

**NORTHAMPTON BOROUGH COUNCIL
AUDIT COMMITTEE**

Your attendance is requested at a meeting to be held in the
The Jeffrey Room, The Guildhall, St. Giles Square, Northampton, NN1
1DE
on Monday, 14 December 2020
at 6:00 pm.

**George Candler
Chief Executive**

AGENDA

1. APOLOGIES

Please contact Democratic Services on 01604 837722 or democratic_services@northampton.gov.uk when submitting apologies for absence.

2. MINUTES

(Copy herewithin)

3. DEPUTATIONS / PUBLIC ADDRESSES

4. DECLARATIONS OF INTEREST

5. MATTERS OF URGENCY WHICH BY REASON OF SPECIAL CIRCUMSTANCES THE CHAIR IS OF THE OPINION SHOULD BE CONSIDERED

6. INTERNAL AUDIT UPDATE - BDO

(Copy herewithin)

7. INTERNAL AUDIT UPDATE - LGSS

(Copy herewithin)

8. EXTERNAL AUDIT - UPDATE CLOSEDOWN TEAM / EY

(Copy herewithin)

9. GOVERNANCE REPORT & RISK REGISTER

(Copy herewithin)

10. TREASURY MANAGEMENT REPORTS

(Copy herewithin)

11. CHIEF FINANCE OFFICER REPORT

(Copy herewithin)

12. EXCLUSION OF PUBLIC AND PRESS

THE CHAIR TO MOVE:

“THAT THE PUBLIC AND PRESS BE EXCLUDED FROM THE REMAINDER OF THE MEETING ON THE GROUNDS THAT THERE IS LIKELY TO BE DISCLOSURE TO THEM OF SUCH CATEGORIES OF EXEMPT INFORMATION AS DEFINED BY SECTION 100(1) OF THE LOCAL GOVERNMENT ACT 1972 AS LISTED AGAINST SUCH ITEMS OF BUSINESS BY REFERENCE TO THE APPROPRIATE PARAGRAPH OF SCHEDULE 12A TO SUCH ACT.”

SUPPLEMENTARY AGENDA

Exempted Under Schedule, 12A of L.Govt Act 1972, Para No: -

Public Participation

Members of the public may address the Committee on any non-procedural matter listed on this agenda. Addresses shall not last longer than three minutes. Committee members may then ask questions of the speaker. No prior notice is required prior to the commencement of the meeting of a request to address the Committee.

NORTHAMPTON BOROUGH COUNCIL

AUDIT COMMITTEE

Monday, 26 October 2020

PRESENT: Ian Orrell (Chair); Councillor Oldham (Deputy Chair); Councillors Marriott, Stone, Bottwood and Golby

1. APOLOGIES

There were none.

2. MINUTES

The Minutes of the meeting held on 24 August 2020 were agreed subject to the amendment to the apologies to add Councillor Bottwood.

3. DEPUTATIONS / PUBLIC ADDRESSES

There were none.

4. DECLARATIONS OF INTEREST

There were none.

5. MATTERS OF URGENCY WHICH BY REASON OF SPECIAL CIRCUMSTANCES THE CHAIR IS OF THE OPINION SHOULD BE CONSIDERED

There were none.

6. DRAFT STATEMENT OF ACCOUNTS 2019-20

At the Chair's invitation, the Corporate Accountant introduced and presented the draft Statement of Accounts for 2019-20. She explained that the accounts as presented to the committee fully reflect the transactions recorded in the financial books of the Borough for the 2019-20 year and as such can be formally released allowing the period of public inspection to commence.

The Narrative Report placed at the front of the Statement of Accounts document to provide the key information for those that wish to understand how the council tax and housing rents have been spent in the year.

The Corporate Accountant stated that the core statements had been prepared in accordance with the Chartered Institute of Public Finance's Code of Practice for Local Authority Accounting for 2019-20, and highlighted the salient points:

- The Net Assets of the Council increased by just under £29m during the year to £460m
- The usable reserves of the Council reduced by over £8m in that period, as a result of investment in the Borough's assets
- The Income and Expenditure Statement demonstrates a deficit of £15m, with £29m of property valuation increases and a £15m actuarial gain on pension assets and liabilities
- There was no change to the main General Fund and Housing Revenue Account balances
- The Cash Flow Statement explains how the net cost of services figure of a £15m deficit is related to the increase in cash balances
- The final statement, the Expenditure and Funding Analysis, starts from the net

movement in earmarked and general reserves held for general fund and HRA purposes and maps through to the provision of services figure in the Comprehensive.

The Corporate Accountant summarised that the accounts contained three specialist sets of statements: The Housing Revenue Account, the Collection Fund and the Group Accounts. She concluded that the accounts statement was over 140 pages and had been compiled by a number of colleagues. The Corporate Accountant expressed her thanks to everyone who had worked on the draft Statement of Accounts for 2019-20 and invited the Audit Committee to ask any questions.

Members discussed the report and asked if there was an expectation of when the sign off of the accounts would be completed. The Chief Finance Officer explained that it would depend on the external auditors EY as they would have the final sign off, as it could continue to the migration into Unitary. Steve Clark from EY summarised that the 18/19 accounts were still being worked on and they hoped these would be signed off before Christmas, which would lead them onto the 19/20 accounts which they would endeavour to sign off before the end of March 2021.

Members asked questions surrounding the use of section 106 money, governance policies for the Unitary council and the Mayor's allowances. The Chief Finance Officer clarified that the section 151 officer had been appointed for the West Northants Unitary and they would be working on the new council's financial matters. At NBC the Director of Planning was responsible for monitoring the use of section 106 monies and he will continue to ensure this is compliant and put to good use. In terms of governance, the shadow authority is currently working on policies and promoting good governance in their workstreams. As for the Mayor's allowance, the allowance is at the Mayor's discretion.

The Chair asked a question regarding the non-financial performance indicators on page 17 and the process for monitoring these indicators. The Chief Finance Officer confirmed that a report is produced quarterly and brought to Cabinet for the Leader and Councillors to review and question.

The Chair put forward two additional questions to the Corporate Accountant requesting an explanation for the significant reduction of income charges and the use of short-term investments as demonstrated in the core financial statements. The Corporate Accountant agreed to produce detailed answers outside of the meeting which would be circulated to the Audit Committee.

RESOLVED: That the Committee:

- Noted and provided comments on the Statement of Accounts for 2019-20.
- Noted that the delay in delivering the draft accounts statement related both to work on concluding the 2018-19 accounts and the impact of Covid-19.

7. DRAFT ANNUAL GOVERNANCE STATEMENT 2019-20

At the Chair's Invitation, the Governance and Risk manager presented the draft Annual Governance Statement (AGS) for 2019-20 and explained that the AGS is produced annually in line with the statement of accounts. The draft report would be reviewed and signed off by the Leader of the Council and the Section 151 Officer once agreed. The statement details the Council's governance structure, risk management and includes extract of opinions received from auditors. Overall, the draft Annual Governance Statement is a positive report

for 2019-20, with significant improvements from the previous year. The Governance and Risk manager recommended that the Audit Committee note the report.

Members thanked the Governance and Risk manager for the report and asked if the work was benchmarked against other authorities. The Governance and Risk manager responded that it is not as every authority is unique, and the constitution and internal audit opinion is used to inform the report.

RESOLVED: That the Committee reviewed and noted the content the draft Annual Governance Statement.

10. VERBAL UPDATE FROM EY

At the Chair's invitation, Steve Clark from EY provided a verbal update to the Audit Committee and highlighted the following points:

- EY had been working closely with Jean and the team at NCC and plans to have 18/19 and 19/20 audits signed off by 31st March 2021.
- Although EY recognises the time pressures and other work commitments leading up to the Unitary authority, they will endeavour to manage expectations and complete work as quickly as possible.
- He explained that EY is required to provide an external audit opinion on the demise of the Council in the 19/20 statement.

The Chair asked regarding the assessment to be detailed in the 19/20 accounts, why this would be different to the usual audit opinion as the Unitary comes into being in April 2021. Steve Clark explained that finances for NBC would be available up until March, including its reserves so the statement would take into consideration the liquidity position of the Council. He continued that usually external auditors would be able to provide a 12-month forecast into the year ahead, but as key financial decisions would still need to be made by the West Northants authority. He would expect that the 19-20 statement would capture the position of the Council up until 31st March, with an outline of what decisions still needed to be made and how this will impact the Unitary council.

The Chief Finance Officer explained that discussions had taken place surrounding the challenges ahead. By the sign off of accounts, the shadow authorities should be able to provide a draft budget which should provide assurance.

RESOLVED: That the Audit Committee noted the verbal update

8. CHIEF FINANCE OFFICER REPORT

At the Chair's invitation, the Chief Finance Officer presented his report and highlighted the error contained on page 173 in section 4.5.1 of the report it should read 'internal auditors BDO'. He confirmed there had been no accounting policy changes and the treasury management mid-year report would be brought to Audit Committee in December. In section 3.6 of the report, the Internal Audit Program the Chief Finance Officer highlighted the support received from BDO with checking and providing assurance with issuing BEIS Business grants as a result of the national lockdown caused by Covid-19. As a result the Internal Audit Program had been revised and a summary is provided in the report, as several audits were removed but carried forward for the West Northants authority. In terms of a budget update, the report shows a reduced overspend from £1.4 to just below £1m and the Chief Finance Officer confirmed that the Council was in the process of producing the next finance report for the next meeting of Cabinet on 11 November 2020 and he hoped to see the same improvement on the budget.

Members thanked the Chief Finance Officer for his report and discussed zero-scale budgeting.

RESOLVED: That the Audit Committee noted:

- 2.1.1 The progress towards completing the Statement of Accounts for 2019-20.
- 2.1.2 That there have been no changes to Accounting Policies.
- 2.1.3 That there have been no reportable incidents in respect of Treasury Management, or requirements to change Treasury Management Policies.
- 2.1.4 That subject to Cabinet approval, a request will be made to Council in September 2020 to increase HRA borrowing and budget by £50M to enable the pursuit of further housing schemes.
- 2.1.5 The revised Internal Audit programme as per paragraph 3.5 and contained in the appendix to this report.

The meeting concluded at 7:17 pm

INTERNAL AUDIT PROGRESS REPORT

Northampton Borough Council

December 2020

IDEAS | PEOPLE | TRUST



CONTENTS

	Page
Summary	3
Review of 2019/20 Work	4
Review of 2020/21 Work	5
2019-20 Safeguarding Report Summary	6
2020-21 Self-Isolation Report Summary	10
Sector Update	13

SUMMARY OF 2019/20 AND 2020/21 WORK

Internal Audit

This report is intended to inform the Audit Committee of progress made against the 2019/20 and 2020-21 internal audit plan. It summarises the work we have done, together with our assessment of the systems reviewed and the recommendations we have raised. Our work complies with Public Sector Internal Audit Standards. As part of our audit approach, we have agreed terms of reference for each piece of work with the risk owner, identifying the headline and sub-risks, which have been covered as part of the assignment. This approach is designed to enable us to give assurance on the risk management and internal control processes in place to mitigate the risks identified.

Internal Audit Methodology

Our methodology is based on four assurance levels in respect of our overall conclusion as to the design and operational effectiveness of controls within the system reviewed. The assurance levels are set out in Appendix 1 of this report, and are based on us giving either "substantial", "moderate", "limited" or "no". The four assurance levels are designed to ensure that the opinion given does not gravitate to a "satisfactory" or middle band grading. Under any system we are required to make a judgement when making our overall assessment.

2019/20 Internal Audit Plan

We are pleased to present the following reports to this Audit Committee meeting:

- Safeguarding

This now fully completes the 2019-20 work.

It should be noted the Safeguarding Review was delayed at the request of the Council. The report was issued on 6 October 2020 post a closing meeting with the Head of Service. Four subsequent emails were sent requesting a response to the report without reply and this was escalated to the Head of Governance and Section 151 Officer. The report has been issued to this Committee based on the draft report we issued.

2020/21 Internal Audit Plan

There have been changes to the 2020/21 Plan with the removed review shown on page 5 along with any additions. These have been agreed with the Section 151 Officer, Chief Executive and Head of Internal Audit however are subject to approval by the Audit Committee in December 2020. The changes are the removal of HMO Licencing and Enforcement, the addition of Health and Safety NPH, addition of Audit Committee Training and the addition of the self-isolation grant review. The additional days have been taken from the contingency/Unitary days which we had in the plan which have now depleted.

The 2020/21 report issued to this Committee is the self-isolation grant review. The Social Lettings Review Report has been issued in draft.

Other reports

We are also reporting our follow-up of recommendations report which has been provided as a separate report.

REVIEW OF 2019/20 WORK

Audit Area	Audit Days	Exec Lead	Status Update	Opinion	
				Design	Effectiveness
Planning & Section 106	20	Peter Baguley, Director of Planning	Final	Substantial	Moderate
Enterprise Zone	15	Kevin Langley, Economic Growth & Regeneration Manager	Final	Moderate	Moderate
Contract Management	15	Stuart McGregor, Chief Finance Officer	Final	Substantial	Moderate
Asset Management	20	Kevin Langley, Economic Growth & Regeneration Manager	Final	Limited	Limited
Health & Safety	15	Stuart McGregor, Chief Finance Officer	Final	Moderate	Moderate
GDPR	15	Stuart McGregor, Chief Finance Officer	Final	Moderate	Moderate
Cyber Security	15	Stuart McGregor, Chief Finance Officer	Final	Moderate	Moderate
Disabled Facilities Grant	20	Phil Harris, Director of Housing	Final	Moderate	Limited
Safeguarding	15	Phil Harris, Director of Housing	Draft/Final	Moderate	Limited
Corporate Plan Progress	10	George Candler, Chief Executive	Removed from plan		
Additional Unitary Work	25	Stuart McGregor, Chief Finance Officer	Removed from plan		

2020/21 INTERNAL AUDIT PLAN

Audit Area	Audit Days	Executive Lead	Planning	Fieldwork	Reporting	Opinion			
						Design	Effectiveness		
HMO Licensing & Enforcement	20	Phil Harris, Director of Housing	Removed from plan						
Licensing	10	Marion Goodman, Director of Customer & Communities	✓	16 November 2020	March 2021 AC	TBC	TBC		
Climate Emergency (Environment)	12	Peter Baguley, Director of Planning	✓	2 November 2020	March 2021 AC	TBC	TBC		
Northampton Partnership Homes (NPH) Service Level Agreement	20	Phil Harris, Director of Housing	✓	9 November 2020	March 2021 AC	TBC	TBC		
Capital Projects	15	Kevin Langley, Economic Growth & Regeneration Manager	✓	✓	✓	TBC - still in progress	TBC - still in progress		
Social Lettings Agency	15	Phil Harris, Director of Housing	✓	✓	✓	Limited (draft)	Limited (draft)		
Unitary	27	Stuart McGregor, Chief Finance Officer	Removed from plan						
Self-isolation Grant	20	Stuart McGregor, Chief Finance Officer	✓	✓	✓	N/A - complete	N/A - complete		
Audit Committee Training	3	Audit Committee	Delivered 25 November 2020						
Health and Safety NPH	18	George Candler, Chief Executive	✓	7 December 2020	March 2021 AC	TBC	TBC		
Management	26	N/A	Delivered throughout year						

2019-20 SAFEGUARDING

EXECUTIVE SUMMARY

LEVEL OF ASSURANCE

Design	Moderate	Generally a sound system of internal control designed to achieve system objectives with some exceptions.
Effectiveness	Limited	Non-compliance with key procedures and controls places the system objectives at risk.

SUMMARY OF RECOMMENDATIONS

High	2
Medium	4
Low	2

Total number of recommendations: 7

CRR REFERENCE

14 - Safeguarding arrangements are not adequate to protect vulnerable adults and children.

BACKGROUND

Northampton Borough Council have a duty to promote and safeguard the wellbeing of Children, Young People and Vulnerable Adults. The Council works in cooperation with Northamptonshire County Council and complies with the Northamptonshire Safeguarding Adults and Local Safeguarding Children Board Inter-Agency procedures.

The Council possesses a recruitment and selection policy to ensure that suitable people are selected for working with vulnerable adults and children. The Council's website advertises the Designated Safeguarding Officers. Additionally, annual progress statistics are uploaded onto the website. All new job descriptions developed in the Council make reference to safeguarding responsibilities and they are in the process of appointing safeguarding champions to promote the importance of safeguarding.

Section 11 of the Children Act 2004 places duties on the Council to ensure their functions, and any services that they contract out to others, are discharged having regard to the need to safeguard and promote the welfare of children. The Council undertake a self-assessment audit annually to assess the strength of the management of safeguarding. This measures the strength of the Council's safeguarding arrangements against a set of prescribed statements which have been produced by the Northamptonshire Safeguarding Children Board (NSCB). The Council identified 10 areas where they did not meet the Section 11 Survey requirement out of 61 areas in total.

Training is provided to officers via the Psittacus BLE platform. Informal arrangements require staff to complete the e-learning modules as part of their induction and these are allocated to all new starters by the Organisational Development Manager. Additional

modules are available on the portal and these are administered to staff upon a request from either them or their line manager.

As a district council, the Council's responsibility is not to detect abuse and investigate safeguarding breaches which is done by Northamptonshire County Council. The Council have a duty to promote robust safeguarding arrangements via their policies and procedures, and ensure staff are provided with sufficient training. They are also required to have adequate inter-agency information sharing arrangements in place and ensure that vetting and training of volunteers is sufficient.

We interviewed safeguarding champions, analysed staff training completion data, and reviewed agreements/contracts as part of our testing approach for this review. In some cases we performed sample testing to verify the effectiveness of the Council's controls.

GOOD PRACTICE

During the review we identified the following areas of good practice:

- The Safeguarding Vulnerable Adults and Children Policy clearly outlines the responsibilities and duties within the Council with regards to referring safeguarding concerns. There is additional guidance for staff on how they should escalate safeguarding concerns and advice on how they should deal with vulnerable adults and children. The Private Housing policies and the Safer Recruitment Policy supplements safeguarding arrangements in the Council effectively with clear processes outlined
- We were informed by Safeguarding Champions and other Council staff that there was a positive culture from the Council's leadership team towards safeguarding
- The Local Government Association (LGA) provided guidance to district/borough councils in 2010 around what their safeguarding responsibilities are. Our review of the Council's policies, reporting of safeguarding incidents to Corporate Management Board (CMB) and provision of training materials to staff met the requirements outlined by the LGA guidance
- Head of Service reports from the Director of Housing and Well-being between November 2018 and May 2020 identified that CMB were notified of safeguarding incidences and when there have been high numbers of referrals. This allowed CMB to have adequate oversight of safeguarding
- Vetting procedures were in place for volunteers that work in the Northampton Museum and Art Gallery (the museum) and the nightshelter prior to them having contact with vulnerable adults or children. References are obtained for all new volunteers, although these are only verbal in some cases, and volunteers are provided with training before their first shift
- Although there was large scale non-completion of e-learning training modules (see Finding 1), our assessment of the training modules was that they were adequate and provided staff with advice and techniques for supporting vulnerable adults and children. The e-learning modules were generic and not tailored to local authorities specifically but did provide sufficient information for officers to be able to undertake their role effectively
- Safeguarding Champions we contacted were satisfied with the support and guidance that they are provided. Furthermore, they expressed that their involvement in safeguarding meetings, such as a recent child sexual exploitations meeting, was adequate
- Agreements with Council partners included adequate safeguarding clauses which were appropriate based on the services being provided. For example, Eve provide support for the women's refuges to help women suffering domestic violence and abuse; the agreement includes provisions to require Eve staff to have valid Disclosure and Barring Service (DBS) certificates in place to ensure that they have been vetted
- Contractors who have direct contact with vulnerable adults and children whilst undertaking services on behalf of the Council are subject to reasonable safeguarding provisions. We reviewed contracts with two contractors who provide debt collection services and nightly-paid temporary accommodation and were satisfied that the

agreements were adequate and safeguarding arrangements were bespoke to the nature of the services. For example, for the debt collection services there was reference made to the Ministry of Justice's Taking Control of Goods: National Standards about how they should proceed when a vulnerable debtor is identified.

KEY FINDINGS

We found:

- Completion of the Safeguarding Vulnerable Adults and the Safeguarding Children e-learning modules was inadequate for officers that had been assigned the modules on the Psittacus BLE system (less than 55% on average, with some areas below 35%). Furthermore, for staff that did complete the training, we noted that it took more than 80 days on average for staff to complete the modules (Finding 1 - High)
- Inadequate actions have been planned and taken to address the 'not met areas' identified in both the 2017 and 2019/20 NSCB Section 11 surveys despite the template for the survey having an action plan sheet on it. Of the 12 statements identified as 'not met areas' in the 2017 survey, none of these had been improved upon in the 2019/20 survey (Finding 2 - High)
- Retention and accessibility of volunteer vetting information was inadequate for roles at the museum and the nightshelter. Arrangements were reasonably robust to ensure the Council obtain assurance on the appropriateness of prospective volunteers but these were not always documented (Finding 3 - Medium)
- Completion of e-learning training modules amongst our sample of 10 new starters was insufficient. This included two new starters not having started the modules and one officer's records were wiped from the Psittacus BLE system. Furthermore, one new starter completed the training modules in fewer than three minutes which suggests that they had not taken the training seriously (Finding 4 - Medium)
- Our sample test identified that a Housing Enforcement Officer did not have a DBS certificate retained on the HR records and a Temporary Accommodation Officer's DBS certificate was out of date (Finding 5 - Medium)
- Safeguarding training is not bespoke to staff depending on the exposure they have to vulnerable adults and children. A training needs analysis is not in place which would identify the training to be required based on the job role (Finding 6 - Medium)
- The partnership agreement with Northamptonshire Domestic Abuse Service (NDAS) had not been signed by either the Council or NDAS (Finding 7 - Low)
- The Safeguarding Policy on the Council's website was an older version (Finding 8 - Low).

Added Value

We undertook an analysis of the training completion data extracted from the Psittacus BLE system. Completion of the Safeguarding of Vulnerable Adults and Safeguarding Children training tended to take fewer than 30 days to complete or more than 150 days to complete suggesting that staff will either complete the training immediately once it has been assigned to them, or alternatively, they leave it for a long period of time. Furthermore, we identified that completion rates of the e-learning modules were particularly weak in the Housing & Well-being and Customer & Communities directorate, although they had far more staff assigned to the modules.

CONCLUSION

Overall we concluded that the Council has a Moderate control design for the management of safeguarding. Policies around referring and monitoring safeguarding were robust, as were safe recruitment policies for staff and volunteers. The Council also provided reasonable levels of training to staff via the Psittacus e-learning modules. Agreements with partners and contracts with service providers included adequate consideration of safeguarding, requiring the contractors to undertake DBS checks of their staff in some instances.

However, there was significant non-completion of the e-learning training modules and where they are completed it took an average of more than 80 days to complete the modules from the point at which they were assigned to staff. Furthermore, actions identified and taken based on the results of the Section 11 survey are inadequate and documentation was not in place and/or inaccessible to evidence the vetting of volunteers.

This leads us to conclude that control effectiveness is currently Limited.

2020-21 SELF-ISOLATION GRANT

BACKGROUND

On 20 September 2020 the Department of Health and Social Care wrote to local authorities which included Northampton Borough Council (the Council). This letter outlined a new scheme which the Council must administrate.

The scheme is to support those who have been required to self-isolate in relation to Covid-19. Those who meet certain eligibility criteria will be entitled to £500 payment. The scheme starts from 28 September 2020 and runs to 31 January 2021. The Council are required to have systems in place to manage applications, conduct eligibility checks and distribute payments by 12 October 2020 - those who are eligible between 28 September to 11 October 2020 can claim on the 12 October 2020 and have their claim backdated.

The Council will be reimbursed by government for the number of successful claims paid out and also costs to administer the scheme. As of the date of the letter the Government estimated that a Council overseeing 250,000 residents could expect four applications a day during the scheme period. However, as the national position changes and if Covid-19 cases rise the number of applications expected could increase.

The scheme presents challenges to the Council as the scheme could be subject to fraudulent applications. The Council will need to put in place sufficient checks to mitigate the risk of fraud or error in the scheme as cases subject to fraud or error could be a cost that is absorbed by the Council.

SCOPE OF REVIEW

OUTCOME

The outcome of our initial testing was as follows:

Claim type	Tested	Incorrect decision	More information should have been obtained	Incomplete record of checks on portal but decision agreed with to award	Decision agreed with to award
Test & Trace	1 st 6 paid	1 (17%)		3 (50%)	2 (33%)
Discretionary	1 st 4 paid		2 (50%)		2 (50%)

The “incorrect decision” and the other categories, were discussed at a meeting with the Team Leader (Revenue & Benefits) and the Service Assurance Operations Manager (LGSS) and the Governance & Risk Manager and the Senior Internal Controls Officer on 10th November 2020.

LGSS agreed to the recommendations and to improve the checks and details recorded in the portal. Additionally, the cases reported above had follow-up checks undertaken and LGSS were able to provide a satisfactory update on the cases. Follow up checks will be undertaken on a sample basis going forward and a panel for Discretionary Awards will be established which will be attended by the Senior Internal Controls Officer.

Claim type	Tested	Decision agreed with to award
Test & Trace	Paid since processes updated	4 (100%)
Discretionary	Only other DA paid	1 (100%)

Our additional testing has confirmed that the panel is meeting for Discretionary Awards and these decisions are recorded on the portal. Additionally, we saw that there is consistent use of a template for supporting decisions and evidence to show where the applicant has been contacted to provide more information to support their application.

RECOMMENDATIONS AND CONCLUSIONS

- 1. Recommendation:** the template below should be copied into the case notes to allow consistent completion of all checks regardless of who has undertaken the check:

Approval/Deny:
T&T check:
Employer /SE check (unable to WFH, Loss in income):
Searchlight check:
NINO check:
ID check:
Address check:
Bank details check:
Date:
Initials:
- 2. Recommendation:** Where information is received outside of the system such as through emails from employers, the content of the email should be pasted into the notes section to provide a complete audit trail within the portal, rather than stating “Per email response from employer”.
- 3. Recommendation** - there must be clear criteria issued in relation to providing discretionary payments in order for a consistent approach to be undertaken. The payment could set a precedent with the applicants peers to apply on the same basis. In addition, decisions as to why they have been awarded must be clearly documented within the notes field as part of the system as these cases are more judgemental.

Conclusion

The above recommendations have been implemented and the review of Test & Trace and Discretionary Award claims now follows a consistent approach, with more details and follow up documented. The Discretionary Award panel decisions are also being recorded on the portal.

SECTOR UPDATE

Our quarterly Local Government briefing summarises recent publications and emerging issues relevant to Local Authorities that may be of interest to your organisation. It is intended to provide a snapshot of current issues for senior managers, directors and members.

FINANCE

Government launches review into council's governance

The government has launched a 'rapid review' into governance at Nottingham City Council, its second review of this kind announced in under a week.

The new review will focus on governance and risk management issues associated with the council's formally wholly-owned energy company Robin Hood Energy.

The probe will scrutinise the robustness of any forward-looking commercial strategies or plans and the council's longer-term approach to borrowing and investment.

Local government secretary Robert Jenrick, said: "I have been monitoring the very serious situation at Nottingham City Council closely, including the collapse of their Robin Hood Energy scheme. "A review such as this is not undertaken lightly - councils have a duty to manage taxpayers' money responsibly and should be held to account where they are found to have failed to do so."

The review will be led by Max Caller, consultant and lead inspector for the Best Value inspection of Northamptonshire County Council, launched in 2018 due to financial failings.

Caller will be supported by a financial reviewer, Julie Parker, who is a former chief finance officer and section 151 officer at both Barking & Dagenham Council and Haringey Council.

<https://www.publicfinance.co.uk/news/2020/11/government-launches-review-councils-governance>

Thurrock Council borrows £125m from PWLB

Thurrock Council has taken out a £125m loan with a maturity of just two years from the Public Works Loan Board. The loan, set to mature in 2022 at a rate of 1.77%, was outlined in statistics compiled by the Debt Management Office. It is the first loan the council has taken out with the facility in 2020-21, after it borrowed £100m in March. It is unclear whether Thurrock is refinancing existing debt or using the loan for other purposes but PF had not received a reply from the council for information at the time of publication.

In June, the council rejected claims made in a report by the Financial Times which raised concerns over its investment strategy, that has seen the authority borrow more than £1bn in short term loans from other councils. The article said council officers had signed off loans from about 150 local authorities and council pension schemes, of which £702m of was in renewable energy deals.

Thurrock said it began to borrow from other authorities as it represented better value than the rates under the PWLB. A council report in July said that gross debt within the council is £1.4bn, with the majority consisting of loans from other local authorities at £1bn.

<https://www.publicfinance.co.uk/news/2020/11/thurrock-council-borrows-ps125m-pwlb>

The lowdown: Sutton's £250m fintech bond deal

Following the pricing of a £250m bond by the London Borough of Sutton, PF speaks to David Whelan, managing director of public sector treasury at Link Group, which advised on the deal.

How much cheaper for Sutton is the bond compared with the comparable rate from the Public Works Loan Board?

The rate for the bond was 1.732%, and the comparable rate from the PWLB was around 2.6%, so the council stands to save around £890,000 per annum.

Over the course of the £100m issuance, the council will save around £26.7m, though this figure is undiscounted.

What was the attraction of the European Primary Placement Facility over more traditional means?

When you are accessing the public bond markets through traditional means, the cost - over and above the interest cost - of issuance can be quite high. This is the cheapest way to issue and we were able to get the tightest issued spread on a conventional bond in the local authority market in recent years. The process can also be quite lengthy. What we were trying to do - as well as secure a very good effective interest rate on the borrowing - was to ensure that the other costs are kept to a minimum.

<https://www.publicfinance.co.uk/news/2020/11/lowdown-suttons-ps250m-fintech-bond-deal>

A single year spending review a 'sensible decision'

However the IFS has suggested it is not possible in the current climate to set credible fixed spending limits. A report from the institute recommended a delay to decisions on spending in future years until some of the uncertainty over Covid-19, Brexit and the future of the economy has dissipated. In our view that would be a sensible decision, the uncertainties are just too great at the moment, not just about the future state of the economy and tax revenues but also about the future demands on public services that will need to be met."

The IFS added that however long the spending review will cover, it will be fraught with difficulties and there will be some tough choices facing chancellor Rishi Sunak.

These include how much of the £70bn additional funding for departments this year in response to the pandemic will be allocated for future plans, and if any of the Covid-19 expenditure is carried over on a permanent or semi-permanent basis.

<https://www.publicfinance.co.uk/news/2020/09/single-year-spending-review-sensible-decision>

Covid-19: Fighting fraud in real time

In unprecedented circumstances, the local authority response to the administration of Covid-19 business grants has been very good. The administration of grants was swift and local authorities used existing due diligence and robust measures to prevent fraud. In addition, they shared intelligence in real-time with NAFN to benefit others alongside accessing new services developed by both the public and financial sector to support prevention, verification and validation. This response has yielded excellent results and based on current intelligence, the value of prevention and recovery far outweighs recorded losses.

Fraud awareness during this time is widespread and the pandemic has highlighted the importance of:

- enhanced fraud awareness throughout public sector organisations;
- ensuring all officers have knowledge of the appropriate fraud reporting channels;
- provision of all the necessary tools to achieve required outcomes including an automated verification and validation system;

- increased resource in anti-fraud teams; and
- effective communication channels between anti-fraud, revenues, finance, payroll and procurement teams

<https://www.publicfinance.co.uk/opinion/2020/09/covid-19-fighting-fraud-real-time>

Government urged to address Covid-19 backlogs

The upcoming Comprehensive Spending Review must allocate funding to address record public service backlogs, CIPFA and the Institute for Government have warned.

The warning was made in a joint report which said that despite £68.7bn of extra funding since March, huge backlogs have developed as result of the pandemic, most notably in the judicial and healthcare systems. The report said the crown court case backlog is now equivalent to 56,000 cases, 42% higher than pre-pandemic levels and the highest in over 20 years. CIPFA chief executive Rob Whiteman, said: “In a moment where public services are facing great, unprecedented challenges, we must be able to determine if they are ultimately reaching those they are intended to serve.

“There must be a clear plan from government on how short-term stimulus packages in the coming months will be aligned to a clear outcomes framework.

<https://www.publicfinance.co.uk/news/2020/11/government-urged-address-covid-19-backlogs>

Council confirms £60m loan for airport

Luton Borough Council has approved the borrowing of £60m, which it then intends to lend to its wholly-owned London Luton Airport Ltd as it seeks to offset losses resulting from Covid-19.

The loan was approved during a restricted session of an executive committee, and is the first of two loans the council intends to provide to the airport over the coming year. The council said that without the loans, the airport could become insolvent and cease trading, meaning it would be unable to make further dividend payments that the council could then use to fund services.

“As LLAL is so important to our local economy and in providing vital public funds to support the most vulnerable people, the council is working with the company to get the town through this period,” the council said.

“The council is to borrow £60m and lend it to LLAL. This is because the council is able to borrow money at a cheaper rate of interest than LLAL can.” Luton added the airport will repay interest to the council at a higher rate than the council borrows at. The council said that, including the interest payments, the airport would be able to deliver £32m back to the authority next year to support frontline services.

<https://www.publicfinance.co.uk/news/2020/09/council-confirms-ps60m-loan-airport>

IT

A cyber-attack in February cost Redcar and Cleveland Borough Council more than £10m, a report has revealed.

The report, presented to a cabinet meeting earlier this week, estimated the total cost of the attack to be £10.14m, and the council has been working with the government to receive financial support. The council said prior to the attack, it had appropriate cyber-security arrangements in place to meet the standards set out by the Public Services Network. However the attack did have quite a large effect on council operations, the report said. The report said: “In terms of our response to the cyber-attack, the council acted quickly and effectively, working extremely hard to mitigate the effects on our key services and most vulnerable residents. “However, the attack did permeate almost all functions of the council, and the

required response and consequential impacts will have a bearing on the council's finances. "The report added the proposed financial support from the government would be used to fund additional costs, lost income and actions taken to reduce the impact of the attack. Any support provided in advance would be held in reserve and drawn down as required, the report said. Reports just after the attack in February confirmed the council suffered a ransomware attack with hackers demanding money to restore functionality to its IT system. Redcar said recovery and replacement work to the IT infrastructure and systems makes up £2.4m of the overall cost.

Since the attack, the council said it has made additional improvements to cyber defences, with "further upgrades" planned.

Redcar has also put itself on the list of pilot authorities to enrol on a National Cyber Security Centre scheme, which it said will make its cyber defences "more advanced" than most other local authorities. Elsewhere in the report, the council predicted Covid-19 has cost the council around £13m in lost revenues and additional costs, with £11.3m received from central government to date - leaving a funding gap of £1.65m.

There are multiple ways to reduce the risks of attacks like this, such as cold storage backups and reduced user access. However, it is important to have strong and layered security controls in place that can prevent attacks from being successful in the first place, or to be able to quickly detect and respond where they have been able to get into systems. Only then can organisations minimize the economic impact of cyber-attacks to a manageable level."

Environment

This briefing note sets out the framework within which councils can begin to deliver ambitious action plans.

It explains some of the key issues surrounding carbon targets and budgets, and what levels of emission reductions are necessary to be consistent with the Paris Agreement.

This briefing is also part of a series, commissioned by the Local Government Association, which sets out what actions will be most effective for local government in the transport sector. It sets out a framework of intervention types which can be used to cut carbon. There is a huge diversity in transport-related CO2 emissions between local authorities today, and very different options and opportunities available for different places to tackle the problem.

This briefing and the six accompanying briefings do not provide a prescription of what must be done, rather a menu of options, from which various measures will need to be combined - in place-appropriate ways - to deliver change.

<https://www.local.gov.uk/decarbonising-transport-getting-carbon-ambition-right>

HOUSING

Three LGPS funds invest £97m in housing

Local government pension schemes in Lincolnshire, South Yorkshire and Tyne and Wear have invested a combined £97m into a ten-year residential investment fund.

The fund will be managed by investment firm Hearthstone Investment Management and will invest in a portfolio of homes for private rent in areas with strong rental demand and lower supply. The houses and small apartment blocks will be aimed at families, professionals and key workers seeking long-term rented homes. Figures on the breakdown of investments by each of the three LGPS funds have not been disclosed. Jo Ray, head of pensions at Lincolnshire Pension Fund,

said “We were keen to invest in the residential sector, and in particular into a strategy involving houses and small block of flats.

<https://www.publicfinance.co.uk/news/2020/11/three-lgps-funds-invest-ps97m-housing>

New development levy set to boost revenue

How much money could local government raise from government plans to radically shake-up the process of negotiating developer contributions?

A white paper published in August proposes the biggest overhaul of the planning system in a generation, cutting regulations in order to accelerate the delivery of new homes across England. The proposals would also introduce a new infrastructure levy to replace the system of securing developer contributions towards affordable housing, roads and schools.

The white paper called current arrangements “complex, protracted and unclear”, and said they result in uncertain outcomes, “which further diminishes trust in the system and reduces the ability of local planning authorities to plan for and deliver necessary infrastructure”. However, Jacqueline Backhaus, partner at law firm Trowers & Hamblins, said that the mooted changes would “inevitably involve even less flexibility, as well as taking away the ability of local authorities to set the rates”. The proposed levy would replace planning obligations, negotiated with developers through Section 106 agreements, and the community infrastructure levy, which is charged by almost half of authorities.

<https://www.publicfinance.co.uk/news/2020/09/news-analysis-new-development-levy-set-boost-revenue>

Councils' capital activity suffers pandemic blow

Council investment in buying buildings dropped by 56% in the first quarter compared to last year, while spending on new construction projects fell just 14% according to government data.

Figures released by the Ministry of Communities and Local Government, based on returns from councils, showed the impact of the Covid-19 pandemic on capital spending between April and June.

Overall, quarterly capital expenditure dropped by 27% year-on-year, from £4.1bn to £3.0bn, while capital receipts fell 32%, from £465m to £318m. Scott Dorling, partner at law firm Trowers & Hamblins, said: “It is not surprising that local authority capital expenditure in the few months immediately following the pandemic is down compared with previous recent quarters.

<https://www.publicfinance.co.uk/news/2020/09/councils-capital-activity-suffers-pandemic-blow>

Council signs £600m regeneration deal

Harrow Council has agreed to create a regeneration joint venture worth up to £600m with developer Wates Residential, with plans including a new civic centre, school and up to 1,500 homes.

Agreement was made last night at a council cabinet meeting, where it decided to select the developer for the 50/50 Harrow Strategic Development Partnership.

A report discussed at the meeting said the council will have to borrow £23.8m, alongside providing land and capital receipts valued at £19.8m.

The report said the £23.8m loan will be paid over seven years, and will help fund work on three core sites in the area.

Graham Henson, leader of Harrow Council, said: “Through our partnership with Wates we have a once in a lifetime opportunity to make a real and lasting difference to the lives of our residents and boost the local economy.

<https://www.publicfinance.co.uk/news/2020/09/council-signs-ps600m-regeneration-deal>

APPENDIX 1

OPINION SIGNIFICANCE DEFINITION

Level of Assurance	Design Opinion	Findings from review	Effectiveness Opinion	Findings from review
Substantial 	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
Moderate 	In the main, there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non compliance with some controls, that may put some of the system objectives at risk.
Limited 	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
No 	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non compliance and/or compliance with inadequate controls.

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**INTERNAL AUDIT FOLLOW UP OF
RECOMMENDATIONS REPORT**

Northampton Borough Council

December 2020

IDEAS | PEOPLE | TRUST



Summary

2018/19

	Total Recs	H	M	L	To follow up	Complete		Overdue/moved to new Unitary		Removed		% Complete
						H	M	H	M	H	M	
Building Control	7		7		0		6				1	100
Cash Handling	6	3	3		0	2	3			1		100
Digital Strategy	3		3		0		3					100
Housing Rents	3		3		0						3	100
Major Cap. Projects	8	1	7		0		5			1	2	100
Member-Officer	12		12		2		10		2			83
People	11	7	4		0	7	4					100
Procurement	7	2	5		1	2	3		1		1	86
Senior Mgmt. Restructure	4		4		0		4					100
Temp Accom.	9	3	6		1	3	6					100
	70	16	54		4	14	44		3	2	7	96

2019/20

	Total Recs	H	M	L	To follow up	Complete		In Progress		Overdue/moved to new Unitary		% Complete
						H	M	H	M	H	M	
Asset Mgmt.	14	7	7		10	4	2		4			43
Contract Mgmt.	1		1		1						1	0
Cyber Security	3		3		2						2	0
Disabled Facilities Grant	11	9	2		11	8	1	1	1			81
Enterprise Zone	7		7		0		7					100
GDPR	2	1	1		1		1				1	50
Health & Safety	6	2	4		0	2	4					100
Planning & S106	2		2		0		2					100
	46	19	27		25	14	17	1	5		4	46

Summary

FOLLOW UP GOING FORWARD - BDO RECOMMENDATIONS

Following the issue of reports, all due High and Medium recommendations will be followed up within this report

RECOMMENDATIONS

- 28 recommendations are due for follow-up with recommendations due prior to the end of **December 2020**
- Previous recommendations may simply have a revised date that is post this Committee and therefore, will be picked up at the next Committee

Of the 29 recommendations we followed up on:

- 12 High and four Medium recommendations were fully implemented by the Council and we received sufficient evidence to support implementation of these recommendations
- 12 recommendations were incomplete (two High, 10 Medium) and the due date has now been revised more than twice on these recommendations, therefore they are overdue. For 3 recommendations that are overdue with revised dates of 01/04/2021 these will be picked up by the new Unitary
- We appreciate that there had been progress on a number of the overdue recommendations at our previous follow up which the Council were unable to implement because of the disruption caused by the COVID-19 pandemic. Whilst this has stretched the Council's resources and meant that the 'way of working' has had to be changed, we will be following up on the overdue recommendations prior the next Audit Committee and would expect progress to be made towards implementing these.

The next Follow-Up Report for the March 2021 Audit Committee will be our final one and we will report progress on all recommendations whether they are due or not at this stage.

FOLLOW UP PROCESS

As part of the follow-up process we issued all recommendations due for implementation on or before November 2020 on 25 August 2020. Recommendations due were sent to all responsible officers and the corresponding heads of service. We gave responsible officers 6 weeks to respond. We subsequently chased officers throughout September and October 2020.

We are required to escalate non responses and/or recommendations with several revised due dates to the Corporate Management Board (CMB). All responsible officers responded to our follow up within the allotted time-frame so we were not required to escalate non responses to CMB in this follow up.

For all incomplete recommendations, we will:

1. Continue to emphasise to staff to be realistic about the implementation dates when completing their management responses at the completion stage of each internal audit review
2. Issue the recommendations tracker to all the relevant Heads of services on a monthly basis from the December audit committee onwards
3. Issue reminder emails 6 weeks prior to the follow up review to ensure timely completion of each recommendation.

Recommendations: Complete

Audit	Recommendation made	Priority Level	Manager Responsible	Due Date	Current Progress
2018/19. Temporary Accommodation	The Spend to Save Policy should be updated with limits on funds that can be granted/loaned to clients. Once updated, the Council should review the funds allocated to the Scheme and assess whether they are adequate	Medium	Housing Advice & Options Manager	31/10/2019 29/02/2020 31/05/2020 31/08/2020	<p>Council Comments: The Tenancy Sustainment Fund Policy has been introduced to replace the Spend to Save Policy. It includes limitations on the amount to be paid to the landlord, for the tenant, and who has delegation to approve the payment.</p> <p>IA Comments: The Tenancy Sustainment Fund Policy implementation fulfils the recommendation</p>
2019/20. Asset Management	All repair and maintenance work requests are processed through the Help Desk for consistency and facilitation of an appropriate audit trail	High	Economic Growth & Regeneration Manager	31/07/2020	<p>Council Comments: This was completed when raised during the review.</p> <p>IA Comments: We were satisfied that this was completed.</p>
2019/20. Asset Management	Asset Management ensure that the Tenancy Schedule and Agresso are kept up to date with the latest tenancy agreement/rent review memorandum details. Please also refer to finding 2 recommendation 1	High	Asset Manager	30/09/2020	<p>Council Comments: This is part of the technical assistant's role, surveyors to pass records for data input and is ongoing, i.e. the process instructing this is complete. Monitoring will form part of performance monitoring of staff.</p> <p>IA Comments: We were happy that arrangements put in place were adequate.</p>
2019/20. Asset Management	Surveyors ensure the most up to date tenancy agreements/rent review memorandum are put in place, include review dates where applicable and are filed centrally.	High	Asset Manager	30/06/2020	<p>Council Comments: Completed as in reminder sent to surveyors to file on centralised database, to review as part of performance monitoring.</p> <p>IA Comments: We were satisfied that the recommendation had been implemented.</p>

2019/20. Asset Management	Asset Management team meetings include rent reviews and record keeping as a standing agenda item to facilitate monitoring at least for a specified time until this is brought under control.	High	Asset Manager	30/06/2020	<p>Council Comments: Team already doing this. This is a standing item and will continue to be.</p> <p>IA Comments: We were satisfied that the recommendation had been implemented.</p>
2019/20. Asset Management	Asset Management ensure evidence for property valuations is filed in a central folder for organisational memory and ease of accessibility	Medium	Asset Manager	31/08/2020	<p>Council Comments: Spreadsheet of the property valuations is now saved in a shared folder.</p> <p>IA Comments: We were satisfied that the recommendation had been implemented.</p>
2019/20. Asset Management	Asset Management obtain the missing valuations for those identified in our review by going back to the valuer if they cannot be identified	Medium	Asset Manager	30/06/2020	<p>Council Comments: Missing valuations have been obtained.</p> <p>IA Comments: We were satisfied that the recommendation had been implemented.</p>
2019/20. Disabled Facilities Grant	The Council should ensure that all grant funded adaptation works are inspected and a Certificate of Completion of Adaptation Works is completed and signed and dated by both the applicant and Senior Technical Officer, prior to payment of invoices. Where adaptation works are not completed to a satisfactory level, this should be made clear on the certificate, and the certificate should be signed once the issue is rectified.	High	Private Sector Housing Manager	31/10/2020	<p>Council Comments: All works are now subject to a certificate of completion signed by the applicant, and where appropriate the owner of the property.</p> <p>IA Comments: We were satisfied that the recommendation had been implemented.</p>
2019/20. Disabled Facilities Grant	Purchase orders should be checked against the agreed quote total prior to being raised. When contractor invoices are received, they should be checked	High	Private Sector Housing Manager	31/10/2020	<p>Council Comments: All purchase orders are approved on the Council's Financial Management System with reference to the tender evaluation sheet.</p>

	against the purchase order prior to payment, and any variances investigated and documented. A variations certificate should be completed if funding of additional works is required and a re-approval letter should also be issued to the applicant and contractor where the grant amount has changed				IA Comments: We were satisfied that the recommendation had been implemented.
2019/20. Disabled Facilities Grant	All paperwork, including quotations, invoices and purchase orders should be filed along with all other documentation relating to the grant claim	High	Private Sector Housing Manager	31/10/2020	Council Comments: All paperwork is now scanned into and saved on the M3 system. IA Comments: We were satisfied that the recommendation had been implemented.
2019/20. Disabled Facilities Grant	The Council should ensure that Financial Assessments and Needs Assessments are completed prior to issuing a Notice of Approval to approve the grant amount	High	Private Sector Housing Manager	31/10/2020	Council Comments: Future issuing of Notice of Approval will be subject to Financial Assessments and Needs Assessments. IA Comments: We were satisfied that the recommendation had been implemented.
2019/20. Disabled Facilities Grant	No grants should be awarded without issuing a Notice of Approval to confirm the grant amount. A monthly spot checking process would enhance this	High	Private Sector Housing Manager	31/10/2020	Council Comments: Grants will be checked to ensure that they have issued a Notice of Approval to confirm grant amounts. IA Comments: We were satisfied that the recommendation had been implemented.
2019/20. Disabled Facilities Grant	All Notice of Approvals should be appropriately completed to include the date issued, and should be signed by an appropriate individual who has the authority to approve that grant	High	Private Sector Housing Manager	31/10/2020	Council Comments: All grant approvals are signed by the Private Sector Housing Manager who has delegated authority in this regard. IA Comments:

	amount within their approval limit				We were satisfied that the recommendation had been implemented.
2019/20. Disabled Facilities Grant	The Council should ensure that a Client Agreement form signed by the client, is received by the Council to agree all disabled facility adaptation works, prior to tendering for the works. Tenders for works should not be issued without being agreed by the client first	High	Private Sector Housing Manager	31/10/2020	<p>Council Comments: This is complete and will be part of future processes.</p> <p>IA Comments: We were satisfied that the recommendation had been implemented.</p>
2019/20. Disabled Facilities Grant	The Council must obtain at least three quotations for each element of works to be carried out, or implement an approved waiver process where it is uneconomical to complete this. This should be documented within the competitive quotation sheet along with the rationale for selecting the chosen contractor		Private Sector Housing Manager	31/10/2020	<p>Council Comments: This is complete and will be part of future processes.</p> <p>IA Comments: We were satisfied that the recommendation had been implemented.</p>
2019/20. Disabled Facilities Grant	The Private Sector Adaptations Policy should have a documented owner and version control at the front of the document. The updates to the clawback provisions has already been confirmed to have been added to the Policy. This should be subject to Cabinet sign off prior to being rolled out across the Council	Medium	Private Sector Housing Manager	31/10/2020	<p>Council Comments: This has been completed.</p> <p>IA Comments: We were satisfied that the recommendation had been implemented.</p>

Recommendations: Incomplete

Audit	Recommendation made	Priority Level	Manager Responsible	Due Date	Current Progress
2019/20. Asset Management	As soon as the Unitary Authority asset management approach is agreed upon, Asset Management and Property Management policies and procedures should be updated and disseminated to staff as soon as possible. Policies and procedures should include change control	Medium	Asset Manager	30/09/2020 28/02/2021	<p>Council Comments: Covid-19 has impacted Unitary process it is likely to be September 2021 before the asset strategies are reviewed and approved.</p> <p>IA Comments: This will be followed up prior to the Unitary vesting day.</p>
2019/20. Asset Management	Once the 'Community Asset Transfer Policy' is approved by Cabinet, the policy is disseminated to staff and relevant parties as soon as possible	Medium	Asset Manager	30/09/2020 31/12/2020	<p>Council Comments: Covid-19 has impacted workloads, the date for this delayed accordingly.</p> <p>IA Comments: This will be followed up at the next Audit Committee.</p>
2019/20. Asset Management	Complete outstanding/overdue valuations identified in our review as soon as possible	Medium	Asset Manager	30/06/2020 31/12/2020	<p>Council Comments: The Council have ask capital accounts surveyor to get the most recent valuation.</p> <p>IA Comments: This will be followed up at the next Audit Committee.</p>
2019/20. Asset Management	Asset Management in collaboration with relevant stakeholders ensure effective resource planning mechanisms for operational and project works are put in place that support the achievement of the team's Key Performance Indicators	Medium	Asset Manager	30/06/2020 31/12/2020	<p>Council Comments: Collaboration with stakeholder will be progressed.</p> <p>IA Comments: This will be followed up at the next Audit Committee.</p>
2019/20. Disabled	An annual declaration of interests should be	High	Private Sector Housing Manager	31/12/2020 31/01/2020	<p>Council Comments: This is incomplete.</p>

**Facilities
Grants**

completed by all staff members involved in DFG tendering selections. This should be based on the approved contractor list in place with signed records maintained centrally for all staff members

IA Comments:
This will be followed up at the next Audit Committee.

Recommendations: Overdue/moved to new Unitary

These recommendations have been marked as overdue as they have previously revised their implementation date. Therefore, they have now missed at least two implementation dates. Those with dates of 01/04/2021 are to be taken forward by the new Unitary

Audit	Recommendation made	Priority Level	Manager Responsible	Due Date	Current Progress
2018/19. Procurement	The Council should give procurement and contract refresher training for staff involved with high-value contracts	Medium	Monitoring Officer & Chief Finance Officer	30/06/2019 31/08/2019 31/10/2019 31/01/2020 31/03/2020 30/09/2020 31/12/2020 01/04/2021	<p>Council Comments: Due to the COVID-19 pandemic the Council were unable to complete the training sessions on the originally planned dates and have therefore re-scheduled to when the office re-opens. The training had originally been planned for 30 March - 2 April 2020</p> <p>IA Comments: We have provisionally revised the due date to December 2020 however we accept the implementation of this recommendation is contingent on face-to-face training being possible.</p>
2018/19. Member-Officer Protocols	Run an organisation-wide training programme on the Protocol once it has been refreshed - cascading training down through political groups, Heads of Service and to CMT meetings run by Heads of Service	Medium	Monitoring Officer	31/05/2019 29/02/2020 30/04/2020 31/08/2020 31/12/2020 01/04/2021	<p>Council Comments: A training provider has been contacted and provided a comprehensive training schedule. Approval is being sought from the Chair of the Councillor Development Group. With his approval the aim will be to hold in the autumn for all Councillors.</p> <p>IA Comments: We appreciate the disruption caused by the COVID-19 with face-to-face meetings. This will be followed up at the next Audit Committee.</p>
2018/19. Member-Officer Protocols	When holding training for Members on the Officer-Member Protocol, the importance of appropriate tone, and not influencing Officer reports, should be emphasised through a series of scenario-	Medium	Monitoring Officer	31/05/2019 29/02/2020 30/04/2020 31/08/2020 31/12/2020 01/04/2021	<p>Council Comments: An external, highly recommended training provider has been contact and will deliver the training.</p> <p>IA Comments: We appreciate the disruption caused by the</p>

	based exercises to reduce the likelihood that either element of the Protocol is unintentionally breached				COVID-19 with face-to-face meetings. This will be followed up at the next Audit Committee.
2019/20. GDPR	Management should agree a contractual addendum as part of the outsourced agreement held with LGSS for the provision of revenues and benefits	High	Data Protection Officer	30/11/2019 31/03/2020 30/09/2020 31/12/2020	<p>Council Comments: In light of the issues/uncertainty surrounding LGSS at the moment, the PDA extension has not been signed. If and when that happens this will be addressed then.</p> <p>IA Comments: We appreciate there is uncertainty with the LGSS and that this will be followed up at the next Audit Committee</p>
2019/20. Contract Management	The Council should ensure that the PDA extension with LGSS is signed by both parties	Medium	Chief Finance Officer	30/11/2019 31/03/2020 30/09/2020 31/12/2020	<p>Council Comments: In light of the issues/uncertainty surrounding LGSS at the moment, the PDA extension has not been signed. If and when that happens this will be addressed then.</p> <p>IA Comments: We appreciate there is uncertainty with the LGSS and that this will be followed up at the next Audit Committee.</p>
2019/20. Cyber Security	Regular internal cyber security risks assessments are performed to identify cyber security threats. There is also a need to ensure alignment between IT risks identified by the Council on the Corporate Risk Register and those on the IT Risk register. The IT risk register may be further sub-divided into cyber security risks and other IT risks until the cyber security risk	Medium	ICT Service Delivery Client Manager	31/12/2019 30/04/2020 30/09/2020 31/12/2020	<p>Council Comments: There has been progress on alignment of IT risks identified on the Corporate Risk Register and the IT Risk Register but the Council are awaiting final confirmation from LGSS IT on this.</p> <p>IA Comments: This will be followed up at the next Audit Committee.</p>

	management becomes embedded				
2019/20. Cyber Security	A scheduled plan for major incident response scenario testing should be developed and approved by the Digitalisation, Cyber security and Data Protection Group. Regular comprehensive cyber security testing should be included in the plan	Medium	ICT Service Delivery Client Manager	31/12/2019 30/04/2020 30/09/2020 31/12/2020	Council Comments: A table top exercise is in the process of being written and delivered involving Heads of Service and Section Heads. The exercise will be completed by the end of April 2020. IA Comments: This will be followed up at the next Audit Committee.

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Appendices:



NORTHAMPTON
BOROUGH COUNCIL

AUDIT COMMITTEE REPORT

Report Title	Update on 2020-21 LGSS Internal Audit Plan
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AGENDA STATUS: PUBLIC

Audit Committee Meeting Date: 14th December 2020

Policy Document: No

Services: Chief Finance Officer

Accountable Cabinet Member: Cllr Brandon Eldred

1. Purpose

- 1.1 To update the Audit Committee on progress with delivery of the 2020-21 audit plan.

2. Recommendations

- 2.1 It is recommended that the Audit Committee note the progress with delivery of the 2020-21 audit plan.

3. Issues of note

3.1 Report Background

Many financial activities transferred from Northampton Borough Council to LGSS during 2013-14 financial year. It was agreed with the S151 Officer and the Councils previous internal auditors that where LGSS have the responsibility to undertake the functions, LGSS Internal Audit would complete the assurance work, whilst the Councils internal auditors would continue to audit those aspects which remain in the direct control of the council.

Since the last update report to the Audit Committee in August 2020, a decision has been made on the future of LGSS. In terms of the impact on NBC, the services are now being delivered either directly as hosted by the County Council until migration to West Northamptonshire Council, or via a lead authority depending on the service element.

This report provides the Audit Committee with an update on planned work for 2020-21.

3.2 Issues

Progress on Delivery of the 2020-21 Audit Plan

At the August 2020 Audit Committee, a revised plan for 2020-21 was agreed. Progress against this plan is detailed in the table below.

Audit	Status	Control Environment Assurance	Compliance Assurance	Organisation Impact
c/fwd 2019-20 Reviews				
Agresso IT Review	Draft*	Satisfactory	Satisfactory	Minor
Treasury Management	Planning			
General Ledger	Planning			
2012-21 Reviews				
Council Tax	Draft*	Good	Good	Minor
Q1-2 Balance Sheet Review	Complete	n/a	n/a	n/a
Q3 Balance Sheet Review	Fieldwork			
Q4 Balance Sheet Review				
Business Rates				
Accounts Payable				

**This audit was still at draft report stage at the time of writing this report but the emerging opinions are included.*

Key points to note include:

- **Q1-2 Balance Sheet Review** – The scope of the review covered the following - (a) bank account reconciliations and (b) control account reconciliations covering accounts payable, accounts receivable, payroll, rents, council tax and business rates. Overall, the review has found that there are effective processes in place to ensure that reconciliations are completed on a timely basis, are subject to review by an independent officer with action taken to clear unreconciled transactions on a timely basis.

The only issue identified was that limited progress has been made in resolving historical unreconciled payroll transactions. We will continue to assess progress with clearing these transactions as part of the planned Q3 and Q4 reviews.

- **C/fwd 2019-20 Reviews** - Three audits were in progress at the time lockdown commenced in March 2020. These have not yet been completed and an update on these audits is detailed below:
 - In respect of the Agresso IT review, the audit is at a draft report stage and this has been the subject of detailed discussions with relevant officers. Final responses are now being sought prior to this report being finalised.
 - For the two other audits (i.e. Treasury Management, General Ledger,) work undertaken prior to lockdown was assessed in August and it was determined that due the time that had elapsed and the impact of Covid 19, that new audits would be undertaken during 2020-21. To allow for appropriate coverage of activity, a revised start date of November / December 2020 was determined.

Whilst we had initially anticipated that more of the plan would have been completed by this time, we still expect to complete the remaining audits by the end of March 2021.

4. Implications (including financial implications)

4.1 Policy

4.1.1 There are no policy implications associated with this report.

4.2 Resources and Risk

4.2.1 There are no resource or risks implications associated with this report.

4.3 Legal

4.3.1 There are no legal implications associated with this report.

4.4 Equality

4.4.1 There are no specific equality impacts relating to this report.

4.5 Consultees (Internal and External)

4.5.1 This update has been drafted in consultation with the Chief Finance Officer and Governance and Risk Manager.

4.6 Other Implications

4.6.1 None

5. Background Papers

5.1 None

Duncan Wilkinson - Chief Internal Auditor, LGSS

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Appendices:



NORTHAMPTON
BOROUGH COUNCIL

AUDIT COMMITTEE REPORT

Report Title	Statement of Accounts 2018-19 & 2019-20 Progress
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AGENDA STATUS: PUBLIC

Audit Committee Meeting Date:	14 December 2020
Policy Document:	Statement of Accounts
Directorate:	Chief Finance Officer
Accountable Cabinet Member:	Cllr Brandon Eldred

1. Purpose

1.1 This report updates the Audit Committee with progress on auditing the Statement of Accounts for 2018-19 and the current position with the Statement of Accounts for 2019-20.

2. Recommendations

2.1 That the Committee notes the progress made with the audit of the draft Statement of Accounts for 2018-19.

2.2 That the committee notes the current position with the draft Statement of Accounts for 2019-20.

3. Issues and Choices

3.1 Report Background

3.1.1 The draft Statement of Accounts for the 2018-19 financial year was submitted to this Committee on 29 July 2019.

3.1.2 EY, the new external auditors, commenced initial audit work in December 2019 and a significant amount of work was undertaken in the first quarter of 2020. EY presented their audit plan to the Committee in February 2020 and then reported to the Committee in June 2020 that they had encountered

challenges on the audit and hoped to return to complete the audit in October 2020.

3.1.3 The Committee received a further update at their October meeting confirming that EY were working with officers to complete the audits for both 2018-19 and 2019-20 by 31 March 2021.

3.1.4 EY recommenced the audit of the 2018-19 accounts at the beginning of November 2020.

3.2 Progress with the Audit of the Statement of Accounts for 2018-19

3.2.1 There has been a significant amount of work undertaken during November 2020. At the point of writing, a total in excess of 400 requests for information have been raised by EY during the course of the audit since December 2019, of which approximately 70 have been actively worked on by the Integrated Closedown Team, the Finance Business Partnering Team and other specialist teams within the Council over the last month.

3.2.2 Areas worked on by EY over the last month have included the Housing Revenue Account, the Collection Fund, Council Borrowings, Pension information, Creditors, Debtors, Employee Costs, Expenditure and Income samples and Property, Plant and Equipment balances.

3.2.3 EY continue to review the information provided previously and new information provided in November. To date in excess of 1,000 separate documents have been provided to EY in answer to their requests which they are reviewing.

3.2.4 Weekly review meetings are being held between representatives from EY, the Integrated Closedown Team and the Finance Business Partnering Team to review progress. EY are reporting steady progress, with a number of areas already cleared, work commencing as planned and some work commenced in advance of the planned date.

3.2.5 Members should be aware that the EY work plan includes activity up to and including week commencing 14 December 2020. Therefore, assuming the answers to queries raised can be sourced in a reasonable timeframe, the majority of the audit field work should be completed by Christmas. However, there will then be a period of manager and partner review to be undertaken by EY in the new year.

3.2.6 Whilst EY undertake their internal review processes, the Integrated Closedown Team will need to process all agreed adjustments and produce a revised draft set of accounts. This will need to be reviewed by EY to confirm that it encompasses all expected changes. Once this process is completed, it will be possible to bring the final version of the accounts back to the committee for approval.

3.2.7 EY are in the process of producing a more detailed timetable to encompass these final stages for the 2018-19 accounts and to include the full timeline for the audit of the 2019-20 accounts. The 2019-20 audit is also being discussed

with the West Northants Council Section 151 Officer (designate) as it may cross 31 March 2021.

3.3 Draft Statement of Accounts 2019-20

3.3.1 The first draft of the 2019-20 accounts were considered by the Committee at their meeting on 26 October 2020. Following the meeting the accounts were formally authorised to be issued by the Chief Finance Officer and were published on the Council's website on 2 November 2020.

3.3.2 Public Inspection of the accounts formally opened on 2 November 2020 and is running for a six-week period to 11 December 2020.

3.4 Next Steps

3.4.1 EY will complete the final stages of the audit work over the next few weeks and will then move to their review process.

3.4.2 The draft Statement of Accounts for 2018-19 will be updated for all agreed changes once the audit fieldwork is completed and the changes will be verified with EY. The accounts will then be brought to a meeting of this committee for approval.

3.4.3 The draft Statement of Accounts for 2019-20 will be updated once the audit of the 2018-19 accounts is completed as the prior year comparator figures used are currently based on the draft accounts for that year. The revised draft accounts will be passed to the auditors to enable them to commence their audit as soon as is practical.

4. Implications (including financial implications)

4.1 Policy

4.1.1 There are no specific policy implications from this report.

4.2 Resources and Risk

4.2.1 There is a resource implication in ensuring that the finance team and other teams required to support the audit process are available to support the delayed audit process. This will place additional demands on staff time due to the audit of both years taking place at a non-standard time in the year. This may lead to additional costs through the retention of external resources supporting the teams.

4.3 Legal

4.3.1 The actions proposed in this report will enable the Council to meet its statutory requirements of finalising its 2018/19 and 2019/20 Statement of Accounts.

4.4 Equality

4.4.1 There are no specific equality implications from this report.

4.5 Consultees (Internal and External)

4.5.1 The Audit Committee will be the main consultee as part of the accounts and audit process. In addition, the Council has published the accounts for public inspection for a period of 6 weeks.

4.6 Other Implications

4.6.1 None specifically.

5. Background Papers

5.1 None

Jean Stevenson
Interim Senior Finance Business Partner for Closedown

Stuart McGregor
Chief Finance Officer (Section 151 Officer)

Appendices:

1. Governance Report
2. Temporary workers register
3. Q2 20/21 Corporate risk register



NORTHAMPTON
BOROUGH COUNCIL

AUDIT COMMITTEE REPORT

Report Title	Governance Report Update
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AGENDA STATUS: PUBLIC

Audit Committee Meeting Date: 14th December 2020

Policy Document: Governance Report

Services: Chief Finance Officer

Accountable Cabinet Member: Jonathan Nunn - Leader

1. Purpose

1.1.1 This report presents the quarterly Governance Report.

2. Recommendations

2.1 That the Committee review, comment and request additional information be included or, if not required, items are omitted for future quarterly Governance Reports.

2.2 That the Committee agree that the Governance report continue to be presented quarterly with appendices where relevant.

3. Issues of note

3.1 Report Background

Previously, the Audit Committee was presented with the Governance Action plan that was introduced in 2016. This has now been completed and it has been identified that a quarterly governance statement is required to give assurance of controls and process improvements within NBC.

3.2 Issues

Q2 20/21 Corporate Risk register

Risk management is a key priority for the Council. Critical to the development of better risk management is the development of a tighter culture of risk identification, assessment and mitigation at all levels of the Council, including at the corporate level, with proper and regular updates to assessments of potential risks.

- 3.2.1 17 risks were stated on the corporate risk register as of December 2020. Of these 12% are rated red and 88% rated amber.
- 3.2.2 There has been no movement in the risk ratings from Q1 to Q2.
- 3.2.3 The corporate risk register will be updated for Q3 2020/21 during December 2020/January 2021. Any significant changes will be reported to Cabinet.

4. Implications (including financial implications)

4.1 Policy

- 4.1.1 There are no policy changes as a result of this report.
- 4.1.2 There may be various impacts and changes to current policies. The governance report will assure Audit Committee that policies and procedures are being strengthened to contribute to building a strong control environment at the Council.
- 4.1.3 Compliance with policies will be monitored through the Internal Control reviews and reported upon through the governance structure and to the Audit Committee starting in the new financial year.

4.2 Resources and Risk

- 4.2.1 The Governance team are fully resourced to cover the areas reported within the Governance report. Financial implications will be reported through the budget process.

4.3 Legal

- 4.3.1 None to report at present.

4.4 Equality

- 4.4.1 Whilst there are no specific equality implications at this stage, various policies will be reviewed through the improvements in procedures throughout NBC. All reviews will be supported by equality and community impact assessments.

4.5 Consultees (Internal and External)

4.5.1 Internal consultation has taken place with Corporate Management Board and other senior officers where required.

4.6 Other Implications

4.6.1 None specifically

5. Background Papers

5.1 None at present

Joanne Bonham, Governance & Risk Manager

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NORTHAMPTON
BOROUGH COUNCIL

Governance Report to Audit Committee

14th December 2020

49

CONTRIBUTION LIST

Service Area:	Responsible:
LGSS Contract Management Risk/policies/emergency planning/AOB Temporary workers GDPR H & S	Stuart McGregor Jo Bonham Karen Middleton David Taylor Julian Bissaker

1. LGSS Contract Management:

- LGSS no longer exists – disbanded 1st December 2020
- NBC is directly supported by NCC, MKC and CCC delivering the services through to Unitary
- KPI's and management information to be provided by the 3 lead authorities

2. Risk registers:

- Brexit risk register – ongoing live document.
- Covid risk register – updated weekly when relevant
- Corporate risk register – Q3 2020/2021 to be completed during December 2020/January 2021 (Appendix 3)

3. Emergency Planning:

- Business continuity plans to be finalised – Covid-19
- Duty rota and calendars to be updated to Unitary 2021
- Involvement with LGR unitary team to discuss how emergency planning will be delivered in the two unitaries
- Task and finish group set up to deal with Covid-19 planning – plans are in place to deal with any potential issues
- Covid-19 FAQ's prepared and communicated to all staff
- SCG and TCG in place to deal with the Covid response

4. Temporary Worker Register

- See appendix 2

5. Health & Safety:

Accident / Incident Statistics 2020/21													
	April	May	June	July	August	September	October	November	December	January	February	March	
Borough Secretary													0
Customers and Communities	1	2		2	1	2	4	1					13
Housing & Wellbeing	1	1	3			2	2	1					10
LGSS							1	2					3
Chief Finance Officer													0
Chief Executive													0
Planning						1							1
Economy, Assets & Culture	5		7	7	5	11	6	4					45
Grand Total 20/21	7	3	10	9	6	16	13	8	0	0	0	0	72

Accident / Incident Statistics 2019/20													
	April	May	June	July	August	September	October	November	December	January	February	March	
Borough Secretary		1		1						1	1		4
Customers and Communities	2	2	1	1	5	7	5	4	4	5	5		41
Housing & Wellbeing	2			2			3		1	6			14
LGSS									1		1	1	3
Chief Finance Officer													0
Chief Executive													0
Planning	1			1		2		1			1		6
Economy, Assets & Culture	3		1	3	4	6	1	2	5	8	6	1	40
Grand Total 19/20	8	3	2	8	9	15	9	7	11	20	14	2	108

51

Type of Accident / Incident 2020/21													
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
Aggressive behaviour including verbal abuse	5	3	6	1	2	8	7	4					36
Dangerous occurrence													0
Exposed to fire or explosion													0
Exposed to, or in contact with hazardous substance							1	1					2
Fall from Height					1								1
Hit by a moving vehicle													0
Injured by an animal or insect													0
Injured while handling, lifting, and carrying													0
Medical condition			2	2	1		3						8
Near miss	1		2	3	2	2	1	1					12
Other	1					1		2					4
Physical assault													0
Property and plant damage as a result of an accident													0
Needle Stick Injury													0
Road traffic accident						1							1
Slip, trip and fall on the same level				2		1	1						4
Theft/Damage						1							1
Struck by moving, flying, falling parts or objects													0
Struck, caught, trapped by something fixed or stationery				1		2							3
Grand Total	7	3	10	9	6	16	13	8	0	0	0	0	72

6. GDPR:

April – November 2020											
Service	Total	Reportable Breaches	Non Reportable	Non Breaches	Deferred to another controller	Investigation ongoing	Procedure improvement	Correct Data Set	Update contact details	Staff Training	Notes
Borough Secretary A3	0	0	0	0	0	0	0	0	0	0	
Customers and Communities A7	1	0	1	0	0	0	0	1	0	0	* Website search engine error. Providing returns on SPOC and rota.
Economy Assets and Culture A9	0	0	0	0	0	0	0	0	0	0	
Finance and Governance A13	1	0	0	1	0	0	0	0	0	0	

Planning A20	5	0	4	1	0	0	1	0	0	3	* Private number on website * Email addresses CC'd rather than BCC'd on bulk send out. * Email address shared with neighbour * Staff member personal mobile number passed to member of the public.
CTax & HB (LGSS) A5	4	0	3	1	0	0	0	0	1	2	* Document sent to old address. * Email to wrong address * Internal memo sent to external recipient.
Clr A4	0	0	0	0	0	0	0	0	0	0	
Environmental Health A10	0	0	0	0	0	0	0	0	0	0	
HR and Payroll A15	0	0	0	0	0	0	0	0	0	0	
Post Room A21	1	0	0	1	0	0	0	0	0	0	
Housing and Wellbeing A14	3	0	1	2	0	0	0	0	0	1	* Email to wrong recipient.
Community Safety and Engagement A6	0	0	0	0	0	0	0	0	0	0	
Democratic Services A8	1	0	0	1	0	0	0	0	0	0	
NNDR A18	0	0	0	0	0	0	0	0	0	0	
External Agency A11	0	0	0	0	0	0	0	0	0	0	
External Contractor A12	0	0	0	0	0	0	0	0	0	0	
NLT A17	0	0	0	0	0	0	0	0	0	0	
NPH A19	0	0	0	0	0	0	0	0	0	0	
Total	16	0	9	7	0	0	1	1	1	6	

7. AOB:

- The Governance team are involved in various workstreams for unitary including:

Business Intelligence

Emergency Planning

Data Protection

Health & Safety

Learning & Development

Audit and risk

ICT

County & District/Borough closedown

HR & Payroll

Change champions

Register of Temporary Workers

April 2020 to March 2021

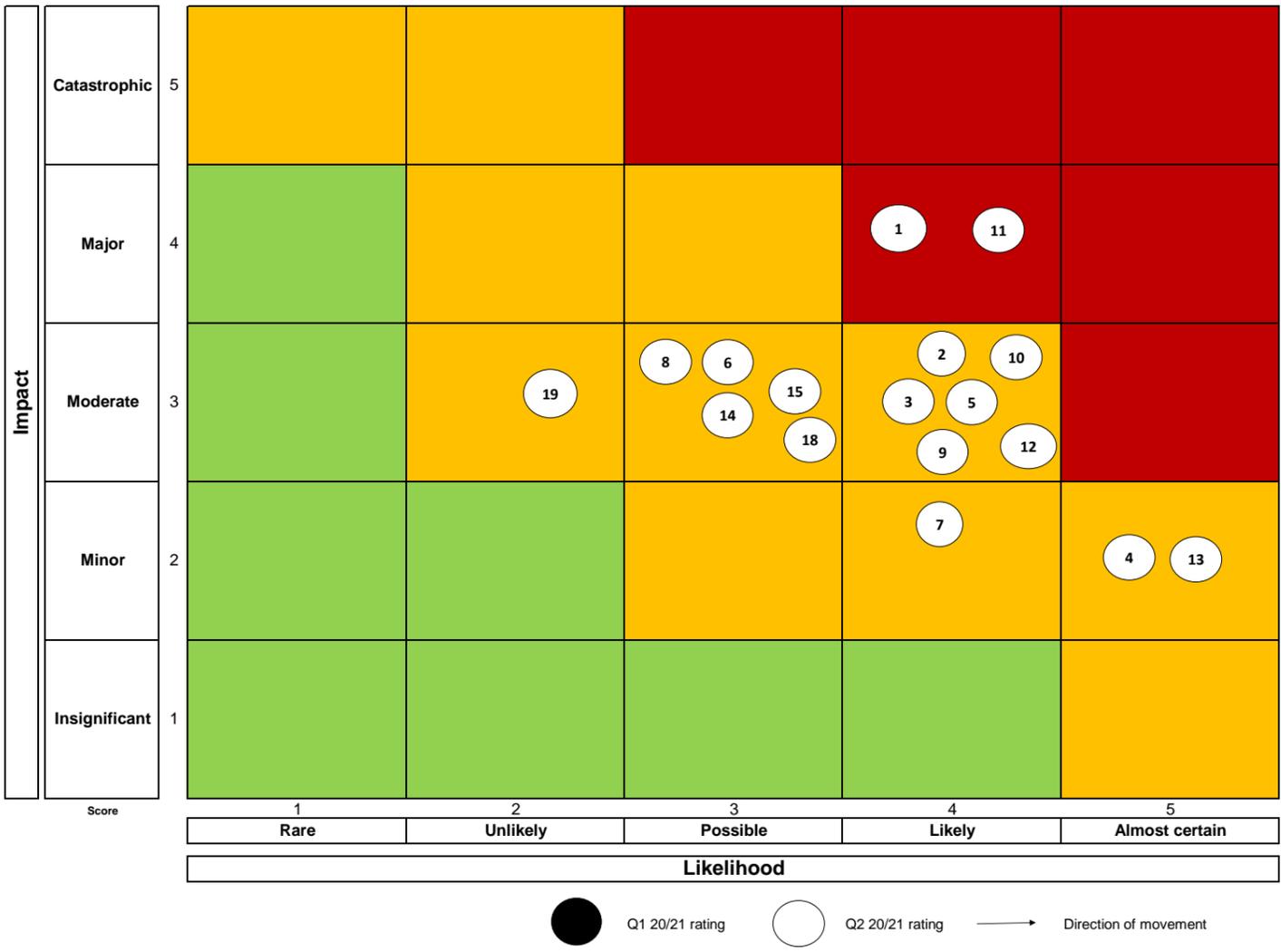
	Total Cost April 2020 - March 2021	Total Cost April 2020	Total Cost May 2020	Total Cost June 2020	Total Cost July 2020	Total Cost August 2020	Total Cost Sept 2020	Total Cost Oct 2020	Total Cost Nov 2020
Chief Executive	-	-	-	-	-	-	-	-	-
Head of Economy, Assets & Culture	73,188.05	21,125.19	13,143.69	10,492.62	12,891.80	6,634.75	4,400.00	4,500.00	-
Head of Planning	16,706.25	2,846.25	2,733.75	3,161.25	2,115.00	2,182.50	£ 1,552.50	2,115.00	-
Head of Housing & Wellbeing	196,271.94	25,156.61	28,832.19	32,847.41	27,095.76	24,918.84	£ 15,220.22	21,329.62	20,871.29
Borough Secretary & Monitoring Officer	98,871.51	9,688.82	11,443.66	14,014.40	15,329.75	18,451.61	£ 10,276.29	11,238.84	8,428.14
Chief Finance Officer (S151)	-	-	-	-	-	-	-	-	-
Head of Customers & Communities	31,553.71	4,229.37	4,931.63	3,114.51	2,380.52	3,991.70	5,050.85	6,257.77	1,597.36
Overall Total:	416,591.46	£63,046	£61,085	£63,630	£59,813	£56,179	£36,500	£45,441	£30,897

Service Area
Chief Executive's Office
Head of Economy, Assets & Culture
Head of Planning
Head of Housing & Wellbeing
Borough Secretary & Monitoring Officer
Chief Finance Officer (S151)
Head of Customers & Communities
Total

Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20
0	0	0	0	0	0	0	0
8	6	6	5	3	1	1	0
1	1	1	1	1	1	1	0
7	8	9	8	7	4	6	6
3	3	4	4	4	4	4	3
0	0	0	0	0	0	0	0
2	2	2	1	2	5	5	3
21	20	22	19	17	15	17	12

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CORPORATE RISK REGISTER
Q2 September 2020



- Risks**
1. Failure to deliver a balanced budget.
 2. Insufficient clarity around Member and Officer roles.
 3. Inadequate succession planning and staff retention.
 4. Inability to meet and manage the demands of homelessness.
 5. Failure to manager or failure to deliver or expose new risks as a result of poor project management practice.
 6. Legal obligations under GDPR are breached.
 7. Plans for improving the economic prosperity and regeneration of Northampton are not delivered.
 8. NBC fails to manage its partnerships (LGSS, NPH, NLT).
 9. Major or large scale incident causes business interruption.
 10. Impropriety or improper business activities leading to fraud or malpractice.
 11. Decisions made at Council or Cabinet level are not robust to withstand legal challenge..
 12. Inability og IT to service future requirements due to cyber attack.
 13. Non-compliance with Fire and Health & Safety legislation.
 14. Safeguarding arrangements are not adequate to protect vulnerable adults and children.
 15. Failure to deliver enough new housing.
 16. REMOVED: LGR risk - To be included in LGR project risk register.
 - 17a. REMOVED: Impact of Brexit on NBC services.
 - 17b. REMOVED: Impact of Brexit on Northampton economy.
 18. NEW RISK: Climate change.
 19. NEW RISK: Loss of LGSS services

Impact		Health and Safety	Reputation	Financial	Legal / Regulatory
5	Catastrophic	Fatality	Critical impact on business reputation and/or national media exposure.	Financial loss in excess of £10 Million/ Impact on budget > 12 %	Regulatory and high level Government intervention/action.
4	Major	Permanent disabling injury and / or long term off work	Significant impact on business reputation and/or national media exposure.	Financial loss from £5 to £10 Million/ Impact on budget 6 -12%	Managment challenged / Large legal liabilities. Likely to result in regulatory intervention/action.
3	Moderate	Injury requiring medical treatment , time off work and rehabilitation	Moderate to small impact on business reputation.	Financial loss from £2 to £6 Million / Impact on budget 2 - 6%	Management reviewed / legal reserves established. Triggers regulatory investigation.
2	Minor	Injury requiring medical treatment with no lost time	Some impact on business reputation.	Financial net loss from £0 to £2 Million/ Impact on budget < 2 %	Minimal / limited liabilities. Requires immediate regulator notification.
1	Insignificant	Minor medical treatment, no lost time.	No impact on business reputation.	No financial net loss or impact on budget	Minimal liabilities. No immediate regulator notification required.

Likelihood		Description
5	Almost certain	Is expected to occur in most circumstances/ occurs daily - weekly
4	Likely	Could occur in most circumstances / occurs monthly
3	Possible	Has occurred here or elsewhere / Once a year
2	Unlikely	Hasn't occurred yet but could / once in 5 years
1	Rare	Hasn't occurred yet but could / once in 10 years

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CORPORATE RISK REGISTER
Q2 September 2020

No	Risk Description	Risk Causes	Risk Consequences	Inherent Risk Rating	Key Measures in Place to Manage The Risk	Current Risk Rating	Further Action & Implementation Date	Target Risk Rating	Risk Owner	Update & date
1	Failure to deliver a balanced budget 20/21 – 23/24	<ul style="list-style-type: none"> • Council unable to deliver sufficient savings to balance budget • Major projects don't deliver planned benefits • Complacency in the organisation • Increased organisational change and complexity • Changes in govt. funding particularly NNDR and NHB including late Government Financial Settlement due to change in Prime minister/Cabinet • Complex challenges of addressing both the controllable and uncontrollable pressures and events that can act on both income and expenditure • Challenges of working with partnership or arms- length organisations where there is a loss of direct management control . Covid19 - income loss and uncontrollable costs 	<ul style="list-style-type: none"> • Inability to set a legal budget • Depleted Reserves • Need to realise capital receipts • Inability to deliver services to meet customer need/demand and expectations of the Council - Budget overspend not containable within normal reserves 	16	<ul style="list-style-type: none"> • Review reserves strategically • Robust monitoring of budgets by services and taking early remedial action where issues identified. • Management Board action to limit spending where appropriate and communicate to staff on spending restrictions • Bi-monthly financial reporting to Cabinet • Monthly financial reporting to the Management Board • Finance Away Days for Boards and HoS • Bi-monthly meetings between LGSS Contract Managers and the S151 officer. Improved management reporting and KPI's. • Cabinet/CMB awayday held 3rd October and 7th November 2019. • Draft balanced budget to Cabinet 23/12/19 • Public consultation to 31/1/20 - CMB monitoring budgets monthly and updating Cabinet on Covid specific risks 	16	<ul style="list-style-type: none"> • Change in Government funding restricts District & Borough council tax increase to 1.99%, previously increase limit was 2.99% - Actively pursuing all Government Grant opportunities - Considering what costs can be reduced from normal services and what options may go forward to Cabinet to consider 	4	CFO (S151)	Updated Sept 2020

59

No	Risk Description	Risk Causes	Risk Consequences	Inherent Risk Rating	Key Measures in Place to Manage The Risk	Current Risk Rating	Further Action & Implementation Date	Target Risk Rating	Risk Owner	Update & date	
2	<p>Projects may be instigated outside normal process where there is a lack of clarity around Member and Officer roles.</p> <p>Reputational damage may occur should promises to the public by Members not be realised.</p>	<ul style="list-style-type: none"> Members and Senior Officers roles (formulating and administrating policy respectively) are not always clear The culture does not resonantly promote a separation of the respective roles and duties of members and officers Officers feel inhibited in giving full, objective, professional and technical advice to Members in charged political atmospheres Officers in their role seek to frustrate the strategic choices, policy and direction-setting of Members Weak management of Members by leadership in the past 	<ul style="list-style-type: none"> Significant decision-making with significant outcomes and impacts is not robust and is not properly administered or processed by the organisation The intended outcomes and objectives of decisions are not achieved or are achieved in sub-optimal terms Maladministration occurs The control environment is weakened and controls could be bypassed Potential for reputational damage and loss of public and stakeholder confidence Regulatory criticism Legal challenge may be made and increased costs incurred 	20	<ul style="list-style-type: none"> Council Constitution (incl. the Member-Officer Protocol) Cabinet reporting system Scheme of Delegation Contract Procedure Rules EPB set up to aid interface between Members and Officers. Weekly meeting with CMB and Cabinet to discuss general updates and any potential issues/gaps in information communicated. Review of EPB terms of reference (Sept 2018) Independent review by BDO as the internal auditors. Political skills training took place 17th October. 	12	12	<ul style="list-style-type: none"> Implementation of Member-Officer Protocol audit recommendations following BDO review (by Mar 20) Provision of training on Member-Officer Protocol (by April 20) Corporate training to Officers plus briefings to all staff to reiterate the standards to be enforced (by April 20) Member protocol agreed by standards committee and member officer working group, last meeting 29th June 2020. Agreed to obtain member approval at Full Council on 20th July 2020. 	12	Borough Secretary	Updated October 2020

No	Risk Description	Risk Causes	Risk Consequences	Inherent Risk Rating	Key Measures in Place to Manage The Risk	Current Risk Rating	Further Action & Implementation Date	Target Risk Rating	Risk Owner	Update & date	
3	Inadequate succession planning, capacity and retention leading to service disruptions/non delivery	<ul style="list-style-type: none"> Salaries not competitive with LAs outside the local catchment area Reputation of the Council is not positive Perception of organisational instability Continual cost cutting Drift in staff morale Differing levels of engagement within the organisation Historic failure and disconnect of leadership to engage with staff Impact of unitary causing uncertainty Lack of HR strategic profile in the organisation Extension to Unitary launch 2020 to 2021 	<ul style="list-style-type: none"> Inability to recruit to roles (particularly key roles) Inability to retain staff (particularly key talent staff) Depressed staff morale Increased staffing costs due to agency/interim costs Staff leaving (particularly key staff) take their organisational knowledge out of the organisation when they leave No succession planning is possible particularly around specialist and qualified posts Reduced organisational effectiveness and performance Lack of organisational resilience 	20	<ul style="list-style-type: none"> Recruitment process changed eg. to advertise more widely, use of dynamic job ads and increase use of specialised agencies to find permanent staff or fixed term applicants Benefit of council pension scheme headlined to attract staff Performance appraisal rewards highly effective staff Family friendly policies, eg maternity and paternity leave Generous holiday allowance Subsidised car-parking Guildhall location Flexible working hours Inflation pay rises provided Further CMB/Cabinet review Jan/Feb 2020 - priorities and implication of unitary 	12	12	<ul style="list-style-type: none"> Review of staff Terms and Conditions (ongoing) Review of performance appraisal process (ongoing) A number of initiatives in wellbeing and communication being considered for deployment (On-going) Roll-out of Leadership Development Programme (On-going) Promote unitary as an opportunity for development CMB is considering all options to reduce the risk and any impact, CMB is being informed by views from MTUCM Uncertainty around Unitary may increase risk. Regular reporting on use of interims and spend to CMB CMB through OD & HR identifying risks and mitigations Learning and Development strategy including succession planning in draft, due to be finalised Spring 2020 	9	CFO (S151)	Reviewed June 2020

No	Risk Description	Risk Causes	Risk Consequences	Inherent Risk Rating	Key Measures in Place to Manage The Risk	Current Risk Rating	Further Action & Implementation Date	Target Risk Rating	Risk Owner	Update & date	
4	Inability to meet and manage the demands of homelessness in the Borough	<ul style="list-style-type: none"> Significant increases in the numbers of people who are homeless Significant increases in the number of people in temporary accommodation (TA) Welfare reform, eg. extension of the benefit cap reducing affordability of housing Households loss of private rented accommodation Difficulty in accessing private rented accommodation Shortage of social rented housing Homelessness Reduction Act increasing use of TA 	<ul style="list-style-type: none"> Increased demand leads to significantly greater costs for the Council Follow-on significant budgetary overspend occurs Pressure of financial impact of overspend of c£1.5m More homelessness applications Increased statutory duty to rehouse Increases of numbers of people in BB and TA accommodation 	16	<ul style="list-style-type: none"> Rigorous budget monitoring in place Regular financial reporting to Management Board, Portfolio-Holder & Cabinet Budget increases 19/20 for service provision and improved staffing levels. 3/4/19 - Cabinet approved a 14 point action plan for reducing the use and cost of TA Further mitigate cost <ul style="list-style-type: none"> Strategy for procuring cheap accommodation Slow demand Fortnightly meetings of multi-disciplinary TA Action Plan Implementation Group Restructure of Housing & options team Consultation completed August 2019. Restructure focussed on increasing management capacity, homelessness prevention and more effective management of homelessness and TA Recruitment of additional posts completed 	10	10	<p>The acquisition of Beaumont House and Riverside House are now complete and work will soon be underway to convert these two redundant office blocks into a total of 120 apartments.</p> <p>Requested Cabinet to authorise the purchase of 130 homes and six houses in multiple occupation, through the Housing Revenue Account, in order to reduce the use and cost of temporary accommodation and increase the supply of supported housing available to people who are sleeping rough. More use of private sector properties through Social Lettings Agency's- Leasing Scheme.</p>	10	Head of Housing	Updated July 2020
5	Failure to manage, deliver or expose new risks as result of poor project management practice. Reputational damage possible.	<ul style="list-style-type: none"> Lack of a clearly-defined project management governance structure Lack of written procedures and related compliance as a source of assurance Inadequate checks and balances Inadequate project documentation maintained - business cases in particular 	<ul style="list-style-type: none"> Wrong decisions made on an unviable business case Continual review of projects – stopping unviable projects Reputation Financial costs Pressure on resources Pay back on investment funds if not delivering 	16	<ul style="list-style-type: none"> Gateway reviews conducted and reported to CMB for approval More robust governance processes (as per above risk on governance) Completion of Project Management Framework document Highlight reports reported monthly to CMB Project Managers are made accountable for reporting issues and risks to the Head of Economy, Assets and Culture Review of project management documentation to simplify and make it easier for reporting purposes (April 2019). 	12	12	<ul style="list-style-type: none"> Continue to develop and install more robust governance processes (On-going) 	4	Economic Growth & Regeneration Manager	Reviewed September 2020

No	Risk Description	Risk Causes	Risk Consequences	Inherent Risk Rating	Key Measures in Place to Manage The Risk	Current Risk Rating		Further Action & Implementation Date	Target Risk Rating	Risk Owner	Update & date
6	Legal obligations under the Data Protection Act 1998 (and also the superseding GDPR EU Regulations in 2018) are breached and there is inappropriate access and/or disclosure, corruption or loss of data	<ul style="list-style-type: none"> Not implementing the new EU data protection legislation Lack of staff knowledge of policy and procedure Ineffective implementation of GDPR Regulation requirements Lack of an implementation plan for GDPR 	<ul style="list-style-type: none"> Data breaches Prosecution Fines Lack of confidence and public trust Reputational issues Member criticism 	20	<ul style="list-style-type: none"> Data sweeps Data governance Staff awareness Campaigns/refreshers online training Data Protection Policy update May 2018 Follow up actions and lessons learnt communication to all staff through newsletters/all staff emails GDPR implementation plan in place Inclusion within re-launched corporate induction BDO Internal Audit review (June 2019) 	9	9	<ul style="list-style-type: none"> Continue with training on GDPR refresher courses for officers and members (ongoing) e-learning module available to all staff review and update of all policies and procedures (ongoing) Procedures and schedules developed to ensure clearance of stored documentation by December 2020 both physical and electronic. Data audits (ongoing) 	3	Governance & Risk Manager	Updated October 2020
7	There are no clear plans for improving the economic prosperity and regeneration of Northampton.	<ul style="list-style-type: none"> Lack of skilled resource and vision Lack of local knowledge LGR creates political uncertainties No cohesive decision making in relation to regeneration strategy for Northampton between Officers and Members. 	<ul style="list-style-type: none"> Investors not investing in the town or pulling out of partnership arrangements Jeopardising current and future regeneration and growth projects Damage to Northampton as a place of choice 	16	<ul style="list-style-type: none"> Lessons-learned reviews being held Improved reporting through to CMB and EPB Plans being developed in terms of QA and process and service capability in structure Town Centre Masterplan developed by 'Northampton Forward' and adopted by The Council in October 2019. Development of growth team Delivery of Northampton Economic Growth Strategy (May 2020) Submission of business cases to enable Regeneration (FHSF, LGF etc) 	8	8	<ul style="list-style-type: none"> Feasibility of other project to help improve economic prosperity Further development of growth team 	2	Economic Growth & Regeneration Manager	Updated September 2020

No	Risk Description	Risk Causes	Risk Consequences	Inherent Risk Rating	Key Measures in Place to Manage The Risk	Current Risk Rating	Further Action & Implementation Date	Target Risk Rating	Risk Owner	Update & date
8	NBC fails to manage its contractual partnerships with: • LGSS • NPH • Veolia	<ul style="list-style-type: none"> • Loss of direct management control over activities • Poor governance • Lack of contract monitoring at officer level • Lack of quality control • Performance monitoring information is not developed • Poor contract specification and understanding • LGSS Services and structure review by owners 	<ul style="list-style-type: none"> • Services not delivered to quality, time and cost • Failure in fulfilling legal responsibilities • Hindering the achievement of the councils objectives • Negative impact to customers and stakeholders • reputational risk to NBC • Drop in services from LGSS 	12	<ul style="list-style-type: none"> • Taking remedial action where required e.g. HR and Payroll coming back in-house • Quarterly reports and meetings 	9	<ul style="list-style-type: none"> • robust contract monitoring and quality control • Continual review of LGSS contract, working with NCC to ensure contiued delivery of ex LGSS services, hosetd by NCC • Holistic/virtual team of contract managers to share good practice • Internal audit report confirms adequate processes • Regular discussions with LGSS MD/NCC S151/MK S151 	8	CFO (S151)	Updated Sept 2020
9	Major or large scale incident (accident, natural hazard, riot or act of terrorism) business interruption affecting the council resources and its ability to deliver services and risk to safety of staff and loss of staff	<ul style="list-style-type: none"> • Accident, natural hazard, riot or act of terrorism or other business interruption 	<ul style="list-style-type: none"> • Lack of business continuity Council not able to deliver front-line services • Council failing to meet statutory responsibilities • Risk of safety to staff and loss of staff • Customer needs not being met 	20	<ul style="list-style-type: none"> • Updated business continuity strategy and business continuity plans partially in place with some services remaining outstanding • Refreshed Critical Incident Plan • Emergency Planning Work-streams facilitated by Emergency Planning lead including town centre evacuation procedures • Establishment of Gold and Silver duty rota • Review of high-rise buildings in the borough post-Grenfell • On-going improvements identified and implemented as a result of participation in national and local exercises eg Cygnus (flu-pandemic) and Jerboa (flooding) exercises • Involved in London Bridge preparedness • Incident room manual reviewed and updated October 2019 • Request for further nominees for EP roles circulated September 2019 • Further training for emergency planning volunteers organised for October 2019 • London Bridge Protocol updated October 2019 • London bridge exercise 17th December 2019 Continuing improvements to BC and Emergency Planning procedures to be implemented post operations e.g. 2018 Floods (on-going) 	12	<ul style="list-style-type: none"> • Continuing work to ensure all services at the Council put in place a business continuity strategy and plan (On-going) • Following the Covid-19 pandemic and emergency response Business Continuity plan format to be simplified • SCG and TCG established and continue to respond to the Covid-19 pandemic • Separate risk registers established for SCG and TCG Covid-19 response • Clarify arrangements for business continuity responsibility for key partner organisations (On-Going) • Identification and risk assessments of reception centres (On-going) •Resilience of key staff considered •Return to work strategy developed 	9	CEO	Updated September 2020

No	Risk Description	Risk Causes	Risk Consequences	Inherent Risk Rating	Key Measures in Place to Manage The Risk	Current Risk Rating	Further Action & Implementation Date	Target Risk Rating	Risk Owner	Update & date
10	Impropriety or improper business activities leading to fraudulent activity or malpractice	<ul style="list-style-type: none"> • LGSS services returning - HR and Payroll - shifting accountabilities • Lack of robust governance, procedure or process • Lack of robust internal controls • Inadequate reviews by internal audit on financial controls • No assurance from LGSS on effectiveness of controls 	<ul style="list-style-type: none"> • Avoidable financial loss • Criminal prosecution • Civil litigation • Fines • Lack of confidence from staff or public • Reputational damage • Member criticism 	15	<ul style="list-style-type: none"> • Counter-fraud strategy in place • NBC Fraud policy in place • Section 151 controls • Review of policy and procedure • Review of LGSS Finance SLA and process • Whistleblowing Policy approved by Council • New suite of KPI's developed • NBC fraud policy updated October 2019 	16	<ul style="list-style-type: none"> • Quarterly balance sheet reviews of financial controls within LGSS • Continued assurance of controls through bi-monthly contract management meetings with LGSS • Targetted use of internal audit (BDO) in risk areas/services 	10	Governance & Risk Manager	Reviewed October 2020
11	Significant decisions made at Council and Cabinet level are not sufficiently robust leading to ill informed decisions being made.	<ul style="list-style-type: none"> • Inadequate governance • Inadequate checks and balances 	<ul style="list-style-type: none"> • Civil litigation, including judicial review • Lack of confidence from staff or public • Court cases • Ombudsman reviews 	15	<ul style="list-style-type: none"> • Additional/Increased cabinet clearance protocols in place • Reworked clearance processes • EPB Officer/Member interface in operation to ensure greater understanding prior to cabinet/council meetings • Cabinet reports cleared by CMB 	12	<ul style="list-style-type: none"> • Completeness now a higher indicator than recorded date. • Recruitment of additional staff members in Democratic Services Q1 2020. Re-structure in the department and have strengthened the section. • Committee report writing Course to be delivered by an external trainer on 27th October, aim is to improve quality of reports. • Report writing manual prepared by Democratic Services to be reported to CMB, will improve structure and information for officers Workshop held with Democratic Services Officers, agreed actions include tighter monitoring of clearance process; compliance times reiterated to senior managers and included in their diaries and the creation of a manual- to be completed in August 	10	Borough Secretary	Updated October 2020

65

No	Risk Description	Risk Causes	Risk Consequences	Inherent Risk Rating	Key Measures in Place to Manage The Risk	Current Risk Rating		Further Action & Implementation Date	Target Risk Rating	Risk Owner	Update & date
12	Inability of IT to service future requirements and or loss of IT due to failure or cyber-attack	<ul style="list-style-type: none"> Poor governance Lack of contract monitoring Lack of quality control Increased external cyber attack numbers and complexity 	<ul style="list-style-type: none"> Services not being delivered to customers Business interruption Inefficient business processes and technology not adequately exploited - increased impact assessment due to Covid, remote working make 	15	<ul style="list-style-type: none"> Review of current LGSS SLA with IT to see what can be improved and remedial action taken IT policies and procedures reviewed and refreshed Review of IT equipment and infrastructure PSN Compliance achieved Lessons-learned review implemented following ransomware attacks in 2016/17 LGS Cyber self assessment completion completed October 2019 Cyber attack exercise 26th July 2019 to test staff and systems with a positive outcome heightened awareness with Covid and remote working, regular staff updates to highlight risk of phishing/scams 	10	10	<ul style="list-style-type: none"> ICT Governance Meetings (On-going) ICT Client Meetings to assess relationships and risks (On-going) LGA stocktake results action plan implementation and ongoing work - 85% completed as at 30/09/20 heightened awareness and alert by ICT Teams to spot unusual activity and pass on any specific sector warning to service users 	10	CFO (S151)	Updated September 2020

No	Risk Description	Risk Causes	Risk Consequences	Inherent Risk Rating	Key Measures in Place to Manage The Risk	Current Risk Rating		Further Action & Implementation Date	Target Risk Rating	Risk Owner	Update & date
13	There is non-compliance with fire and Health and Safety legislation.	<ul style="list-style-type: none"> Lack of a clear strategy Processes not followed Audits and inspections not completed in a timely manner Recommendations not escalated or followed up by service areas 	<ul style="list-style-type: none"> Continuing lack of a clear strategy /strategic direction Death or injury to public or staff Criminal prosecution or civil litigation Service stopped Loss of public trust Action by H & S executive or Northants Fire and Rescue Fines to organisation Corporate manslaughter charges Insurance claims Financial loss 	20	<ul style="list-style-type: none"> Corporate Health & Safety Group set up and in place Upskilling of managers in terms of H&S responsibilities Audit & Inspection Framework in place H&S Matrix in place cross-referencing role profiles to required H&S training Review of H&S policies and procedures and refreshed where appropriate Refresher staff comms and training Fire Marshal training completed Implementation of mandatory on-line training courses for all staff Corporate Health Safety and Wellbeing Policy presented to Council and signed off on 9th July 2018. Creation of a H & S Committee Restructure of the H & S delivery and service (2018) Mandatory e-learning modules 	9	9	<ul style="list-style-type: none"> Communication and engagement with staff through information/training sessions (On-going) Continued progress with H & S audits and inspections Active engagement through H & S Committee of management, H & S Officers, staff and TU's. Review of H & S procedures and assurance provided by NPH Work starting to clear off outstanding audit and inspection recommendations (December 2020) 	6	Governance & Risk Manager	Reviewed October 2020

No	Risk Description	Risk Causes	Risk Consequences	Inherent Risk Rating	Key Measures in Place to Manage The Risk	Current Risk Rating		Further Action & Implementation Date	Target Risk Rating	Risk Owner	Update & date
14	Safeguarding arrangements are not adequate to protect or address concerns of vulnerable adults and children.	<ul style="list-style-type: none"> Staff lack of awareness of procedure or referral route 	<ul style="list-style-type: none"> Children or vulnerable adults harmed or put at risk of harm Criminal prosecution or civil litigation Seriously damaging reputation or NBC 	20	<ul style="list-style-type: none"> Procedures and referral routes reviewed and refreshed where necessary Refreshed procedures and referral routes communicated Designated Officer for Safeguarding as point of contact in place Series of presentations on CSE, including with Members and staff, to build awareness Increased joint working with County Council (Rise Team), other boroughs and districts, including with community safety, licencing and social landlords Scrutiny Review of CSE in the Borough Scrutiny Review gone to Cabinet Established an NBC officer group for tackling CSE. Commenced implementation of recommendations arising from the above Cabinet report (June 2019) Response to scrutiny review (December 2018) Identification of a Safeguarding Champion within each service area (June 2019). 	9	9	<ul style="list-style-type: none"> Implementation of key audit recommendations from Safeguarding audit (December 2019) Development of a programme of e-learning training for staff (January 2020) -New staff completing mandatory safeguarding training as part of the induction. BDO audit due August 2020 	9	Head of Housing	Updated July 2020
15	Failure to deliver enough new housing to meet targets and needs	<ul style="list-style-type: none"> Local housing market housebuilders not wanting to devalue their product by flooding the market increasing land values Scarcity of experienced trades people and of materials. 	<ul style="list-style-type: none"> Not delivering enough housing to meet local demand Increase in homelessness and demand for temporary housing Failure to meet local targets Failure to meet Housing Delivery Test resulting in increased targets Potential loss of decision making role Inability to resist housing proposals in unsustainable locations 	16	<ul style="list-style-type: none"> Secured Planning Delivery Funding to recruit Housing Delivery Manager to liaise with housebuilders and establish what is delaying delivery Regular monitoring of local and market area delivery Flexible approach to planning applications Investigating investment in infrastructure to open up allocated sites and accelerate delivery Development of a Growth Deal to secure additional resources for affordable housing, infrastructure and capacity, and planning freedoms Promotion of role within Growth Corridor Cabinet approval of £4.2m Dallington relief road September 2018. HRA cap lifted. Limitation now is capacity to deliver and the sites available. 	9	9	<ul style="list-style-type: none"> Continue to progress the Strategic Plan and associated evidence, and ensuring this will reflect the outcome of the White paper consultation. Options consultation to run during Summer 2021 Ongoing engagement with MHCLG regarding the OxCAM Growth Arc, including the development of the non statutory Spatial Framework. 	9	Director of Planning and Sustainability	Updated November 2020

No	Risk Description	Risk Causes	Risk Consequences	Inherent Risk Rating	Key Measures in Place to Manage The Risk	Current Risk Rating	Further Action & Implementation Date	Target Risk Rating	Risk Owner	Update & date
16	REMOVED Q3 2018: LGR risk, to be included within the main LGR project risk register									
17a	Impact of Brexit on NBC services.	<ul style="list-style-type: none"> Brexit deal/no deal 	<ul style="list-style-type: none"> Has a direct impact on NBC services directly 	4	<ul style="list-style-type: none"> Monitoring Brexit information Continual CMB checking on services/staffing 2 hour training for all of CMB in Jan/Feb 2019 Brexit lead for NBC identified Creation of a dedicated Brexit Risk Register 	4	<ul style="list-style-type: none"> Regular Government and Regional updates Engagement with MHCLG re Brexit regular calls throughout September/October 2019 Weekly brexit bulletins Engagement with LRF training in September 2019 	4	CMB	See Brexit risk register
17b	Impact of Brexit on Northampton economy.	<ul style="list-style-type: none"> Brexit deal/no deal Uncertainty of timing of Brexit 	<ul style="list-style-type: none"> Supply chain and people impact on businesses Economic impact drives up benefit claims 	6	<ul style="list-style-type: none"> Monitoring Brexit information Continual CMB checking on services/staffing 2 hour training for all of CMB in Jan/Feb 2019 Brexit lead for NBC identified Creation of a dedicated Brexit Risk Register 	6	<ul style="list-style-type: none"> Regular Government and Regional updates Engagement with MHCLG re Brexit regular calls throughout September/October 2019 Weekly brexit bulletins Engagement with LRF training in September 2019 	6	CMB	See Brexit risk register
18	<p>Climate change: Failure to comply with:</p> <p>a) the Climate Change (2008) Act to reduce carbon omissions below 1990 levels by 2050.</p> <p>b) Making the Borough carbon neutral by 2030</p>	<ul style="list-style-type: none"> Low resources Rapid and large scale changes to operations outside NBC's control 	<ul style="list-style-type: none"> Contributing to the decline in short term changes to the climate 	9	<ul style="list-style-type: none"> Engagement with other local authorities in the quarterly 'Climate Change Strategy Group' Baseline report to Council in January 2020 	9	<ul style="list-style-type: none"> Strategic approach and policy to Cabinet Q3 2020/21, and considered by Full Council in Q4. 	4	Director of Planning and Sustainability	Updated November 2020
19	Loss of LGSS services	<ul style="list-style-type: none"> Collapse of LGSS as an entity LA's are requested to repatriate the services provided by LGSS i.e. finance, insurance, procurement, IT 	<ul style="list-style-type: none"> Impact on ICT Impact on finance/budgets Year end accounts Procurement Staffing challenges 	6	<ul style="list-style-type: none"> Monitor LGSS performance quality/volume Turnover of key LGSS staff 	6	<ul style="list-style-type: none"> Regular discussions with LGSS MD/NCC S151/MK S151 Discussions with NCC over delivery of LGSS services under lead authority model 	6	CFO (S151)	Reviewed Sept 2020

69

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Appendices:
1. Treasury Management
Performance Outturn
2019-20
2. Treasury Management
Performance mid-year
2020-21



AUDIT COMMITTEE REPORT

Report Title	Treasury Management Performance
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AGENDA STATUS: PUBLIC

Audit Committee Meeting Date: 14th December 2020

Policy Document: No

Services: Chief Finance Officer

Accountable Cabinet Member: Cllr Brandon Eldred – Portfolio Holder Finance

1. Purpose

- 1.1 This report presents the Treasury Management performance outturn report for 2019-20 and the Treasury Management mid-year performance for 2020-21.

2. Recommendations

- 2.1 That the Committee review and note the attached Treasury Management Performance Reports.

3. Issues of note

3.1 Report Background

- 3.1.1 The Council's Treasury Management is delivered by LGSS in conjunction with Link Asset Services (LAS).
- 3.1.2 Attached as appendices, are the Treasury Management performance reports for 2019-20, outturn report and 2020-21 mid-year report for review and acceptance by the Committee.

3.2 Issues

- 3.2.1 There are no specific issues relating to this report.

4. Implications (including financial implications)

4.1 Policy

4.1.1 There are no policy implications within this report and appendices.

4.2 Resources and Risk

4.2.1 There are no specific implications within this report and appendices.

4.3 Legal

4.3.1 No legal issues.

4.4 Equality

4.4.1 There are no specific equality implications with this report.

4.5 Consultees (Internal and External)

4.5.1 Internal consultation has taken place with Corporate Management Board, other senior officers where required, LGSS Treasury Management Function and Link Asset Services.

4.6 Other Implications

4.6.1 None specifically

5. Background Papers

5.1 Treasury Management Strategies 2019-20 and 2020-21

Biyi Adegbola
Senior Finance Business Partner – Treasury & Tax

Stuart McGregor
Chief Finance Officer (Section 151 Officer)

Treasury Management Outturn Report 2019/20

1. BACKGROUND

- 1.1 The Council's Treasury Management arrangements are governed by the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management (the Code). The Code has been developed to meet the needs of Local Authorities and it provides a basis to form clear treasury management objectives and to structure and maintain sound treasury management policies and practices.
- 1.2 The Code was adopted via the Treasury Management Strategy Statement 2019/20 (TMSS), which was approved by Council in February 2019. This requires Members to consider an annual and a half yearly treasury report via consideration by the Audit Committee.
- 1.3 This report has been developed in consultation with the Council's external investment manager and treasury adviser, Link Asset Services (LAS) and provides an update for the year ending 31st March 2020.

2. THE CORONAVIRUS & ECONOMIC ENVIRONMENT

- 2.1 During the quarter ended 31st March 2020, the significant UK economic headlines are detailed below.
- 2.2 The coronavirus (Covid-19) pandemic has had a considerable impact upon the way services are provided by the Council and its partners, as well as presenting significant financial challenges due to the need for the Council to respond to the public health crisis. This pandemic has given rise to significant economic implications, which have been wide reaching on a national, and local level.

National economic impact

- The UK government announced a fiscal package two-and-a-half times the size of that seen in the banking crisis of 2008/09. This fiscal and monetary support estimated to be worth £119b (5.3% of GBP) to provide various measures that included Term funding scheme to support small and medium enterprises with cash flow problems.
- Bank Rate was cut from 0.75% to 0.10% and the Bank of England restarted quantitative easing (QE); to support demand and aid the smooth operations of the financial markets.
- There was a significant tightening in financial conditions; with signals of recession looming and reduction in economic activity.
- Equity prices and sterling plunged; due to a delayed response to the pandemic compared to other countries and remnants of Brexit deal issues still undecided.

Local issues and operational impact

- To mitigate against the adverse impacts summarised above, the Council's Treasury Team liaised closely with its treasury adviser, Link Asset Services (LAS) to ensure that the investment of surplus cash was made in financial instruments that were not exposed to the immediate risks presenting in financial markets.
- The sharp fall in interest rates also meant that the Council followed the pragmatic approach stated in the Treasury Strategy, and only explored short term rates for borrowings that we raised in the last quarter of the financial year.
- National concerns regarding the reduction in local authority income streams and sharp increases in the need to spend on the response to the pandemic, led to many local authorities holding on to cash, thus impacting the circulation of inter local authority lending and borrowing.

3. SUMMARY PORTFOLIO POSITION

- 3.1 Net debt, including third party loans, at 31st March 2020 stood at £187.17m which is greater than £157m originally set out in the Treasury Management Strategy Statement for 19/20.
- 3.2 Further analysis on borrowing and investments is set out in the next two sections. A snapshot of the Council's debt and investment position is shown in the table 1 below:

Table 1: Debt and Investment Position at 31st March

	TMSS 2019/20 Budget		Actual as at 31 March 2019		Actual as at 31 March 2020		Change from Mar 2019 to Mar 2020	
	£m	Rate %	£m	Rate %	£m	Rate %	£m	
Borrowing	272	3.2	247.38	3.1	262.08	2.98	14.70	
Treasury Investments	(115)	0.5	(48.22)	0.9	(74.91)	1.48	26.69	
Total Net Debt / Borrowing	157	-	199.16	-	187.17		(11.99)	

4. BORROWING

- 4.1 The Council can raise loan finance in order to primarily fund its Capital spending plans and also for short term cashflow purposes. The actual amount of new borrowing required each year is determined by capital expenditure plans, capital

funding available, the actual Capital Financing Requirement (CFR), forecast reserves, cashflow analysis, and current and projected economic conditions.

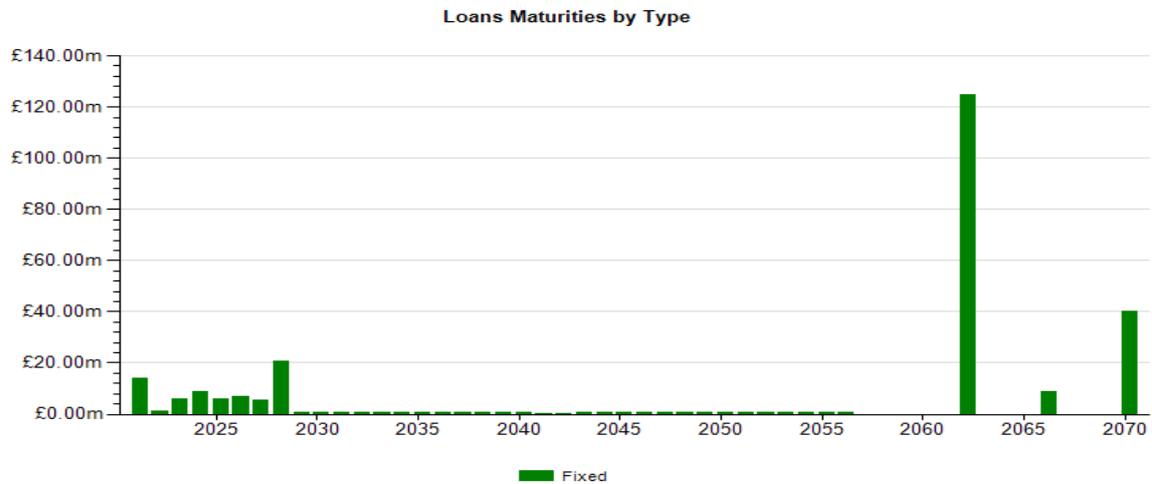
New loans and repayment of loans:

4.2 This section details new long term loans raised (i.e. loans that are for greater than one year) and loans repaid during the year, including those associated with Third Party Loans. New loans of £40.7m were taken in the year and a total of £25.4m principal repayments were made during the year. The principal repayments included an early repayment of £20m in January 2020 by the University of Northampton (UoN).

Maturity profile of borrowing:

4.3 Chart 1 below show the maturity profile of the Council’s loan portfolio (including those associated with Third Party Loans), per loan, at 31st March 2020. The Councils long-term loans have fixed interest rates, which gives balance against short-dated loans and partly protects the Council from exposure to interest rate fluctuation.

Graph 1: Loan Portfolio at 31st March 2020



Loan restructuring:

- 4.4 When market conditions are favourable, long term loans may be restructured in order to:
- generate cash savings;
 - reduce the average interest rate; and / or
 - enhance the balance of the portfolio by amending the maturity profile and/or the level of volatility (volatility is determined by the fixed/variable interest rate mix).

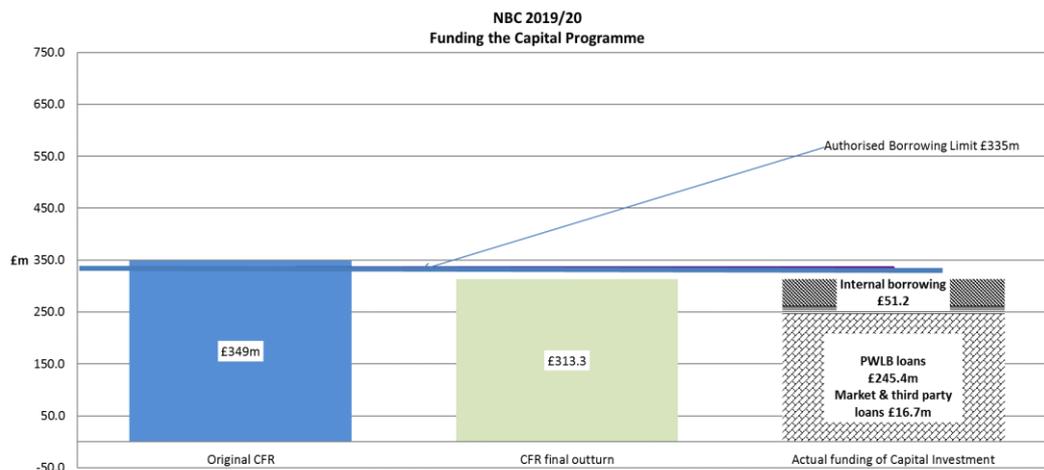
4.5 During the year, there were no opportunities for the Council to restructure its borrowing due to the composition of the Council's borrowing portfolio compared to prevailing market conditions and redemption rates. If and when opportunities for savings do arise, debt rescheduling will be undertaken to meet business needs.

5. Funding the Capital Programme

5.1 The Treasury Management Strategy Statement (TMSS) set out the plan for treasury management activities over the year. It identified the expected level of borrowing and investment levels. When the 2019/20 TMSS was set, it was anticipated that the Capital Financing Requirement (CFR) – the Council's liability for financing the agreed Capital Programme would be £349m.

5.2 The outturn position was for funding the capital programme for 2019/20 is £313.3m. £51.2m greater than total outstanding borrowing of £262.1m at 31st March 2020 which represents internal borrowing, that is the temporary use of the Council's surplus cash to finance the borrowing liability instead of borrowing externally.

5.2 The graph 1 below demonstrated the full year's performance on the capital funding.



6. INVESTMENTS

6.1 Investment activity is carried out using the framework of the Council's counterparty policies and criteria, with a clear strategy of risk management. This ensures that the principle of considering security, liquidity and yield (in that order) is consistently applied. The Council therefore aims to achieve the optimum return on investments commensurate with proper levels of security and liquidity. Any variations to agreed policies and practices are reported to Council

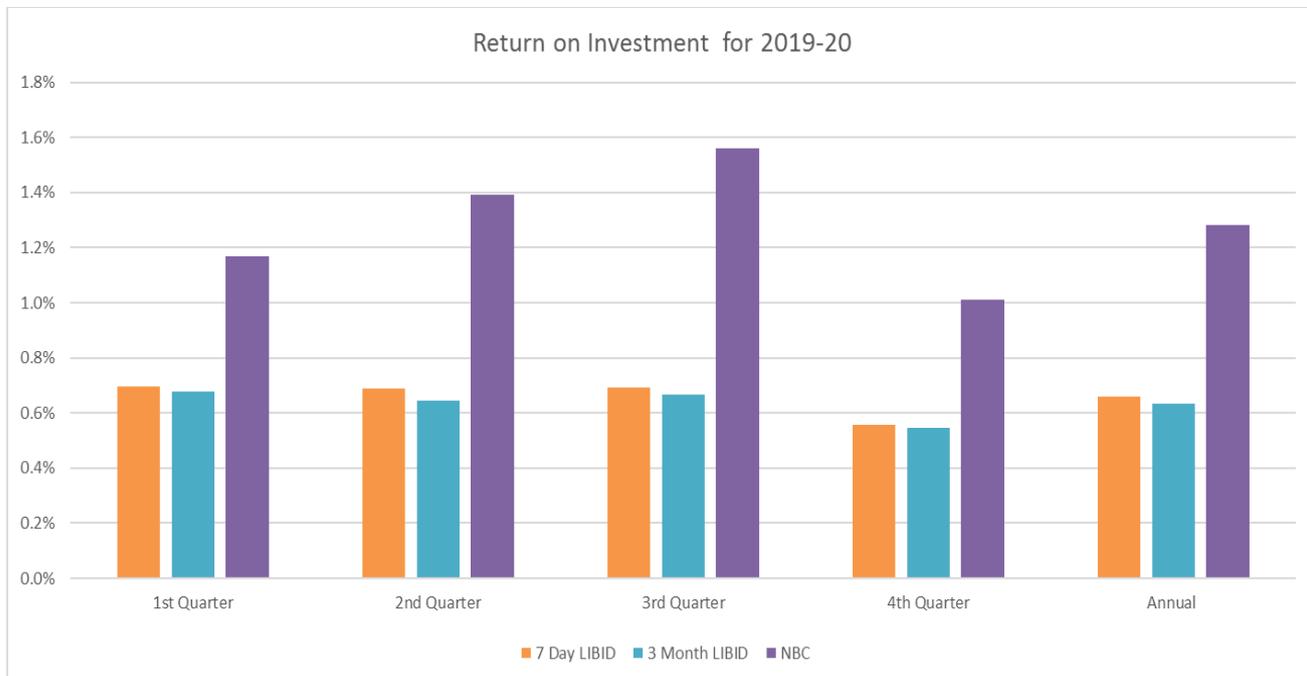
6.3 The level of cash available for investment is made up of reserves, balances and working capital that the Council holds. As at 31st March 2020 investments totalled £74.77m.

This includes total third party loans as listed below:

- £25.01m of PWLB loans advanced to University of Northampton (UoN). These loans are fully guaranteed by HM Treasury;
- £4.18m loans to Northampton Town Rugby Football Club (NTRFC). These loans are over collateralised/secured against land assets at Franklins Gardens;
- £0.030m loan to Unity Leisure.
- £45.55m was held in treasury management investments profiled in order to meet the liquidity demands, and long-term investment of units in the pooled CCLA Property Fund.

6.4 The graph below compares the return performance on the Council’s treasury management investment against relevant benchmarks for each quarter during the 2019/20 financial year.

Graph 2: Benchmark Investment Performance – 2019/20



6.5 It can be seen from the graph above that treasury management investments returned 1.28% for the year, which is 0.65% better than the 3 month LIBID benchmark.

Returns were boosted significantly from the Council investment of £8m into the CCLA Property Fund which achieves a stable return during the year. The Council aims to

achieve the optimum return (yield) on investments commensurate with proper levels of security and liquidity.

7. COMPLIANCE WITH TREASURY LIMITS AND PRUDENTIAL INDICATORS

- 7.1 With effect from 1st April 2004, the Prudential Code (as amended) became statute as part of the Local Government Act 2003. The key objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of the Council are affordable, prudent and sustainable. To ensure compliance with this the Council is required to set and monitor a number of Prudential Indicators.
- 7.2 During the financial year to date the Council has operated within the treasury limits and Prudential Indicators, which were:

Table 3: Prudential Indicators

Prudential Indicator	2019/20 Indicator	20190/20 Outturn
Authorised limit for external debt (Inc' Third Party Loans)	----- £335.000m -----	-----
Operational boundary for external debt (Inc' Third Party Loans)	----- £325.000m -----	-----
Actual external debt (Inc' Third Party Loans)	----- £262.1m -----	-----
Capital Financing Requirement (CFR) (Inc' Third Party Loans and Finance Lease Liabilities)	£349.00m	£313.3m
Ratio of financing costs to net revenue streams: GF	7.82%	7.14%
Ratio of financing costs to net revenue streams: HRA	30.13%	29.1%
Principal sums invested > 365 days (Exc' Third Party Loans)	£14.000m	£6.95m
Maturity structure of borrowing limits:-		
Under 12 months	Max. 50% Min. 0%	5.5%
12 months to 2 years	Max. 50% Min. 0%	0.4%
2 years to 5 years	Max. 50% Min. 0%	7.9%
5 years to 10 years	Max. 50% Min. 0%	13.3%
10 years to 20 years	Max. 50% Min. 0%	2.7%
20 years to 30 years	Max. 60% Min. 0%	2.1%
30 years to 40 years	Max. 80% Min. 0%	1.6%
40 years and above	Max. 100% Min. 0%	66.6%

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Treasury Management Report – Mid-year update 2020/21

1. BACKGROUND

- 1.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Treasury Management recommends that Members be updated on treasury management activities regularly (annual, mid-year or quarterly reports). This half year report updates Members in compliance with the Code.

2. ECONOMIC CLIMATE

- 2.1 The Covid-19 pandemic has continued to have a major impact upon the UK and worldwide economy through the period of the first half year to 30 September 2020 and is expected to continue in the foreseeable future.
- 2.2 A detailed commentary by the Council's Treasury Advisers Link Asset Services (LAS) covering first half year to 30 September is provided at Appendix A to this report, which sets out the outcome of the Bank of England's Monetary Policy Committee (MPC) meeting on 6th August 2020. In summary the key issues include:
 - The Bank rates unchanged at 0.10% since it was March 2020.
 - The level of quantitative easing unchanged at £745bn.
 - A revision of the forecast falls in GDP in the first half of 2020 from 28% to 23% (subsequently revised to -21.8%).
 - A revised down forecast peak in the unemployment rate from 9% in Q2 to 7½% by Q4 2020.
 - A forecast that there would be excess demand in the economy by Q3 2022 causing CPI inflation to rise above the 2% target in Q3 2022, (based on market interest rate expectations for a further loosening in policy). Nevertheless, even if the Bank were to leave policy unchanged, inflation was still projected to be above 2% in 2023.
- 2.3 Given that the economy was recovering better than expected, the MPC indicated that negative interest rates are unlikely to be used as stimulus for the economy in the next 6 months or more.
- 2.4 It is anticipated that the amount of economic damage caused by spikes in the virus infection would be limited by localised measures rather than a national lockdown, as in March.
- 2.5 The wind down of the initial furlough scheme through to the end of October, could cause the Bank to review the need for more support for the economy later in the year.
- 2.6 The Chancellor announced in late September, a second six-month package from 1st November of government support for jobs whereby it will pay up to 22% of the costs of retaining an employee working a minimum of one third of their normal hours. There was further help for the self-employed, freelancers and the

hospitality industry. However, this is a much less generous scheme than the furlough package and will inevitably mean there will be further job losses from the 11% of the workforce still on furlough in mid-September.

2.7 Brexit uncertainties ahead of the year-end deadline will potentially impact recovery.

- Bank of England held Bank Rate at 0.75%; noting the deterioration in global activity and sentiment, they confirmed that monetary policy decisions related to Brexit could be in either direction depending on whether or not a deal is ultimately reached by 31st October;
- The UK economy contracted by 0.2%; following the 0.5% gain in Q1 which was distorted by stockpiling ahead of Brexit;
- Brexit negotiations remained at an impasse; UK equities continued to underperform given the uncertainty, generally meaning investors are holding safe-haven government bonds/gilts instead.

3. INTEREST RATE FORECAST

3.4 The latest forecast for UK Bank Rate along with PWLB borrowing rates (certainty rate) from the Council's treasury advisors is set out in Table 1 below.

4. *PWLB Rates*

4.4 PWLB rates varied within a relatively narrow range between April and July but the longer end of the curve rose during August. This increase came in two periods following speculation that the US might fall into recession;

- The first in the second week of the month was on the back of hopes for fresh US stimulus. This saw investors switch monies out of government bonds and into equities.
- The second shift higher at the longer end of the curve came in the latter stages of the month as investors reacted to the announcement of the tweak to the Fed's inflation target.

4.5 The 50-year PWLB target rate for new long-term borrowing was unchanged at 2.30%.

4.6 The coronavirus outbreak has done huge economic damage to the UK and economies around the world. After the Bank of England took emergency action in March to cut the Bank Rate to first 0.25%, and then to 0.10%, it left Bank Rate unchanged at its meeting on 6th August (and the subsequent September meeting), although some forecasters had suggested that a cut into negative territory could happen. However, the Governor of the Bank of England has made it clear that he currently thinks that such a move would do more damage than good and that more quantitative easing is the favoured tool if further action becomes necessary.

4.7 The PWLB rates shown in Table 1 below, are inclusive of the new increased margins and certainty rate discount (more detailed commentary on interest rates forecast in appendix B of the report).

Table 1. Interest and PWLB rates (%)

Link Group Interest Rate View 11.8.20										
	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Bank Rate View	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
3 month average earnings	0.05	0.05	0.05	0.05	0.05	-	-	-	-	-
6 month average earnings	0.10	0.10	0.10	0.10	0.10	-	-	-	-	-
12 month average earnings	0.15	0.15	0.15	0.15	0.15	-	-	-	-	-
5yr PWLB Rate	1.90	2.00	2.00	2.00	2.00	2.00	2.10	2.10	2.10	2.10
10yr PWLB Rate	2.10	2.10	2.10	2.10	2.20	2.20	2.20	2.30	2.30	2.30
25yr PWLB Rate	2.50	2.50	2.50	2.60	2.60	2.60	2.70	2.70	2.70	2.70
50yr PWLB Rate	2.30	2.30	2.30	2.40	2.40	2.40	2.50	2.50	2.50	2.50

5. INVESTMENTS

5.4 At 31st March 2020 investment balances totalled £40.48m, held in Money Market Funds, Call/Notice accounts, Certificates of Deposits, Local Authority loans and the CCLA Property Fund. This figure excludes third party loans and share capital.

5.5 Due to the nature of various government funding streams and timing of capital expenditure, the average level of funds available for investment purposes during Q1 was £64.98m and for Q2 was £58.02m.

5.6 Table 2 below summarises the maturity profile of the Council's investment portfolio at the end of Q2 2020/21 £43.43m (excluding third party loans):

Table 2 – Investment maturity profile at end of Q2 2020/21

Product	Access Type	Maturity Period					
		0d	0-3m	3-6m	5yrs *	Total	
		£m	£m	£m	£m	£m	%
Money Market Funds	Same-Day	35.48				35.48	81.7
Bank Call Account	Instant Access	1.00				1.00	2.3
Local Authority Loans	Fixed Term						
Pooled Property Fund	Redemption Period Applies				6.95	6.95	16.0
Total		36.48			6.95	43.43	100.0
%		84.0			16.00	100.0	

- 5.4 Set out below are details of the amounts outstanding on loans and share equity investments classed as capital expenditure advanced to third party organisations at the end of Q2:

Table 3 – Third Party Loans

Loan Summary	Amount (£m)
University of Northampton (UoN) – HM Treasury backed	24.88
Northampton Town Rugby Football Club (NTRFC)	4.18
Total	29.06

- 5.5 Financial markets trade on confidence and certainty, and for some time now, both have been in short supply. Investment rates have increased from historical lows following bank base rate rises, but remain relatively low in short to medium-term durations, with limited pickup in value for longer durations.
- 5.6 Investment balances are forecast to reduce by the financial year end as internal resources from temporary positive cashflow surpluses are applied to fund expenditure demands in lieu of fully funding the borrowing requirement (internal borrowing) on a net basis. This process effectively reduces the cost of carrying additional borrowing at a higher cost than the income that could be generated through short term investment of those balances, as well as reducing investment counterparty credit risk.
- 5.7 The Council’s investments at the mid-year point outperformed the most comparable weighted duration benchmark by 84 basis points, largely due to an average dividend return of c.4.2% on the Council’s investment held in the CCLA Property Fund.

Table 4: Benchmark Performance – Q2 2020/20

Benchmark	Benchmark Return	Council Performance
3m LIBID	0.10%	0.94%
6m LIBID	0.10%	0.51%

- 5.8 Leaving market conditions aside, the Council’s return on investments is influenced by a number of factors, the largest contributors being the duration of investments and the credit quality of the institution or instrument:
- Credit risk is the consideration of the likelihood of default and is controlled through the creditworthiness policy approved by Council.
 - The duration of an investment introduces liquidity risk; the risk that funds can’t be accessed when required.
 - Interest rate risk; the risk that arises from fluctuating market interest rates.
- 5.9 These factors and associated risks are actively managed by the Northamptonshire County Council (NCC) Finance Treasury team on behalf of Northampton Borough Council.

6 BORROWING

- 6.1 The Council can raise cash through borrowing in order to fund expenditure on its capital programme for the benefit of Northampton. The amount of new borrowing needed each year is determined by capital expenditure plans and projections of the Capital Financing Requirement, underlying borrowing requirement, forecast cash-backed reserves and both current and forecast economic condition
- 6.2 Overall borrowing outstanding has decreased during the first half of this year by £0.39m in line with scheduled debt repayments on annuity loans.
- 6.3 Table 5 below sets out the maturity profile of the Council's borrowing portfolio at the end of Q2. £245.0m is held with the PWLB, £16.11m from Market sources (Market loans/ Growing Places funding/ Homes & Communities Agency).

Table 5: Borrowing Maturity Profile – Q2 2020/21

Term Remaining	Borrowing	
	£m	%
Under 12 months	14.41	5.52
1-2 years	1.01	0.39
2-5 years	20.42	7.83
5-10 years	34.77	13.33
10-20 years	6.97	2.67
20-30 years	5.47	2.10
30-40 years	3.76	1.44
40 years and above	174.00	66.72
TOTAL	260.81	100.0

- 6.4 The Council does not hold any Lender Option, Borrower Option (LOBO) loans.
- 6.5 The Council is in an internally borrowed cash position and balances as at the end of quarter 2, however the latest forecast for the rest of year indicates that this will change and the Council will need to borrow by the end of the year. The size of the borrowing is largely dependent on operational expenditure and the delivery of HRA retained element of the capital programme this year. This is being closely monitored and the recent announcement on the 26th of November by PWLB to reduced borrowing rate by 100 basis points is encouraging.

Whilst we have mentioned the operational demand above as a reason for borrowing, we have also noted and forecast a 20% reduction on cash income collections when compared to previous year's performance. We believe this is largely due to the impact of pandemic despite the Central govt. grants received in

the 1st half of the year to assist local governments during this unprecedented period. We are closely monitoring the situation, whilst trying to understand the underlying trend currently developing.

- 6.6 In addition to the issue of operational demands on cash mentioned above, the University of Northampton recently contacted the council during the first half of the year to explore options to extend a loan facility on £8.5m that is due for repayment to the PWLB in March 2021. Funding options are being considered; with the aim to get funding at the optimal rates based on Market activity. The end result is that council would need to borrowing for another year at no cost to the council. The financial report being presented will include this decision for Cabinet approval.
- 6.7 Finally, back in August at the special cabinet meeting held on 19th August 2020, the cabinet approved the decision to proceed with increasing the HRA budget and support it with additional borrowing of £50m. Plans are in place to proceed with obtaining additional borrowing estimated at £20m initially before the end of the year.

BORROWING RESTRUCTURING

- 6.1 No borrowing rescheduling has been undertaken this year. Rescheduling opportunities are limited in the current economic climate. For PWLB loans, due to the spread between the carrying rate of existing borrowing and early redemption rates, substantial exit (premium) costs would be incurred. For market borrowing, the lender uses the certainty of the loans cashflow profile to hedge against forecast interest rate movements and so would pass the cost of unwinding these instruments onto the Council as an exit (premium) cost. Officers continue to monitor the position regularly.

7. TREASURY AND PRUDENTIAL INDICATORS

- 7.1 The Council's Treasury and Prudential Indicators (affordability limits) were approved alongside the TMSS. It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. During the financial year to date the Council has operated within the Treasury and Prudential Indicators set out in the Council's TMSS:

Table 6: Treasury and Prudential Indicators

Prudential Indicator	2020/21 Indicator	2020/21 Q2
Authorised limit for external debt (Inc' Third Party Loans)	----- £418.000m -----	-----
Operational boundary for external debt (Inc' Third Party Loans)	----- £398.000m -----	-----
Capital Financing Requirement (CFR) (Inc' Third Party Loans and Finance Lease Liabilities)	£354.000m	£313m
Ratio of financing costs to net revenue streams: GF	8.49%	7.25%
Ratio of financing costs to net revenue streams: HRA	31.42%	23.2%
Principal sums invested > 365 days (Exc' third party loans)	£14.000m	£6.95m
Maturity structure of borrowing limits:-		
Under 12 months	Max. 50% Min. 0%	5.5%
12 months to 2 years	Max. 50% Min. 0%	0.57%
2 years to 5 years	Max. 50% Min. 0%	7.34%
5 years to 10 years	Max. 50% Min. 0%	12.29%
10 years to 20 years	Max. 50% Min. 0%	1.51%
20 years to 30 years	Max. 60% Min. 0%	0.07%
30 years to 40 years	Max. 80% Min. 0%	6.20%
40 years and above	Max. 100% Min. 0%	66.41%

Appendix A Economic Commentary; Extract from Treasury Advisors (Link Asset Services)

UK

- As expected, the Bank of England's Monetary Policy Committee kept Bank Rate unchanged on 6th August. It also kept unchanged the level of quantitative easing at £745bn. Its forecasts were optimistic in terms of three areas:
 - The fall in GDP in the first half of 2020 was revised from 28% to 23% (subsequently revised to -21.8%). This is still one of the largest falls in output of any developed nation. However, it is only to be expected as the UK economy is heavily skewed towards consumer-facing services – an area which was particularly vulnerable to being damaged by lockdown.
 - The peak in the unemployment rate was revised down from 9% in Q2 to 7½% by Q4 2020.
 - It forecast that there would be excess demand in the economy by Q3 2022 causing CPI inflation to rise above the 2% target in Q3 2022, (based on market interest rate expectations for a further loosening in policy). Nevertheless, even if the Bank were to leave policy unchanged, inflation was still projected to be above 2% in 2023.
- It also squashed any idea of using negative interest rates, at least in the next six months or so. It suggested that while negative rates can work in some circumstances, it would be “less effective as a tool to stimulate the economy” at this time when banks are worried about future loan losses. It also has “other instruments available”, including QE and the use of forward guidance.
- The MPC expected the £300bn of quantitative easing purchases announced between its March and June meetings to continue until the “turn of the year”. This implies that the pace of purchases will slow further to about £4bn a week, down from £14bn a week at the height of the crisis and £7bn more recently.
- In conclusion, this would indicate that the Bank could now just sit on its hands as the economy was recovering better than expected. However, the MPC acknowledged that the “medium-term projections were a less informative guide than usual” and the minutes had multiple references to downside risks, which were judged to persist both in the short and medium term. One has only to look at the way in which second waves of the virus are now impacting many countries including Britain, to see the dangers. However, rather than a national lockdown, as in March, any spikes in virus infections are now likely to be dealt with by localised measures and this should limit the amount of economic damage caused. In addition, Brexit uncertainties ahead of the year-end deadline are likely to be a drag on recovery. The wind down of the initial generous furlough scheme through to the end of October is another development that could cause the Bank to review the need for more support for the economy later in the year. Admittedly, the Chancellor announced in late September a second six month package from 1st November of government support for jobs whereby it will pay up to 22% of the

costs of retaining an employee working a minimum of one third of their normal hours. There was further help for the self-employed, freelancers and the hospitality industry. However, this is a much less generous scheme than the furlough package and will inevitably mean there will be further job losses from the 11% of the workforce still on furlough in mid-September.

- Overall, the pace of recovery is not expected to be in the form of a rapid V shape, but a more elongated and prolonged one after a sharp recovery in June through to August which left the economy 11.7% smaller than in February. The last three months of 2020 are now likely to show no growth as consumers will probably remain cautious in spending and uncertainty over the outcome of the UK/EU trade negotiations concluding at the end of the year will also be a headwind. If the Bank felt it did need to provide further support to recovery, then it is likely that the tool of choice would be more QE.
- There will be some painful longer term adjustments as e.g. office space and travel by planes, trains and buses may not recover to their previous level of use for several years, or possibly ever. There is also likely to be a reversal of globalisation as this crisis has shown up how vulnerable long-distance supply chains are. On the other hand, digital services is one area that has already seen huge growth.
- One key addition to the Bank's forward guidance was a new phrase in the policy statement, namely that "it does not intend to tighten monetary policy until there is clear evidence that significant progress is being made in eliminating spare capacity and achieving the 2% target sustainably". That seems designed to say, in effect, that even if inflation rises to 2% in a couple of years' time, do not expect any action from the MPC to raise Bank Rate – until they can clearly see that level of inflation is going to be persistently above target if it takes no action to raise Bank Rate
- The Financial Policy Committee (FPC) report on 6th August revised down their expected credit losses for the banking sector to "somewhat less than £80bn". It stated that in its assessment "banks have buffers of capital more than sufficient to absorb the losses that are likely to arise under the MPC's central projection". The FPC stated that for real stress in the sector, the economic output would need to be twice as bad as the MPC's projection, with unemployment rising to above 15%.
- US. The incoming sets of data during the first week of August were almost universally stronger than expected. With the number of new daily coronavirus infections beginning to abate, recovery from its contraction this year of 10.2% should continue over the coming months and employment growth should also pick up again. However, growth will be dampened by continuing outbreaks of the virus in some states leading to fresh localised restrictions. At its end of August meeting, the Fed tweaked its inflation target from 2% to maintaining an average of 2% over an unspecified time period i.e. following periods when inflation has been running persistently below 2%, appropriate monetary policy will likely aim to achieve inflation moderately above 2% for some time. This change is aimed to provide more stimulus for economic growth and higher levels of employment and to avoid the danger of getting caught in a deflationary "trap" like Japan. It is to be noted that inflation has actually been under-shooting the 2% target significantly for most of the last decade so financial markets took note that higher levels of inflation are likely to be in the pipeline; long term bond yields duly rose after the meeting. The

Fed also called on Congress to end its political disagreement over providing more support for the unemployed as there is a limit to what monetary policy can do compared to more directed central government fiscal policy. The FOMC's updated economic and rate projections in mid-September showed that officials expect to leave the fed funds rate at near-zero until at least end-2023 and probably for another year or two beyond that. There is now some expectation that where the Fed has led in changing its inflation target, other major central banks will follow. The increase in tension over the last year between the US and China is likely to lead to a lack of momentum in progressing the initial positive moves to agree a phase one trade deal.

- EU. The economy was recovering well towards the end of Q2 after a sharp drop in GDP, (e.g. France 18.9%, Italy 17.6%). However, the second wave of the virus affecting some countries could cause a significant slowdown in the pace of recovery, especially in countries more dependent on tourism. The fiscal support package, eventually agreed by the EU after prolonged disagreement between various countries, is unlikely to provide significant support and quickly enough to make an appreciable difference in weaker countries. The ECB has been struggling to get inflation up to its 2% target and it is therefore expected that it will have to provide more monetary policy support through more quantitative easing purchases of bonds in the absence of sufficient fiscal support.
- China. After a concerted effort to get on top of the virus outbreak in Q1, economic recovery was strong in Q2 and has enabled it to recover all of the contraction in Q1. However, this was achieved by major central government funding of yet more infrastructure spending. After years of growth having been focused on this same area, any further spending in this area is likely to lead to increasingly weaker economic returns. This could, therefore, lead to a further misallocation of resources which will weigh on growth in future years.
- Japan. There are some concerns that a second wave of the virus is gaining momentum and could dampen economic recovery from its contraction of 8.5% in GDP. It has been struggling to get out of a deflation trap for many years and to stimulate consistent significant GDP growth and to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. It is also making little progress on fundamental reform of the economy. The resignation of Prime Minister Abe is not expected to result in any significant change in economic policy.
- World growth. Latin America and India are currently hotspots for virus infections. World growth will be in recession this year. Inflation is unlikely to be a problem for some years due to the creation of excess production capacity and depressed demand caused by the coronavirus crisis.

Appendix B Interest Rate Forecast Commentary; Extract from Treasury Advisors (Link Asset Services)

The coronavirus outbreak has done huge economic damage to the UK and economies around the world. After the Bank of England took emergency action in March to cut Bank Rate to first 0.25%, and then to 0.10%, it left Bank Rate unchanged at its meeting on 6th August (and the subsequent September meeting), although some forecasters had suggested that a cut into negative territory could happen. However, the Governor of the Bank of England has made it clear that he currently thinks that such a move would do more damage than good and that more quantitative easing is the favoured tool if further action becomes necessary. As shown in the forecast table above, no increase in Bank Rate is expected within the forecast horizon ending on 31st March 2023 as economic recovery is expected to be only gradual and, therefore, prolonged.

GILT YIELDS / PWLB RATES. There was much speculation during the second half of 2019 that bond markets were in a bubble which was driving bond prices up and yields down to historically very low levels. The context for that was heightened expectations that the US could have been heading for a recession in 2020. In addition, there were growing expectations of a downturn in world economic growth, especially due to fears around the impact of the trade war between the US and China, together with inflation generally at low levels in most countries and expected to remain subdued. Combined, these conditions were conducive to very low bond yields. While inflation targeting by the major central banks has been successful over the last 30 years in lowering inflation expectations, the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers. This means that central banks do not need to raise rates as much now to have a major impact on consumer spending, inflation, etc. The consequence of this has been the gradual lowering of the overall level of interest rates and bond yields in financial markets over the last 30 years. Over the year prior to the coronavirus crisis, this has seen many bond yields up to 10 years turn negative in the Eurozone. In addition, there has, at times, been an inversion of bond yields in the US whereby 10 year yields have fallen below shorter term yields. In the past, this has been a precursor of a recession. The other side of this coin is that bond prices are elevated as investors would be expected to be moving out of riskier assets i.e. shares, in anticipation of a downturn in corporate earnings and so selling out of equities.

Gilt yields had therefore already been on a generally falling trend up until the coronavirus crisis hit western economies during March. After gilt yields spiked up during the initial phases of the health crisis in March, we have seen these yields fall sharply to unprecedented lows as major western central banks took rapid action to deal with excessive stress in financial markets, and started massive quantitative easing purchases of government bonds: this also acted to put downward pressure on government bond yields at a time when there has been a huge and quick expansion of government expenditure financed by issuing government bonds. Such unprecedented levels of issuance in “normal” times would have caused bond yields to rise sharply. At the close of the day on 30th September, all gilt yields from 1 to

6 years were in negative territory, while even 25-year yields were at only 0.76% and 50 year at 0.60%.

From the local authority borrowing perspective, HM Treasury imposed two changes of margins over gilt yields for PWLB rates in 2019-20 without any prior warning. The first took place on 9th October 2019, adding an additional 1% margin over gilts to all PWLB period rates. That increase was then at least partially reversed for some forms of borrowing on 11th March 2020, but not for mainstream General Fund capital schemes, at the same time as the Government announced in the Budget a programme of increased infrastructure expenditure. It also announced that there would be a consultation with local authorities on possibly further amending these margins; this was to end on 4th June, but that date was subsequently put back to 31st July. It is clear HM Treasury will no longer allow local authorities to borrow money from the PWLB to purchase commercial property if the aim is solely to generate an income stream (assets for yield).

Following the changes on 11th March 2020 in margins over gilt yields, the current situation is as follows: -

- PWLB Standard Rate is gilt plus 200 basis points (G+200bps)
- PWLB Certainty Rate is gilt plus 180 basis points (G+180bps)
- PWLB HRA Standard Rate is gilt plus 100 basis points (G+100bps)
- PWLB HRA Certainty Rate is gilt plus 80bps (G+80bps)
- Local Infrastructure Rate is gilt plus 60bps (G+60bps)

It is possible that the non-HRA Certainty Rate will be subject to revision downwards after the conclusion of the PWLB consultation; however, the timing of such a change is currently an unknown, although it would be likely to be within the current financial year.

As the interest forecast table for PWLB certainty rates, (gilts plus 180bps), above shows, there is likely to be little upward movement in PWLB rates over the next two years as it will take economies, including the UK, a prolonged period to recover all the momentum they have lost in the sharp recession caused during the coronavirus shut down period. Inflation is also likely to be very low during this period and could even turn negative in some major western economies during 2020/21.

The balance of risks to the UK

- The overall balance of risks to economic growth in the UK is probably relatively even, but is subject to major uncertainty due to the virus.
- There is relatively little UK domestic risk of increases or decreases in Bank Rate and significant changes in shorter term PWLB rates. The Bank of England has effectively ruled out the use of negative interest rates in the near term and increases in Bank Rate are likely to be some years away given the underlying economic expectations. However, it is always possible that safe haven flows, due to unexpected domestic developments and those in other major economies, could impact gilt yields, (and so PWLB rates), in the UK.

Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- UK - second nationwide wave of virus infections requiring a national lockdown
- UK / EU trade negotiations – if it were to cause significant economic disruption and a fresh major downturn in the rate of growth.
- UK - Bank of England takes action too quickly, or too far, over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- A resurgence of the Eurozone sovereign debt crisis. The ECB has taken monetary policy action to support the bonds of EU states, with the positive impact most likely for “weaker” countries. In addition, the EU recently agreed a €750bn fiscal support package. These actions will help shield weaker economic regions for the next year or so. However, in the case of Italy, the cost of the virus crisis has added to its already huge debt mountain and its slow economic growth will leave it vulnerable to markets returning to taking the view that its level of debt is unsupportable. There remains a sharp divide between northern EU countries favouring low debt to GDP and annual balanced budgets and southern countries who want to see jointly issued Eurobonds to finance economic recovery. This divide could undermine the unity of the EU in time to come.
- Weak capitalisation of some European banks, which could be undermined further depending on extent of credit losses resultant of the pandemic.
- German minority government & general election in 2021. In the German general election of September 2017, Angela Merkel’s CDU party was left in a vulnerable minority position dependent on the fractious support of the SPD party, as a result of the rise in popularity of the anti-immigration AfD party. The CDU has done badly in subsequent state elections but the SPD has done particularly badly. Angela Merkel has stepped down from being the CDU party leader but she intends to remain as Chancellor until the general election in 2021. This then leaves a major question mark over who will be the major guiding hand and driver of EU unity when she steps down.
- Other minority EU governments. Austria, Sweden, Spain, Portugal, Netherlands, Ireland and Belgium also have vulnerable minority governments dependent on coalitions which could prove fragile.

- Austria, the Czech Republic, Poland and Hungary now form a strongly anti-immigration bloc within the EU. There has also been a rise in anti-immigration sentiment in Germany and France.
- Geopolitical risks, for example in China, Iran or North Korea, but also in Europe and other Middle Eastern countries, which could lead to increasing safe haven flows.
- US – the Presidential election in 2020: this could have repercussions for the US economy and SINO-US trade relations.

Upside risks to current forecasts for UK gilt yields and PWLB rates

- UK - stronger than currently expected recovery in UK economy.
- Post-Brexit – if an agreement was reached that removed the majority of threats of economic disruption between the EU and the UK.

The Bank of England is too slow in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly within the UK economy, which then necessitates a later rapid series of increases in Bank Rate faster than we currently expect.



AUDIT COMMITTEE REPORT

Report Title	Chief Finance Officer Report to the Audit Committee
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AGENDA STATUS: PUBLIC

Audit Committee Meeting Date:	14 December 2020
Policy Document:	No
Directorate:	Chief Finance Officer
Accountable Cabinet Member:	Cllr Brandon Eldred

1. Purpose

- 1.1 To inform the Audit Committee about the work undertaken by the Finance team, in conjunction with the external auditors EY in respect of 2018-19 and 2019-20 Statement of Accounts.
- 1.2 To provide an update on the revised Internal Audit Programme to be undertaken by BDO.
- 1.3 To inform the Committee of any changes to accounting policies and Treasury Management.

2. Recommendations

- 2.1 It is recommended that the Audit Committee note:
 - 2.1.1 That there have been no changes to Accounting Policies.
 - 2.1.2 That there have been no reportable incidents in respect of Treasury Management, or requirements to change Treasury Management Policies.
 - 2.1.3 To note the costs as reported in respect of KPMG as per section 3.8.

3. Issues and Choices

3.1 Report Background

- 3.1.1 This report provides an overview of the current position in respect of the Statements of Accounts due for Northampton Borough Council and other accounting or treasury policy items requiring reporting.

3.2 Accounting Policy Changes

- 3.2.1 There have been no Accounting Policy changes since the last Audit Committee, nor are there anticipated to be any during 2020/21.

3.3 Treasury Management

- 3.3.1 This is covered separately on the agenda at this meeting.

3.4 Completing 2019-20 Statement of Accounts

- 3.4.1 The draft Statement of Accounts were provided to the Committee at its meeting on 26 October 2020. There is a separate item on the agenda that will provide an update in respect of the likely audit timetable.

3.5 Audit 2018-19 Statement of Accounts

- 3.5.1 There is a separate item on the agenda that will provide an update in respect of progress made.

3.6 Internal Audit Programme

- 3.6.1 There are separate items on this agenda that provide Internal Audit updates by BDO as the Internal Auditor and LGSS IA in respect of services provided by LGSS and/or its successor providers.

3.7 Budget Update 2020-21

- 3.7.1 The latest Budget Monitoring update has been provided to Cabinet on 11 November 2020 ([Cabinet Report - Budget Monitoring November 2020](#)). This identified a revised forecast outturn position on budget. This is as a result of grants received to support the Covid related cost pressures and loss of income previously highlighted as a risk to the budget.
- 3.7.2 The next report will be presented to Cabinet on 16 December 2020. The work toward this report indicates a continuation of the balanced budget position.

3.7.3 The Council continues to review costs and grants available to support its Covid19 activities whilst maintaining day to day services.

3.8 KPMG Costs

3.8.1 KPMG have asked that we report to the committee the latest bill approved for 1 April 2020 to 30 October 2020 is £17.5K.

3.8.2 This brings the total cost of processing the objection to the 2015-16 accounts to £160K (KPMG costs and associated disbursements), with further costs anticipated until its completion/outcome. These costs and the objection relate to the Sixfields Loan and ongoing review by KPMG.

3.9 Choices (Options)

3.9.1 Although this report is just for noting, Audit Committee have the opportunity to ask questions directly to Officers on its content, these may be responded to as written answers outside of the meeting.

4. Implications (including financial implications)

4.1 Policy

4.1.1 None to report.

4.2 Resources and Risk

4.2.1 The Council diverted significant staff resources in order to ensure that EY were provided with the required information to enable them to give their opinion on the 2018-1918 statement of accounts as soon as was practicable. This has had a knock-on impact on the ability to progress the closure of the 2019-20 accounts.

4.2.2 There is a risk that improvements could not be made within the financial year 2019-20, if any arise from the audit of 2018-19 due to the timing of the audit itself. These will be actioned for 2020-21.

4.2.3 The Council has mitigated the risk of failing to deliver Housing Benefit Subsidy Claims on time, through continuing to use an alternative audit provider, KPMG.

4.2.4 There continue to be unbudgeted costs associated with the 2015-16 objection to the accounts relating to the Sixfields Loan.

4.3 Legal

4.3.1 The actions proposed in this report will enable the Council to meet its statutory requirements of finalising its draft 2019-20 Statement of Accounts and publishing for public scrutiny.

4.3.2 There remains an outstanding audit objection to the 2015-16 accounts which is being progressed by KPMG. Which is likely to conclude with a form of public report which will be brought to the Audit Committee.

4.4 Equality

4.4.1 Not applicable.

4.5 Consultees (Internal and External)

4.5.1 External Auditors, BDO

4.5.2 External Auditors, EY

4.5.3 Corporate Management Board

4.6 Other Implications

4.6.1 None.

5. Background Papers

5.1 None

Stuart McGregor
Chief Finance Officer

INTERNAL AUDIT – Summary Update

Progress update 2018-19 & 2019-20 BDO Internal Audits

The following provides a summary update on progress in resolving recommendations from 2018-19 and 2019-20.

18/19

Audit	No. red	No. complete	No. outstanding		No. amber	No. complete	No. outstanding
Procurement	2	2	0		4	3	1
Digital Strategy	0	0	0		2	2	0
Member Officer Protocol	0	0	0		12	10	2
Housing Rents	0	0	0		0	0	0
Temporary Accommodation	3	3	0		6	6	0
Major Capital Projects	1	1	0		6	6	0
People	7	7	0		4	4	0
Building Control	0	0	0		6	6	0
Senior management restructure	0	0	0		4	4	0
Cash Handling	3	3	0		3	3	0
TOTAL	16	16	0		47	44	3

Total number of recommendations	63	100.0%	0.0%		93.6%	6.4%
Total outstanding	3					
% outstanding	5%					

19/20

Audit	No. red	No. complete	No. outstanding		No. amber	No. complete	No. outstanding
Planning & S106	0	0	0		2	2	0
Enterprise Zone	0	0	0		7	7	0
GDPR	1	0	1		1	1	0
Health & Safety	2	2	0		4	4	0
Contract management	0	0	0		1	0	1
Cyber	0	0	0		3	1	2
Asset Management	8	6	2		6	0	6
Disabled Facilities Grant	9	8	1		1	1	0
			0				0
TOTAL	20	16	4		25	16	9

Total number of recommendations	45	80.0%	20.0%		64.0%	36.0%
Total outstanding	13					
% outstanding	29%					

Recommendations that relate to provision of training for officers or councillors will be closed for the purpose of NBC Internal Audit and the recommendations provided to the relevant workstreams with a view to improving awareness in the new authority, e.g. those relating to Officer/Member Protocol and Procurement.

Progress update 2020-21 BDO Audit Programme

Name of Review	Proposed Audit Dates	Days in Plan	Progress
Capital Projects	12-21 Aug 2020	15	Fieldwork has been completed and the report in progress
Climate Emergency	2-6 Nov 2020	12	Scoping call conducted, terms of reference updated and issued to NBC for confirmation.
HMO Licensing Enforcement	14-18 Dec 2020	20	Terms of reference has been agreed
Licensing	16-20 Nov2020	10	Scoping call conducted, terms of reference updated and issued for agreement.
NPH Service Level Agreement	9-13 Nov 2020	20	Service reviewing Terms of Reference
Social Lettings Agency	5-9 Oct 2020	15	Terms of reference has been agreed, opening meeting conducted to agree documentation to be provided.
Follow up	Ongoing	7	Follow up trackers issued and monitored on a regular basis