



INTERNAL AUDIT PROGRESS REPORT

Northampton Borough Council

December 2020

IDEAS | PEOPLE | TRUST



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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.

FOR MORE INFORMATION:

Greg Rubins

Greg.Rubins@bdo.co.uk

Gurpreet Dulay

Gurpreet.Dulay@bdo.co.uk

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