.1m from 31 March 2023 due to capital programme delivery, use of reserves and repayment of debt.
- 3.6. The Council was able to more accurately predict its cashflows allowing more funds to be invested for longer while maintaining cash flow confidence. This resulted in a change in investment portfolio structure which became more balanced between short term investments and cash and cash equivalents as shown in Table 2.

#### **4. Borrowing Update**

- 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. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield unless these loans are for refinancing purposes.

- 4.2. The Council currently holds £13.8m in commercial property investments that were purchased prior to the change in the CIPFA Prudential Code. However, these investments are primarily held for local regeneration and support and not financial return and as such will not fall directly into the above category.

## **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 low 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.
- 5.2. Interest rates have seen substantial rises over the last two years, although these rises have now begun to plateau. Gilt yields fell in late 2023, reaching April 2023 lows in December 2023 before rebounding to an extent in the first three months of 2024. Gilt yields have remained volatile, seeing upward pressure from perceived sticker inflation at times and downward pressure from falling inflation and a struggling economy at other times.
- 5.3. On 31 December, the Public Work Loans Board (PWLB) certainty rates for maturity loans were 4.74% for 10-year loans, 5.18% for 20-year loans and 5.01% for 50-year loans. Their equivalents on 31 March 2023 were 4.33%, 4.70% and 4.41% respectively.
- 5.4. The cost of short-term borrowing from other local authorities has generally risen with Base Rate over the year. Interest rates peaked at around 7% towards the latter part of March 2024 as many authorities required cash at the same time. These rates are expected to fall back to more normal market levels in April 2024.
- 5.5. A new PWLB Housing Revenue Account (HRA) rate which is 0.4% below the certainty rate was made available from 15 June 2023. This rate will now be available to June 2025. The discounted rate is to support local authorities borrowing for the HRA and for refinancing existing HRA loans.
- 5.6. This new reduced HRA borrowing rate may create opportunity for savings for the Council. The Council will evaluate the potential benefits of restructuring its borrowing with the lower HRA rate.

- 5.7. On 31 March 2024 the Council held £56.3m of loans, a decrease of £6.2m to 31 March 2023, as part of its strategy for funding previous and current years' capital programmes. Outstanding loans on 31 March 2024 are summarised in Table 3 below.

**Table 3: Borrowing Position**

	31.3.23 Balance £'m	Net Movement £'m	31.3.24 Balance £'m	31.3.24 Weighted Average Rate %	31.3.24 Weighted Average Maturity (years)
Public Works Loan Board	55.1	-2.7	52.4	3.41%	14.4
Banks (LOBO)	3.5	-3.5	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
<b>Total borrowing</b>	<b>62.6</b>	<b>-6.2</b>	<b>56.3</b>	<b>3.57%</b>	<b>16.5</b>

- 5.8. The Council's chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Council's long-term plans change being a secondary objective.
- 5.9. In keeping with these objectives, no new borrowing was undertaken, while £6.2m of existing loans were allowed to mature without replacement. This strategy enabled the Council to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk.
- 5.10. There remains an 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.
- 5.11. LOBO loans: On 1 April 2023 the Council held £3.5m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Council has the option to either accept the new rate and terms or to repay the loan at no additional cost.
- 5.12. As market interest rates rose, there was increased probability of call options on the LOBOs being exercised by lenders. £3.5m of LOBO loans had annual/semi-annual call option dates during the year to 31 March 2024, lenders exercised options on the following of the Council's loans:-

	Amount £'m	Rate %	Final Maturity	New rate proposed %	5. Action taken by Council
Commerzbank	3.5	4.80	08/02/2055	5.80	Repaid at no cost from cash resources
<b>Total</b>	<b>3.5</b>	<b>4.80</b>	<b>08/02/2024</b>	<b>5.80</b>	

5.18. In February 2024 Commerzbank exercised its option to increase the interest rate from 4.80% to 5.80%. Following a review of our investment balances, the rates offered on other borrowing facilities and with the recommendation of our Treasury Management advisers, we declined the increased rate and repaid the loan in full at no penalty. The Council no longer has any LOBO loans on its books. This removes some of the interest rate risk on the borrowing portfolio.

## 6. Treasury Investment Activity

6.1. The CIPFA Treasury Management Code now 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 ranged between £43.3m and £68.2m due to timing differences between income and expenditure. The investment position is shown in Table 4 below.

**Table 4: Treasury Investment Position**

	31.3.23 Balance £m	Net Movement £m	31.3.24 Balance £m	31.3.24 Income Return %	31.3.24 Weighted Average Maturity Days
Banks & building societies (unsecured)	2.0	-2.0	0.0	0.00%	0
Government (incl. local authorities)	32.0	-2.0	30.0	5.65%	118
Money Market Funds	4.1	-4.1	0.0	0.00%	0
<b>Total investments</b>	<b>38.1</b>	<b>-8.1</b>	<b>30.0</b>	<b>5.65%</b>	<b>118</b>

- 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. Bank Rate increased by 1% over the period, from 4.25% at the beginning of April 2023 to 5.25% by the end March 2024. Short term rates peaked at 5.7% for 3-month rates and 6.7% for 12-month rates during the period, although these rates subsequently began to decline towards the end of the period. Money Market Rates also rose and were between 4.8% and 5.1% by the end of March 2024.
- 6.5. Investment objectives were achieved by increasing exposure to short dated, low risk deposits with Government and decreasing exposure to both banks and Money Market Funds. This encouraged longer dated deposits with higher returns alongside increased security of funds.
- 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 %
31.12.2023	5.42	A+	0%	118	5.65%
Similar LA's	4.9	A+	61%	50	5.20%
All LA's	4.82	A+	61%	9	5.03%

- 6.8. The Council had budgeted £792,015 in interest income from investments after deductions in 2023/24. Actual income received in 2023/24 was £2.55m. This represents an average return on balances through the year of 4.79%.
- 6.9. Of the £2.55m received an estimated £371k will be deducted to S106 balances and other minor deductions. The remaining £2.18m will be apportioned between the General Fund (GF) and Housing Revenue Account (HRA).
- 6.10. The allocations to the GF and HRA will be worked out based on the notional investment balances of both funds throughout the year. The percentage of which will be applied to the overall interest received after deductions. This approach leads to the balances being split £1.02m to the GF and £1.17m to the HRA. Please note these figures are subject to finalisation and may change.
- 6.11. The forecast interest received for 2023/24 in comparison to actuals is significantly different. This is largely due to the dramatic increase in interest rates by central government in response to the exceptional economic scenario detailed in section 2. These increased interest rates have boosted the interest return from 3.50% on 31 March 2023 to 5.65% on

31 March 2024 resulting in the overall increased investment return.

## **7. Non-Treasury Investments**

- 7.1. The definition of investments in the Treasury Management Code now 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 Welsh Government also broadens the definition of investments to include all such assets held partially or wholly for financial return.
- 7.3. On 31 March 2024 the Council held £13.8m of directly owned property investments which although are primarily held for local regeneration and development do also provide financial return as a secondary function.
- 7.4. A full list of the Council's non-treasury investments is available in the Council's investment strategy found [here](#).
- 7.5. These investments are budgeted to generate £195,889 of investment income for the Council after taking account of direct costs, representing a rate of return of 3.91%.

## **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. Since the beginning of the reporting period the Council has paid £2.2m in interest. The overall interest rate for the financial year 2023/24 is 3.57%. For comparison purposes current 1 year borrowing through the PWLB upon writing this report is 5.7%.
- 8.3. No new borrowing was undertaken in the 2023/24 financial year in line with expectations.
- 8.4. The Council's interest return percentage on 31 March 2024 was 5.65%. In comparison with other Local Authorities this was significantly better than the 5.03% average. A further comparison is the Daily Sterling Overnight Index Average (SONIA) which on 31 March 2024 was 5.20%.

## **9. Compliance**

- 9.1. The Council's S151 Officer reports that all treasury management activities undertaken during the year complied fully with the CIPFA Code of Practice and the Council's approved Treasury Management Strategy
- 9.2. Compliance with specific investment limits is demonstrated in Table 6 below.

**Table 6: Investment Limits**

	2023/24 Maximum	31.3.24 Actual	2023/24 Limit	Complied? Yes
The UK Government	18.3	0.0	Unlimited	YES
Local authorities & other government entities	30.0	30.0	60.0	YES
Secured investments	0.0	0.0	60.0	YES
Banks (unsecured)	4.1	1.1	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	0.0	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
<b>Totals</b>	<b>74.4</b>	<b>31.1</b>		

- 9.3. Compliance with the authorised limit and operational boundary for external debt is demonstrated in Table 7 below.

**Table 7: Debt Limits**

	2023/24 Maximum	31.3.24 Actual	2023/24 Operational Boundary	2022/23 Authorised Limit	Complied?
Borrowing	62.6	56.3	101.8	111.8	YES

- 9.4. 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.

## **8. Treasury Management Indicators**

- 8.1. As required by the 2021 CIPFA Treasury Management Code, the Council monitors and measures the following treasury management prudential indicators.

- 8.2. Liability Benchmark: This new 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

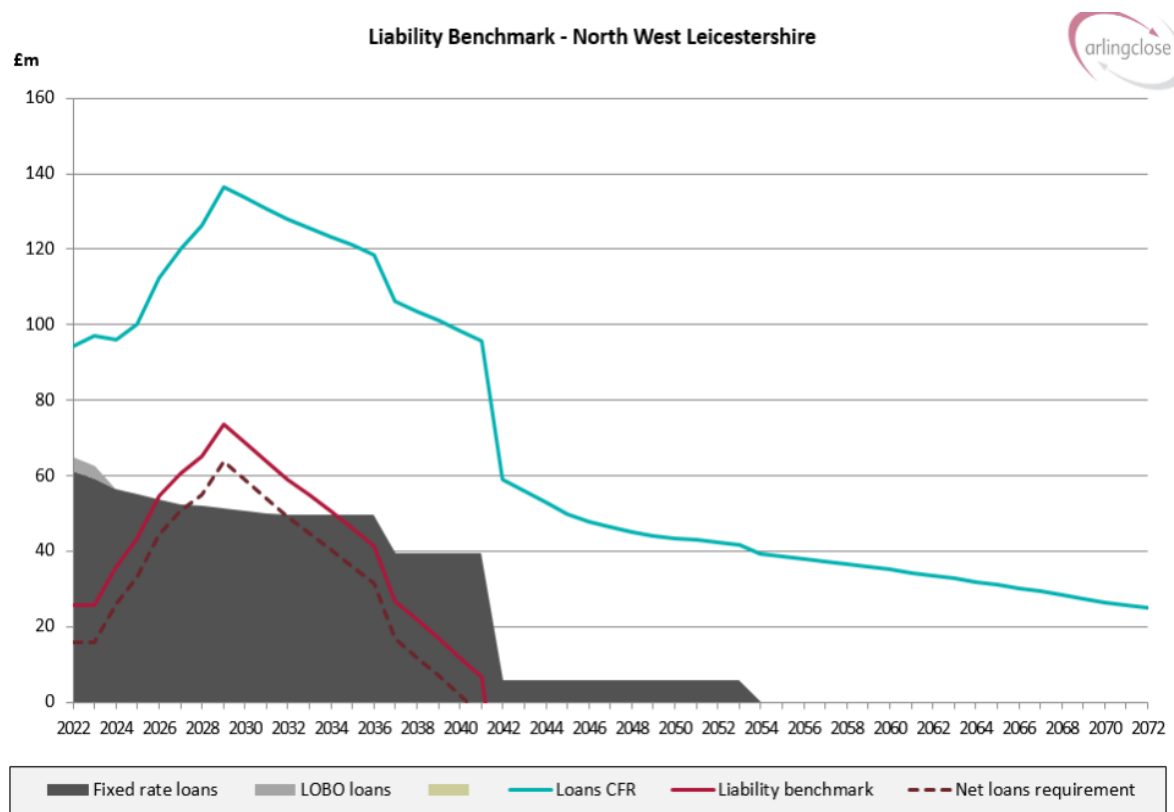


keeping treasury investments at the minimum level of £10m required to manage day-to-day cash flow.

**Table 8: Liability Benchmark**

	31.3.23 Estimate	31.3.24 Forecast	31.3.25 Forecast	31.3.26 Forecast
Loans CFR	96.9	96	100.2	112.4
Less: Balance sheet resources	-81.2	-70	-67	-68
<b>Net loans requirement</b>	<b>15.7</b>	<b>26</b>	<b>33.2</b>	<b>44.4</b>
Plus: Liquidity allowance	10.0	10.0	10.0	10.0
<b>Liability benchmark</b>	<b>25.7</b>	<b>36</b>	<b>43.2</b>	<b>54.4</b>
<b>Existing external borrowing</b>	<b>62.6</b>	<b>56.3</b>	<b>55.1</b>	<b>53.8</b>

8.3. Following on from the medium-term forecast above, the long-term liability benchmark assumes capital expenditure funded by borrowing of £3.8m a year, minimum revenue provision on new capital expenditure based on a 25 year asset life 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.



8.4. Whilst borrowing may be above the liability benchmark, strategies involving borrowing which is significantly above the liability benchmark carry higher risk.

8.5. **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 9: Security**

	31.12.24 Actual	2023/24 Target	Complied?
Portfolio average credit score	A+	A-	Yes

- 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.

**Table 10: Liquidity**

	31.3.24 Actual	2023/24 Target	Complied?
Total cash available within 3 months	£15,000,000	£2,500,000	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 11: Interest Rate Exposures**

Interest rate risk indicator	31.3.24 Actual	2023/24 Limit	Complied?
Upper limit on one-year revenue impact of a 1% rise in interest rates	190,677	600,000	YES
Upper limit on one-year revenue impact of a 1% fall in interest rates	-190,677	-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. Longer investments would reduce the interest rate risk but would expose the Council to higher liquidity risk.
- 10.6 **Maturity Structure of Borrowing:** This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of all borrowing were:

**Table 12: Maturity Structure of Debt**

	<b>31.03.24 Actual £m</b>	<b>31.03.24 Actual %</b>	<b>Upper Limit</b>	<b>Lower Limit</b>	<b>Complied?</b>
Under 12 months	1.3	2%	0%	70%	<b>YES</b>
12 months and within 24 months	1.3	2%	0%	30%	<b>YES</b>
24 months and within 5 years	2.5	4%	0%	30%	<b>YES</b>
5 years and within 10 years	1.9	3%	0%	30%	<b>YES</b>
10 years and within 20 years	43.8	78%	0%	90%	<b>YES</b>
20 years and above	5.7	10%	0%	30%	<b>YES</b>
<b>TOTALS</b>	<b>56.4</b>	<b>100%</b>			

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

10.8 **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:

	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>No Fixed Date</b>
Actual principal invested beyond year end - £'m	£0	£0	£0	£0
Limit on principal invested beyond year end - £'m	£60	£10	£10	£10
Complied?	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>

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## NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

AUDIT AND GOVERNANCE COMMITTEE – THURSDAY, 22  
AUGUST 2024

<b>Title of Report</b>	<b>LOCAL GOVERNMENT AND SOCIAL CARE OMBUDSMAN ANNUAL REVIEW LETTER 2023/24</b>	
<b>Presented by</b>	Elizabeth Warhurst Head of Legal and Support Services and Monitoring Officer	
<b>Background Papers</b>	<a href="#">Upheld Complaints</a>  Local Government and Social Care Ombudsman Annual Review Letter 2023/24	<b>Public Report: Yes</b>
<b>Financial Implications</b>	There are no financial implications.	
	<b>Signed off by the Section 151 Officer: yes</b>	
<b>Legal Implications</b>	There are no direct legal implications arising from this report.	
	<b>Signed off by the Monitoring Officer: yes</b>	
<b>Staffing and Corporate Implications</b>	There are no staffing implications.	
	<b>Signed off by the Head of Paid Service: yes</b>	
<b>Purpose of Report</b>	To make members aware of the Local Government & Social Care Ombudsman's (LGSCO) review letter for 2023/24 in accordance with the LGSCO Guidance on Effective Handling of Complaints.	
<b>Recommendations</b>	<b>THAT THE COMMITTEE NOTE THE LOCAL GOVERNMENT AND SOCIAL CARE OMBUDSMAN'S REVIEW LETTER FOR 2023/24.</b>	

**1.0 BACKGROUND**

- 1.1 The Corporate Scrutiny Committee considers an annual report on customer service, feedback and complaints. The last report was considered by Scrutiny at its meeting in February 2024.
- 1.2 The purpose of this report is to ask the Committee to consider The Local Government and Social Care Ombudsman Annual Review Letter. The Council received that letter on 17 July 2024.

**2.0 LGSCO OUTCOMES/STATISTICS**

2.1 The LGSCO letter provides a link to the LGSCO website and to the statistics for North West Leicestershire District Council. The reported statistics are focused on the following three key areas:

Complaints upheld – Complaints are upheld when some form of fault is found in the authority’s actions, including where the authority has accepted fault before an investigation is commenced. The LGSCO carried out no investigations during 2023/24.

Compliance with recommendations – The Ombudsman recommends ways for authorities to put things right when faults have caused injustice. The recommendations try to put people back in the position they were, before the fault, and the Ombudsman monitors authorities to ensure they comply with the recommendations. There were no recommendations due for compliance during 2023/24.

Satisfactory remedies provided by the Authority – Cases are recognised where an authority has taken steps to put things right before the complaint is made to the LGSCO. The LGSCO did not uphold any complaints in this period.

The LGSCO compares the three key annual statistics for the Authority with similar types of authorities to work out an average level of performance. They do this for County Councils, District Councils, Metropolitan Boroughs, Unitary Councils and London Boroughs. In the annual letter for 2022/23, the LGSCO explained that changes were made to the way that cases were processed and investigated, with a priority being given to complaints where it is in the public interest to investigate and that the LGSCO are now less likely to investigate “borderline” issues and this could lead to a higher finding of fault overall. For this reason, the LGSCO advises that it is more helpful to authorities to compare the “uphold rates” with those of similar organisations rather than the previous years of uphold rates for North West Leicestershire District Council.

The LGSCO Guidance states that the Monitoring Officer should consider whether the implications of an investigation should be individually reported to members where that investigation has wider implications for council policy or exposes a more significant finding of maladministration.

Examples could include:

- The maladministration is, or has been, ongoing and therefore putting the council or authority at risk of further maladministration.
- The large scale of the fault or injustice.
- The reputational or financial risk arising.
- The large number of people affected.

The Guidance also states that, in the unlikely event that the Council was not to comply with the Ombudsman’s recommendations following a finding of maladministration, the Monitoring Officer should report this to members (Cabinet or Council as appropriate) under section 5 of the Local Government and Housing Act 1989.

If the LGSCO issued a public interest report (under section 30(1) of the Local Government Act 1974), there is a specific requirement for that finding to be reported

to members and for a formal response to that finding to be sent to the Ombudsman, within three months setting out the action that they have taken, or propose to take, in response to the report.

The Monitoring Officer meets with the relevant Strategic Director to discuss any LGSCO decisions which have been upheld against the criteria set out in the LGSCO guidance and whether the findings need to be reported to members as above. There have been no findings of this nature in the period covered by the annual letter.

### **LGSCO ANNUAL REVIEW OF LOCAL GOVERNMENT COMPLAINTS 23/24**

The LGSCO has recently published its Review of Local Government Complaints for 23/24. This report looks at the national picture of complaints referred to the LGSCO. The report can be accessed via the the LGSCO website and the link is below.

<https://www.lgo.org.uk/information-centre/news/2024/jul/councils-compounding-residents-concerns-by-failing-to-deliver-improvements-on-time>

<b>Policies and other considerations, as appropriate</b>	
Council Priorities:	Feedback and complaints handling is relevant to all areas of the Council's work
Policy Considerations:	The Council deals with feedback in line with the corporate feedback policy
Safeguarding:	None arising from this report
Equalities/Diversity:	None arising from this report
Customer Impact:	Customers are advised of the route to make a complaint to the LGSCO at the conclusion of stage 2 of the corporate feedback policy
Economic and Social Impact:	None arising from this report
Environment and Climate Change:	None arising from this report
Consultation/Community/Tenant Engagement:	None arising from this report
Risks:	None arising from this report
Officer Contact	Elizabeth Warhurst Head of Legal and Support Services and Monitoring Officer <a href="mailto:elizabeth.warhurst@nwleicestershire.gov.uk">elizabeth.warhurst@nwleicestershire.gov.uk</a>

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## NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

AUDIT AND GOVERNANCE COMMITTEE – THURSDAY, 22  
AUGUST 2024

<b>Title of Report</b>	<b>CORPORATE RISK UPDATE</b>	
<b>Presented by</b>	Paul Stone Strategic Director of Resources	
<b>Background Papers</b>	<a href="#">Corporate Risk Update (Audit and Governance Committee 24 April 2024)</a>	<b>Public Report:</b> Yes
<b>Financial Implications</b>	There are no financial implications to be considered.	
	<b>Signed off by the Section 151 Officer:</b> Yes	
<b>Legal Implications</b>	There are no direct legal implications from this report.	
	<b>Signed off by the Monitoring Officer:</b> Yes	
<b>Staffing and Corporate Implications</b>	There are no direct Staffing or Corporate arising from this report.	
	<b>Signed off by the Head of Paid Service:</b> Yes	
<b>Purpose of Report</b>	To provide Committee members with an update in respect of the Council's corporate risk register.	
<b>Recommendations</b>	<b>THAT THE AUDIT AND GOVERNANCE COMMITTEE NOTES AND COMMENTS ON THE LATEST CORPORATE RISK REGISTER.</b>	

**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 2 July 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.
- 1.2 Members should note the revised format of the risk register which is a significant step towards enhancing the clarity and effectiveness of risk management within the Council. The visual improvements made are designed to ensure that changes to individual risks are immediately apparent, facilitating a more intuitive understanding and tracking of risk status.
- 1.3 The incorporation of the FourTs principles onto the register—Tolerate, Treat, Transfer, and Terminate—into the risk management process is a strategic move that

underscores the Council's commitment to a structured approach. This methodology allows for a nuanced handling of risks, depending on their nature and impact.

- 1.4 Moreover, the requirement for officers to provide explanations when timeframes are not met introduces a layer of accountability and transparency. This practice can lead to more informed decision-making and a proactive stance in addressing potential setbacks.
- 1.5 The Council's Risk Management Policy is to be considered at this meeting as a separate agenda item. It is important for Members to take note of the updated wording in section G of the Framework, which clarifies the role of the Audit and Governance Committee in respect of actions it may take to address outstanding risks. This addition is crucial for ensuring that the Committee's responsibilities in overseeing risk management practices are well-defined and transparent.

## 2.0 RISK REGISTER

- 2.1 The updated Risk Register can be found at Appendix 1.
- 2.2 Out of the 15 active risks, one is red, eight are amber and six are green. There have been some narrative changes, and these are shown as tracked changes.
- 2.3 The risk in respect of Local Government Reorganisation has been removed recognising that it is no longer a relevant risk. A new risk 'Housing Landlord Function' has been added.
- 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 July 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.

<b>Policies and other considerations, as appropriate</b>	
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:	As contained within the report.
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 Strategic Director of Resources <a href="mailto:paul.stone@nwleicestershire.gov.uk">paul.stone@nwleicestershire.gov.uk</a>

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# CORPORATE RISK REGISTER

July 2024

Appendix 1

Ref	Risk description	Inherent Risk			Risk Response	Risk Owner	Residual Risk		
		Likelihood	Impact	Risk Score			Likelihood	Impact	Risk Score
CR1	<p><b>Safeguarding</b></p> <p><b>Risk</b> Death/serious harm to a vulnerable person receiving a Council service and safeguarding compliance</p> <p><b>Consequence</b> A serious case review arising from death/serious harm to a <a href="#">vulnerable person customers and staff</a>. Reputational damage to Council. Loss of confidence in ability of Council to deliver services. Ensuring compliance with Safeguarding legislation and practise.</p> <p><a href="#">If health and safety fails it could result in death or serious injury to staff/public and legal action against the Council.</a></p>	4	3	12	Treat	Head of Community Services	3	2	6
<b>Existing Controls</b>	<ul style="list-style-type: none"> <li>• An identified Corporate Lead: Head of Community Services.</li> <li>• An identified team responsible for Safeguarding (Community Safety) with responsibility embedded into Team Leader role and an officer (Child &amp; Adults at risk Officer).</li> <li>• An agreed Safeguarding Policy refreshed as required.</li> <li>• An identified group of Designated Safeguarding Officers (DSO's).</li> <li>• An annual training programme to ensure new DSOs are well informed and trained.</li> <li>• A quarterly senior management review by the Head of Community Services of all cases to check progress/close cases.</li> <li>• Annual report to CLT and Corporate Scrutiny as required by exception.</li> <li>• A weekly case management review meeting by Environmental Health &amp; Community Safety Team Leader to ensure all cases progressed.</li> <li>• 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.</li> <li>• 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.</li> <li>• <a href="#">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.</a></li> <li>• <a href="#">Health and Safety Policy</a></li> </ul>								

## CORPORATE RISK REGISTER

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	<ul style="list-style-type: none"> <li><a href="#">Health and Safety at Work Regulations</a></li> <li><a href="#">Managers within the relevant services have a legal requirement to conduct regular risk assessments.</a></li> <li><a href="#">Staff induction training.</a></li> <li><a href="#">Annual reminders to complete/update health and safety risk assessments</a></li> </ul>		
Planned mitigating actions	<ul style="list-style-type: none"> <li><del>A recent audit has been completed and is currently with management to review the recommendations which will be actioned accordingly.</del> Review the referral process for safeguarding referrals</li> <li>Review the performance indicators for the safeguarding referral service</li> <li>Consider the introduction of safeguarding champions within key services generating the majority of referrals</li> </ul>	Delivery timescales	Ongoing
		Reason for delay in delivery	
Comments and progress on actions	Stable		

# CORPORATE RISK REGISTER

July 2024

Ref	Risk description	Inherent Risk			Risk Response	Risk Owner	Residual Risk		
		Likelihood	Impact	Risk score			Likelihood	Impact	Risk score
CR2	<p><b>Management of Council finances</b></p> <p><b>Risk</b> Reduced funding from Government. Increased demand for services, coupled with high inflation and pay awards has <a href="#">leadled</a> to a funding gap over the medium term.</p> <p><b>Consequence</b> Possible cessation of services or reduction of services provided. Central government intervention and special measures if Council issues a S114 notice. Inability to deliver Council Delivery Plan as resources are restrained.</p>	4	2	8	Treat	Head of Finance	4	1	4
Existing Controls	<ul style="list-style-type: none"> <li>• Regular financial reporting to CLT and quarterly to Cabinet.</li> <li>• Financial Regulations form part of the Council's Constitution.</li> <li>• Financial planning processes are documented and reviewed regularly.</li> <li>• No risky investments.</li> <li>• Capital is funded from the Council's business rates growth.</li> <li>• Enhanced governance around capital strategy spending, monitored/scrutinised by Capital Strategy Group.</li> <li>• Monthly Statutory Officer meeting.</li> <li>• Robust level of general fund and earmarked reserves.</li> <li>• <a href="#">External support for technical finance/accounting i.e. Arlingclose (Treasury Management) and PSTax (VAT).</a></li> <li>• <a href="#">Action Plan developed to address financial management weaknesses</a></li> <li>• <a href="#">Unit 4 to be developed to provide timely and accurate budget monitoring for all key stakeholders</a></li> </ul>								

## CORPORATE RISK REGISTER

July 2024

<b>Planned mitigating actions</b>	<ul style="list-style-type: none"> <li>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.</li> <li><a href="#">Internal audit of systems and accounts-Address internal control weaknesses identified in a range of finance audits</a></li> <li>Transformation Delivery Plan to be developed to support the balancing of the budget over the medium-term.</li> </ul>	<b>Delivery timescales</b>	May 2025
		<b>Reason for delay in delivery</b>	
<b>Comments and progress on actions</b>	<p><b>Stable</b></p> <p>Internal audits of financial systems have been completed including accountancy and budget control, creditors, debtors, capital, procurement and treasury management. Actions to be developed to address weaknesses.</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>		



# CORPORATE RISK REGISTER

July 2024

Ref	Risk description	Inherent Risk			Risk Response	Risk Owner	Residual Risk		
		Likelihood	Impact	Risk score			Likelihood	Impact	Risk score
CR3	<p><b>The employment market provides unsustainable employment base for the needs of the organisation.</b></p> <p><b>Risk</b> 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><b>Consequences</b> 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
65									
<b>Existing Controls</b>	<ul style="list-style-type: none"> <li>• Advance planning to mitigate this risk; the COVID pandemic experience demonstrated our capability to be able to react and adjust the workforce.</li> <li>• 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. 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.</li> <li>• 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.</li> <li>• Market conditions are tested through recruitment processes, some challenges in some specialist areas. Market supplements and other measures are applied as needed where the are recruitment difficulties in some professional areas.</li> <li>• The Council can offer a package of additional benefits to enhance the recruitment offer.</li> <li>• Mitigations in place for variety of staffing related aspects - e.g. mental health awareness, overall wellbeing work etc.</li> <li>• The Council has developed innovative partnering relationships with other sectors including the private sector to make posts uniquely attractive.</li> <li>• The Council's recruitments processes have been reviewed to make the process easier.</li> </ul>								

## CORPORATE RISK REGISTER

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Planned mitigating actions	<ul style="list-style-type: none"> <li>Constantly reviewing its advertising strategies.</li> <li>Specialist journals and their associated websites are also used depending on the role.</li> <li>Social media is also used for advertising roles.</li> <li>Work is underway at a national and regional level to promote the local government sector.</li> </ul>	Delivery timescales	April 2025
		Reason for delay in delivery	
Comments and progress on actions	<p><b>Stable</b> Report to Corporate Scrutiny Committee on 23 May 2024 setting out the actions being taken to support the recruitment process.</p>		

# CORPORATE RISK REGISTER

July 2024

Ref	Risk description	Inherent Risk			Risk Response	Risk Owner	Residual Risk		
		Likelihood	Impact	Risk score			Likelihood	Impact	Risk score
CR4  67	<p><b>Personal data breach</b></p> <p><b>Risk</b> 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><b>Consequences</b> 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
<b>Existing Controls</b>	<ul style="list-style-type: none"> <li>• Policies and procedures are in place and rolled out</li> <li>• The Information Governance polices have been reviewed and brought together under an Information Governance Framework. This will be considered by A &amp; G in August 2024 and Cabinet in September 2024</li> <li>• 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.</li> <li>• The Council has a dedicated Senior Information Risk Officer (SIRO) and Data Protection Officer (DPO).</li> <li>• Quarterly meetings with Information Governance team and SIRO</li> <li>• 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.</li> </ul>								
<b>Planned mitigating actions</b>	<ul style="list-style-type: none"> <li>• Information Governance Team to cooperate with the supervisory authority and monitor compliance with Data Protection laws.</li> <li>• Updated training to be provided to managers in November 2024.</li> <li>• Quarterly meetings with Information Governance team and SIRO to continue</li> <li>• Annual SIRO report 2024/25 to be taken to Audit and Governance Committee in April 2025</li> </ul>			<b>Delivery timescales</b>		Ongoing			
				<b>Reason for delay in delivery</b>					

**CORPORATE RISK REGISTER**  
**July 2024**

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

<b>Comments and progress on actions</b>	<b>Stable</b>
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# CORPORATE RISK REGISTER

July 2024

Ref	Risk description	Inherent Risk			Risk Response	Risk Owner	Residual Risk		
		Likelihood	Impact	Risk score			Likelihood	Impact	Risk score
CR5	<p><b>Procurement and management of contracts</b></p> <p><b>Risk</b> 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><b>Consequences</b> Council liable to incur additional costs, contract overrun, litigation and potential health &amp; safety issues as well as service disruptions</p>	3	3	9	Treat	Head of Finance	2	3	6
<b>Existing Controls</b>	<ul style="list-style-type: none"> <li>Oversight board structure in place to oversee major project work and compliance group now in place to oversee these elements of contracted work.</li> <li>Corporate procurement support and legal team to support where necessary on contract management.</li> <li>Review of procurement compliance undertaken leading to enhanced contract register and updated strategy</li> <li>Recasting procurement functions activity, processes and focus of training and education for staff in 2023. Training delivered in November 2023.</li> </ul>								
<b>Planned mitigating actions</b>	<ul style="list-style-type: none"> <li>Procurement toolkit to be produced to cover majority of lower value procurements with high value and complex procurements to be supported by specialised function.</li> <li>Contracts register completed and to be published. Register to be regularly reviewed by CLT.</li> <li>Joint arrangement with South Derbyshire District Council to share additional procurement expertise/support. To be in place by the end of September 2024.</li> <li>Implement wider procurement response outside of financial to determine the competency of a contractor to undertake work – Health and Safety (H&amp;S) competency, training, quality, environmental etc</li> </ul>			<b>Delivery timescales</b>	December 2025				
				<b>Reason for delay in delivery</b>					

Comments and progress on actions	Stable
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## CORPORATE RISK REGISTER

July 2024

Ref	Risk description	Inherent Risk			Risk Response	Risk Owner	Residual Risk		
		Likelihood	Impact	Risk score			Likelihood	Impact	Risk score
CR6	<p><b>Emergency response</b></p> <p><b>Risk</b> Failure to respond to an emergency event in an appropriate manner. Lack of planning, training and exercising of Emergency plans.</p> <p><b>Consequences</b> 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
71									
<b>Existing Controls</b>	<ul style="list-style-type: none"> <li>Business continuity plans are being 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.</li> <li>The LRF partnership arrangement with all Leicestershire and Rutland authorities provide resilience during civil emergency situations.</li> <li>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.</li> </ul>								
<b>Planned mitigating actions</b>					<b>Delivery timescales</b>	Ongoing			
					<b>Reason for delay in delivery</b>				
<b>Comments and progress on actions</b>	<b>Stable</b>								

# CORPORATE RISK REGISTER

July 2024

Ref	Risk description	Inherent Risk			Risk Response	Risk Owner	Residual Risk		
		Likelihood	Impact	Risk score			Likelihood	Impact	Risk score
CR7	<p><b>Cyber-attack</b></p> <p><b>Risk</b></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><b>Consequences</b></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	3	2	6
72									
<b>Existing Controls</b>	<ul style="list-style-type: none"> <li>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 premise systems which become unavailable for any reason, services would need to revert to their service BCP's in order to resume service.</li> <li>Yearly IT security health check and PEN (penetration) testing is carried out, by a <a href="#">Identity Attack Surface Management (IASM)</a> 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 <a href="#">Public Services Network (PSN)</a> accreditation for 24/25.</li> <li>Phishing campaigns ran four <del>times</del> <del>a</del> <del>twice</del> 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. Future campaigns will now include members as they were excluded previously.</li> <li>Quarterly Cyber Security awareness training held for staff and new starters, to protect staff at home and in the office.</li> <li><a href="#">Yearly mandatory information security training conducted for all staff on Skillsgate.</a></li> <li>New business systems are run in remote fully resilient data centres and existing systems are being progressively migrated to cloud computing centres</li> <li>Diversity of environments used to avoid single point of failure risk, with backups now in the cloud, moving away from tapes.</li> <li>Improved business recovery arrangements have been implemented to minimise recovery time. Accreditation to Cyber Essentials and the Public Services Network.</li> <li>Latest audit / assessments all confirm secure environment with reasonable assurance. Some formalisation of processes required and review of backups restoration window. Purchase of external vulnerability scanner now in place. <del>This which</del> allows <del>us the Council</del> to scan and monitor <del>our its</del> external perimeter on a daily basis and proactively mitigate issues. <a href="#">Cloud Centre of Excellence (CCOE)</a> latest scan showed 27 medium and 102 Low Vulnerabilities, which the Council <del>are is</del> working to mitigate using the tool which it has purchased.</li> </ul>								



## CORPORATE RISK REGISTER

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	<ul style="list-style-type: none"> <li>• An annual external audit of IT assessed the organisation's IT arrangements in a range of areas against best practice. The outcome of the audit in 2023 was, reasonable assurance, with <u>3three</u> high recommendations and <u>four4</u> mediums, mainly around backup and formalisation of processes, plans have been put in place to address these and provides assurance that the Council's IT arrangements are solid, sound and secure. All remediations from the 2023 IT audit have been completed.</li> <li>• <u>The Ceouncil has signed up to the CAF (Cyber Assessment framework (CAF), which is another cyber assessment carried by Ceabinet Oeoffice</u></li> <li>• <u>Backups are now stored in the cloud as "offline backups", this is for all Ceouncil data and Office 365 tenancy</u></li> </ul>		
Planned mitigating actions	<ul style="list-style-type: none"> <li>• <u>Replacement of firewalls due to End of Life (EOL) hardware</u></li> <li>• <u>Need a list of business-critical systems in order of restoration priority, in conjunction with CLT</u></li> <li>• Increase the AD password complexity from <u>eight8</u> characters to 12 characters. This makes it harder for password to be cracked</li> <li>• Introduce password protection, so that when staff change AD passwords, they are checked against a Microsoft database of known weak passwords. <u>This will</u>, preventing the use of insecure and weak password in the <u>organisationCouncil</u>.</li> </ul>	Delivery timescales	Ongoing
		Reason for delay in delivery	
Comments and progress on actions	<p><b>Stable</b></p> <p><u>Good progress on keeping our staff and the business secure.</u></p>		

# CORPORATE RISK REGISTER

July 2024

Ref	Risk description	Inherent Risk			Risk Response	Risk Owner	Residual Risk		
		Likelihood	Impact	Risk score			Likelihood	Impact	Risk score
CR8	<p><b>Project Management Processes</b></p> <p><b>Risk</b> Projects are poorly managed. Failure of proposed projects could result in failure to achieve overall objectives. Inefficient use / waste of resources.</p> <p><b>Consequences</b> 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>	4	3	12	Treat	Director of Resources	3	2	6
74									
<b>Existing Controls</b>	<ul style="list-style-type: none"> <li>Greater use of professional project managers for key projects.</li> <li>Work ongoing to address project methodologies deployed across the Council.</li> <li>Greater use of external / out of subject board members.</li> <li>Board structure covering all major projects in place.</li> <li>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.</li> <li>Scrutiny of quarterly monitoring reports on capital expenditure.</li> <li>Utilising Internal Audit to conduct audits of individual projects or project management more widely. Use of external resources to be used to support the major projects. Scrutiny of risk registers or project management framework of individual projects by Risk Scrutiny Group.</li> <li><del>2022 audit has identified areas of weakness in controls and upon implementation of these the risk will be reduced and therefore these will continue to be monitored.</del> <a href="#">Project management guidance has been developed and published, as well as a suite of templates</a></li> <li><a href="#">List of Council-wide projects developed and to be monitored by the Transformation Steering Group.</a></li> </ul>								
	<ul style="list-style-type: none"> <li>A schedule of all projects across the Council has been developed and will be monitored by the Transformation Steering Group</li> </ul>				<b>Delivery timescales</b>	April 2025			

## CORPORATE RISK REGISTER

July 2024

Planned mitigating actions	<ul style="list-style-type: none"> <li>• <a href="#">Project management training scheduled for some officers in September 2024</a></li> <li>• <a href="#">E-learning module is being developed</a></li> </ul>	Reason for delay in delivery	
Comments and progress on actions	Stable		

# CORPORATE RISK REGISTER

July 2024

Ref	Risk description	Inherent Risk			Risk Response	Risk Owner	Residual Risk		
		Likelihood	Impact	Risk score			Likelihood	Impact	Risk score
CR9	<p><b>Ultra vires decisions</b></p> <p><b>Risk</b></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><b>Consequences</b></p> <p>Potential challenge to decision/litigation against the Council, resulting in increased costs / compensation. Reputational damage.</p>	4	3	12	Treat	Head of Legal and Support Services	4	1	4
76		<p><b>Existing Controls</b></p> <ul style="list-style-type: none"> <li>• Constitution reviewed annually – 23/24 review completed, and Constitution approved at Council in Feb 24.</li> <li>• Guidance provided to report authors.</li> <li>• Legal advice provided to officers and legal implications considered in reports to members as appropriate.</li> <li>• <a href="#">SO checks take place on reports to Council, Cabinet, Licensing, Planning and A &amp; G Committees</a></li> <li>• <a href="#">Advice</a> provided to members by the MO/Dep MO as needed on matters being considered by Council/Committees.</li> <li>• Policies and procedures in place, governance processes are documented and in operation, ongoing assessments and reviews are performed. Completion of the Annual Governance Statement.</li> <li>• Corporate governance training on decision making provided in 2023 to CLT/ELT</li> </ul>							
		<p><b>Planned mitigating actions</b></p> <ul style="list-style-type: none"> <li>• Annual review of Constitution 2024/25</li> <li>• Legal advice provided to officers and legal implications considered in reports to members as appropriate.</li> <li>• SO checks to take place on reports to Council, Cabinet, Licensing, Planning and A &amp; G Committees</li> <li>• <a href="#">Guidance provided to report authors</a></li> <li>• <a href="#">Corporate Governance Training to be provided to Managers in November 2024</a></li> </ul>			<p><b>Delivery timescales</b></p> <p>Ongoing</p>	<p><b>Reason for delay in delivery</b></p>			

<b>Comments and progress on actions</b>	<b>Stable</b>
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# CORPORATE RISK REGISTER

July 2024

Ref	Risk description	Inherent Risk			Risk Response	Risk Owner	Residual Risk		
		Likelihood	Impact	Risk score			Likelihood	Impact	Risk score
CR10  78	<p><b>Fraud</b></p> <p><b>Risk</b></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><b>Consequences</b></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
<b>Existing Controls</b>	<ul style="list-style-type: none"> <li>• A policy framework that includes Anti-Fraud and Corruption Policy, Confidential Reporting (Whistleblowing) Policy and Anti-Money Laundering Policy. Policies refreshed annually last update September 2023</li> <li>• 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.</li> <li>• Participation and strengthening of involvement in National Fraud Initiative (mandatory)</li> <li>• Information on how to report fraud is on the website including relevant links.</li> <li>• Staff training, including Induction Training for new starters and annual Corporate Governance Training.</li> </ul>								
<b>Planned mitigating actions</b>				<b>Delivery timescales</b>	Ongoing				
				<b>Reason for delay in delivery</b>					
<b>Comments and progress on actions</b>	<b>Stable</b>								

# CORPORATE RISK REGISTER

July 2024

Ref	Risk description	Inherent Risk			Risk Response	Risk Owner	Residual Risk		
		Likelihood	Impact	Risk score			Likelihood	Impact	Risk score
CR11	<p><b>Reduced financial funding.</b></p> <p><b>Risk</b></p> <p>The Council is subject to a reduction in income long 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. <a href="#">The new Food Waste collections to be introduced in 2025/26 has a risk of insufficient revenue funding from Government being provided.</a></p> <p><b>Consequences</b></p> <p>Services are unable to be delivered. Potential staff redundancies. Funding of external groups is withdrawn. Potential breach of statutory duties/ability to deliver objectives compromised</p>	4	4	16	Treat	Head of Finance	2	3	6
Existing Controls	<ul style="list-style-type: none"> <li>• Medium Term Financial Plan in place and is updated as part of the budget setting process.</li> <li>• A clear financial strategy was established as part of the budget setting for 2023/24.</li> <li>• Head of Finance monitoring of Local Government funding reviews - business rates review not expected until 2026/27 and fair funding review delayed again.</li> <li>• Funding advisor engaged.</li> <li>• Economic Development Team promotes business offer.</li> <li>• Participation in Business Rates Pooling.</li> <li>• Accessing external funding where appropriate.</li> <li>• <a href="#">Income collection procedures in Revenues &amp; Benefits Service and Housing sound. Leicestershire Revenues and Benefits Partnership have two trained officers working solely on Council Tax Reduction Scheme Fraud and act as Single Point of Contact for Department of Work and Pensions (DWP) referrals.</a></li> <li>• <a href="#">Capital Strategy to use business rates reserve to fund the capital programme</a></li> <li>• <a href="#">Transformation Programme in train to support the closing the funding gap.</a></li> <li>• <a href="#">Contingency budget to be created in 2025/26 budget to manage the risk of insufficient ongoing revenue funding for food waste</a></li> </ul>								

## CORPORATE RISK REGISTER

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Planned mitigating actions	<ul style="list-style-type: none"> <li>• MTFP to be further developed to include sensitivity analysis</li> </ul>	Delivery timescales	April 2027
		Reason for delay in delivery	
Comments and progress on actions	Stable		



# CORPORATE RISK REGISTER

July 2024

Ref	Risk description	Inherent Risk			Risk Response	Risk Owner	Residual Risk		
		Likelihood	Impact	Risk score			Likelihood	Impact	Risk score
CR12	<p><b>Local Government Reorganisation</b></p> <p><b>Risk</b></p> <p>Political direction to consolidate local government tiers to potentially seek greater efficiency and co-ordination.</p> <p><b>Consequences</b></p> <p>Change to Local Government structure in Leicestershire/East Midlands, including potential merger of district councils/county council or development of a Combined Authority for the East Midlands, or elected Major either of which could lead to:-</p> <ul style="list-style-type: none"> <li>Change in location for service delivery/staff</li> <li>Reduction of control over local matters</li> <li>Change in financial situation</li> <li>Staff redundancies</li> <li>Alternative political structure and governance arrangements</li> <li>Changes in services to be provided and organisation culture</li> <li>Deterioration in staff morale and negative effect on staff recruitment and retention</li> <li>Ineffective engagement with staff, Members and residents in considering, and responding to, proposals.</li> <li>Diversion of senior staff resources to respond to proposals</li> </ul>	4	3	12	Treat	Chief Executive and Head of Legal Services and Support Services	1	3	3
81									
<b>Existing Controls</b>	<ul style="list-style-type: none"> <li>Active engagement with political leaders and Chief Executives across the County and East Midlands so the Council's needs are taken into account in any proposals. Open and transparent communication of the Council's position to all stakeholders. Senior management and politicians stay close to project and monitor progress. Internal and external communication plans in place, including for key decision points. Government stance changed to no longer pursue wholesale LGR - County Deals not linked to LGR. Leicestershire Cat 2 County Deal.</li> </ul>								
					<b>Delivery timescales</b>	April 2026			

# CORPORATE RISK REGISTER

July 2024

Planned mitigating actions	Reason for delay in delivery
Comments and progress on actions	Stable

# CORPORATE RISK REGISTER

July 2024

Ref	Risk description	Inherent Risk			Risk Response	Risk Owner	Residual Risk		
		Likelihood	Impact	Risk score			Likelihood	Impact	Risk score
CR13	<p><b>Political Administration</b></p> <p><b>Risk</b> 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><b>Consequences</b> Financial, reputational and political damage to the Council. Slower decision making.</p>	3	3	9	Treat	Chief Executive	2	3	6
Existing Controls	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> </ul>								
Planned mitigating actions	<ul style="list-style-type: none"> <li>Continued engagement with all groups/members.</li> <li>Advice provided to members on Constitution to enable members to undertake their roles.</li> <li>Continued <a href="#">Statutory Officer</a> meetings</li> <li>Oflog <a href="#">self-assessmentself-assessment.....</a></li> </ul>			Delivery timescales	ongoing				
				Reason for delay in delivery					
Comments and progress on actions	Stable								

# CORPORATE RISK REGISTER

July 2024

Ref	Risk description	Inherent Risk			Risk Response	Risk Owner	Residual Risk		
		Likelihood	Impact	Risk score			Likelihood	Impact	Risk score
CR14	<p><b>Local authority failure</b></p> <p><b>Risk</b></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 and decision-making arrangements. Greater focus on the local government sector from Government and regulators following high profile council 'failures'</p> <p><b>Consequences</b></p> <p>Financial, reputational, legal and political damage to the Council.</p>	4	2	8	Treat	Chief Executive	2	2	4
84									
<b>Existing Controls</b>	<ul style="list-style-type: none"> <li>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.</li> <li><a href="#">"Golden triangle" of Statutory Officers is in place with a regular meeting of Statutory Officers taking place</a></li> <li><a href="#">Recognised in case study by the LGA for having good governance in place</a></li> <li><a href="#">LGA Peer Review completed June 2024</a></li> <li><a href="#">Internal audits of finance functions completed. Finance Leadership Team meet regularly to track recommendations.</a></li> <li><a href="#">Housing Improvement Board implemented.</a></li> </ul>								
<b>Planned mitigating actions</b>	<ul style="list-style-type: none"> <li><a href="#">Outcome of LGA Peer Review awaited</a></li> <li><a href="#">Governance training scheduled for November 2024</a></li> </ul>			<b>Delivery timescales</b>	April 2025				
				<b>Reason for delay in delivery</b>					

<b>Comments and progress on actions</b>	<b>Stable</b>
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## CORPORATE RISK REGISTER

July 2024

Ref	Risk description	Inherent Risk			Risk Response	Risk Owner	Residual Risk		
		Likelihood	Impact	Risk score			Likelihood	Impact	Risk score
CR15	<p><b>Climate Change/Zero Carbon Delivery</b></p> <p><b>Risk</b> Inability to deliver programme due to resource / financial / operational / procedural process. Inability to gain action by partners</p> <p><b>Consequences</b> 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
<b>Existing Controls</b>	<ul style="list-style-type: none"> <li>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.</li> </ul>								
<b>Planned mitigating actions</b>				<b>Delivery timescales</b>	April 2026				
				<b>Reason for delay in delivery</b>					
<b>Comments and progress on actions</b>	<b>Stable</b>								

# CORPORATE RISK REGISTER

July 2024

Ref	Risk description	Inherent Risk			Risk Response	Risk Owner	Residual Risk		
		Likelihood	Impact	Risk score			Likelihood	Impact	Risk score
CR16	<p><b>Changes in national priorities and legislative change</b></p> <p><b>Risk</b> Changes in national priorities given the new Government elected in July 2024. This could include changes in delivery of statutory services.</p> <p><b>Consequences</b> Council may not have the necessary resources to deliver on key projects. Projects may adversely affect local residents. 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
<b>Existing Controls</b>	<ul style="list-style-type: none"> <li>Briefings to officers on relevant changes</li> <li>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</li> </ul>								
<b>Planned mitigating actions</b>	<ul style="list-style-type: none"> <li>Circulation of relevant briefings to key offices on proposed/new legislation</li> <li>Effective business continuity planning</li> <li>Regular updates to Members on developments and potential changes in legislation</li> <li>Coordination and sharing of information with other local authorities through various networks and forums</li> </ul>				<b>Delivery timescales</b>	Ongoing			
					<b>Reason for delay in delivery</b>				
<b>Comments and progress on actions</b>	New								

# CORPORATE RISK REGISTER

July 2024

Ref	Risk description	Inherent Risk			Risk Response	Risk Owner	Residual Risk		
		Likelihood	Impact	Risk score			Likelihood	Impact	Risk score
CR17	<p><b>Housing Landlord Function</b></p> <p><b>Risk</b> That the Council fails to deliver services in compliance with the new regulatory standards and the longer-term arrangements for the service.</p> <p><b>Consequences</b> Loss of control of service provision , loss of function, unlimited fines, reputational and political risk.</p>	2	4	8	Treat	Head of Housing	2	3	6
<b>Existing Controls</b>	<ul style="list-style-type: none"> <li>Significant 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</li> <li>High level of external over-sight and reporting to regulatory bodies – including engagement with the same on regular basis</li> <li>Adherence to policy and improvement of policy in line with new guidance and process from regulator</li> </ul>								
<b>Planned mitigating actions</b>	<ul style="list-style-type: none"> <li>Housing Improvement pPlan in place with over-sight from Cabinet, Scrutiny and Housing Improvement Board – this sets out a phased improvement plan to address regulatory change and service change as a whole</li> </ul>				<b>Delivery timescales</b>	April 2026			
					<b>Reason for delay in delivery</b>				
<b>Comments and progress on actions</b>	<b>New</b>								



**Assessing the likelihood of exposure**

<b>1. Low</b>	Likely to occur once in every ten years or more
<b>2. Medium</b>	Likely to occur once in every two to three years
<b>3. High</b>	Likely to occur once a year
<b>4. Very High</b>	Likely to occur at least twice in a year

**Assessing the impact of exposure**

<b>1. Minor</b>	<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>
<b>2. Medium</b>	<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 news paper report.</p> <p>Potential for a complaint litigation possible. Breaches of regulations / standards.</p>

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

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 "[Four4](#) 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.

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## NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

AUDIT AND GOVERNANCE COMMITTEE – THURSDAY, 22  
AUGUST 2024

<b>Title of Report</b>	<b>STANDARDS AND ETHICS REPORT - QUARTER 1</b>	
<b>Presented by</b>	Elizabeth Warhurst Head of Legal and Support Services & Monitoring Officer	
<b>Background Papers</b>	None	<b>Public Report:</b> Yes
<b>Financial Implications</b>	There are no financial implications to be considered.	
	<b>Signed off by the Section 151 Officer:</b> Yes	
<b>Legal Implications</b>	The report details the Council's compliance with legislative requirements including Freedom of Information requests, Environmental Information Requests, and use of RIPA powers in the previous quarter.	
	<b>Signed off by the Monitoring Officer:</b> Yes	
<b>Staffing and Corporate Implications</b>	There are no staffing or corporate implications to be considered.	
	<b>Signed off by the Head of Paid Service:</b> Yes	
<b>Purpose of Report</b>	To receive the figures for the local determination of complaints and the ethical indicators for Quarter 1 of 2024/25.	
<b>Recommendations</b>	<b>THAT THE REPORT BE RECEIVED AND NOTED.</b>	

**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.

<b>Policies and other considerations, as appropriate</b>	
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 councillor complaints enables the Committee to exercise oversight of their function under the Localism Act 2011 and manage risks.
Officer Contact	Elizabeth Warhurst Head of Legal and Support Services & Monitoring Officer <a href="mailto:elizabeth.warhurst@nwleicestershire.gov.uk">elizabeth.warhurst@nwleicestershire.gov.uk</a>

# Standards and Ethics

## Quarter 1 Report

2024-2025

# Contents

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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 and 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 two complaints in Quarter 1 of 2024/25 (1 April 2024 – 30 June 2024).

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

One complaint received in Quarter 1 is still ongoing.

## 2.1 Assessment Sub-committee Decisions

There has been one Assessment Sub-committee meeting in this quarter. The Assessment Sub-committee meeting was regarding one complaint received in Quarter 4 of 2023/24 and it was referred to the Monitoring Officer to take further action which has now been completed.

<sup>86</sup> 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 1.

## 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

# Local Determination of Complaints contd.

## **2.3 Review Requests**

There have been no review requests in Quarter 1. Review requests can only be made following a decision of 'No further Action' by the Assessment Sub-committee where there is submission of new evidence or information by the complainant.

## **2.4 Subsequent Referrals**

None to report – see above

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## **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 Q1 2024/25

<u>Otr 1</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	District Councillor	Accusation of trespassing and fly-tipping	Initial tests not met
100	Member of the public	Parish Councillor	Concerns around planning application and predetermination	Ongoing

# Ethical Indicators

PERFORMANCE INDICATOR	Q1			Q2			Q3			Q4		
	22/ 23	23/ 24	24/ 25	21/ 22	22/ 23	23/ 24	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

# Freedom of Information (FOI) Requests

	Q1			Q2			Q3			Q4		
	22/23	23/24	24/25	21/22	22/23	23/24	21/22	22/23	23/24	21/22	22/23	23/24
Total Number (FOIs)	147	157	122	107	122	196	90	108	157	196	148	194
% answered on time	51%	93%	89%	71.9%	79%	85.7%	95.1%	60%	91.7%	78.17%	91%	92%
Average per month	49	52	39	36	41	71	30	38	52	65	49	64
Average response time (days)	7	11	11	13	9	12	10	14	10	15	13	11
Withheld due to exemption/fees (FOI and BAU)*	0	13	18	12	0	2	15	7	13	13	3	19
Transfers (TFRs)	29	18	22	12	21	15	24	18	20	28	26	38
Subject access requests (SARs)	3	11	11	2	6	11	5	5	9	13	10	8
Internal Reviews	1	1	0	2	3	2	1	3	1	2	1	0
Environmental Information Requests/ Land Charges Searches (personal)	4	6	492	491	4	7	336	7	360	1	7	409

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- There has been a decrease in the number of FOIs received since the previous quarter. However, the % responded to on time has dropped slightly.
- Most of the FOIs that were not responded to within the deadline are from two services. Staffing issues would seem to have been a contributing factor.
- A new escalation process is being introduced which is aimed at improving the % answered on time.
- There have been several complicated Subject Access Requests received during this quarter. These were responded to within the timescales.

# FOI Data for Q1 24/25

	Subject Access Requests											
	Q1			Q2			Q3			Q4		
	22/23	23/24	24/25	21/22	22/23	23/24	21/22	22/23	23/24	21/22	22/23	23/24
Total number received	3	11	11	2	6	11	5	5	9	13	10	8
% answered on time			100%						78%			88%
Internal reviews			1									

	Freedom of Information Requests											
	Q1			Q2			Q3			Q4		
	22/23	23/24	24/25	21/22	22/23	23/24	21/22	22/23	23/24	21/22	22/23	23/24
Total number received	147	157	122	107	122	196	90	108	157	196	148	194
% answered on time	51%	93%	89%	72%	79%	86%	95%	60%	92%	78%	91%	92%
Internal reviews	1	1	0	2	3	2	1	3	1	2	1	0

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

# Definitions

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

Land Charges - specific information about a particular property.

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