

NORTHAMPTON BOROUGH COUNCIL

AUDIT COMMITTEE

Your attendance is requested at a meeting to be held at The Jeffrey Room, The Guildhall, St. Giles Square, Northampton, NN1 1DE on Monday, 8 July 2019 at 6:00 pm.

George Candler
Chief Executive

AGENDA

1. APOLOGIES
Please contact Democratic Services on 01604 837722 or democraticservices@northampton.gov.uk when submitting apologies for absence.
2. MINUTES (page 1)
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 (page 5)
 - LGSS (page 51)
7. QUARTER 4 CORPORATE RISK REGISTER (page 58)
8. QUARTER 4 2018-19 PERFORMANCE OUTTURN REPORT (page 70)
9. CHIEF FINANCE OFFICER REPORT TO THE AUDIT COMMITTEE (page 85)
10. 2018-19 FINANCE OUTTURN REPORT (page 89)
11. FINANCE AND MONITORING - PROVISIONAL OUTTURN REPORT 2018/19 (page 91)
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."

NORTHAMPTON BOROUGH COUNCIL

AUDIT COMMITTEE

Monday, 18 March 2019

PRESENT: Councillor Orrell (Chair); Councillor Oldham (Deputy Chair); Councillors M Markham, J Hill, Marriott, T Eales and Smith

APOLOGIES: Councillor Danielle Stone

2. MINUTES

The Minutes of the meeting held on 28 January 2019 were confirmed and signed by the Chair as a true record including the amendment of Councillor T Eales being marked as present.

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. EXTERNAL AUDIT UPDATE

The External Auditors, KPMG expanded on the report indicating they had completed the 2016/17 audit since the previous meeting, which included issuing an unqualified accounts audit opinion. They would be issuing a qualified value for money (VFM) conclusion and their 2016/17 Annual Audit Letter. They were in the process of agreeing a fee variation with the Authority to cover the costs of the additional audit work.

They had revised their audit plan with finalised 2016/17 figures and revised materiality. They had begun additional work on the Authority's IT systems to support the 2017/18 audit. While they were following up on queries fixed assets had been given a clean bill of health. They had completed their work on the Pensions liability with no significant findings after the actuaries had considered it.

The External Auditors, KPMG presented the headlines for the 2017/18 audit planning. Regarding materiality, all misstatements above £45,000 would be reported to the Committee. All of the previously reported significant risks remained unchanged. They reported significant VFM risks regarding the Governance Action Plan, the Northampton Town Football Club loan and the wider loans system, the financial resilience in the local and national economy, the off-payroll working through an intermediary (IR35) and the Chief Executive payment.

The External Auditors, KPMG explained they had already incurred additional costs for the 2017/18 audit fee as a result of the high risk nature and significant risks. They were considering the draft accounts and it was hard to predict when the audit would be completed.

RESOLVED: That the Audit Committee noted the External Audit progress report, March 2019.

7. INTERNAL AUDIT PROGRESS UPDATE AND 2019/2020 PLAN

The Internal Auditor, BDO explained they had removed Audit 3, Corporate Fraud following discussions with management and were doing additional testing on Audit 9, Cash Handling and Audit 10, Procurement.

The Chief Finance Officer was pleased that so many audits could be planned and he welcomed the progress made against delivery of the Internal Audit Operational Plan 2018/19.

The Internal Auditor, BDO explained that the conclusion of the remaining nine audits would be reported at the next committee meeting. Any risks would be covered in the reports summary but the individuals involved would be safeguarded.

Regarding Audit 2, Member/Officer Relationships the Internal Auditor, BDO explained 24 Officers and 11 Members had responded to the survey. Areas of good practice included the Constitution which set out the anticipated roles of Members and Officers. The Executive Programme Board provided space for robust discussions between members of the Cabinet and senior officers. The meeting had a positive energy with officers thanked for their contributions and a tone which indicated a positive working relationship.

The Internal Auditor, BDO indicated areas for improvement included building on current definitions of member and officer roles, bringing these to life more clearly through example-based scenarios. The member/officer protocol should be updated to include a clear process for officers to make complaints about members conduct.

The Chief Finance Officer believed that updating the member/officer protocol would address 90% of the recommendations.

In response to a questions the Internal Auditor, BDO explained they were conducting a People audit which would encompass exit interviews. They would also expect to see a healthy level of tension between officers and members but there were aspects that could be improved. Ensuring the customer service centre worked more effectively could alleviate some tensions.

The Internal Auditor, BDO then presented their Internal Audit Plan and Charter 2019/20. 15 audit days had been held and he sought views on which audits were considered less of a priority. He indicated that a Section 106 review along with a review on Unitary Status could be added to the plan.

The Chief Finance Officer requested that the Committee gave him delegated authority to amend the Internal Audit Plan 2019/20. He indicated that he wanted to remove 5 audit days from the Safeguarding and Corporate Plan Progress audits along with 5 days from either the GDPR or Cyber audit. This change would provide 2 audit days per month creating a capacity for a unitary status audit. Members welcomed the focus on unitary status and were content with the proposed changes to the audit plan.

The Internal Auditor, LGSS presented his report explaining in terms of the debt recovery process a gap of seven weeks existed between the last reminder being generated and officers reviewing the debt. In respect of the write offs, his review highlighted that the procedure was not always followed in practice. He explained that 3 reviews had been followed up with only one action remaining outstanding.

The Chairman asked the Internal Auditor, LGSS to report back to the Committee on the debt performance. The Internal Auditor, LGSS indicated that it would be included in the next audit report because the process needed to be agreed.

The Governance and Risk Manager indicated that the Fixed Assets Audit could be started

sooner than originally planned.

RESOLVED: That the Audit Committee:

- 1. Agreed to delegate authority to the Chief Finance Officer to amend the BDO Internal Audit Plan 2019/20 as discussed and to update the Committee accordingly; and**
- 2. Noted the update on work undertaken including the planned LGSS internal audit coverage that would be undertaken for the Council during 2019/20.**

8. FINANCIAL MONITORING REPORT

The Chief Finance Officer expanded on the report explaining that the general fund was overspent by £1.5m which would be covered by funding in reserves. The over spend had been caused by the pressures regarding temporary accommodation and homelessness. Staffing levels had been increased in those areas to lessen the pressure. All other pressures listed were considered as business as usual.

In response to a question the Chief Finance Officer explained that the general fund capital budget changes listed in Appendix 1 were predominantly down to re-profiling expenditure into a different financial year. The St James Mill Link Road has not listed in the 2018/19 programme and was not currently listed in the 2019/20 programme by could be added if required.

In response to a question the Chief Finance Officer explained that Section 106 funding was ring-fenced to specific projects or programmes. It was clarified that S106 requirements were pre-conditioned in the planning application.

RESOLVED: That the Audit Committee:

- 1. Considered the contents of the Finance Monitoring Report to 31 January 2019; and**
- 2. Agreed that in this instance the Committee did not require any additional information in order to fulfil its governance role.**

9. GOVERNANCE REPORT INCLUDING CORPORATE RISK REGISTER

The Governance and Risk Manager explained that the report was the first of the Governance Reports that would be presented to the Committee quarterly and sought confirmation that the report contained the required information. She highlighted the quarter 3 risk register, December 2018, indicating that the next periods report would be more positive. She felt that further work needed to be carried out regarding internal controls.

The Governance and Risk Manager explained that risk 1, failure to deliver a balanced budget and risk 6, legal obligations under GDPR are breached had been downgraded.

In response to a question the Governance and Risk Manager confirmed that risk 2, insufficient clarity around Member and Officer roles would be downgraded once the recommendations for BDO were implemented.

The Chairman indicated the report contained a good balance of risks. The key was the direction of travel for individual items and the wider picture. The risk register was a couple of months out of date. The Governance and Risk Manager explained that the risk around unitary status had been removed from the corporate risk register but it would be added to the LGR risk register as part of the unitary project.

In response to a question the Chief Finance Officer explained risks 17a, impact of Brexit on NBC services and 17b, impact of Brexit on Northampton economy had been added. The Council supported its residents and kept a watching brief of the effects on local businesses.

The effects of Brexit could have an impact on the Revenue and Benefits team or the Housing team for example.

RESOLVED: That the Audit Committee:

- 1. Reviewed the new Quarterly Governance report and were satisfied with its contents; and**
- 2. Agreed that the Governance report would be presented quarterly with appendices where relevant.**

10. EXCLUSION OF PUBLIC AND PRESS

There were none.

The meeting concluded at 7:10 pm

NORTHAMPTON BOROUGH COUNCIL

INTERNAL AUDIT PROGRESS REPORT

July 2019

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PROGRESS AGAINST PLAN

Internal Audit

This report is primarily intended to inform the Audit Committee of progress made against the 2018-19 internal audit plan, which has been approved by Audit Committee in November 2018. It will also provide an update on the 2019-20 audit plan which has been approved by Audit Committee in March 2019. 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 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 section 2 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.

Overview of 2018-19 work to date

The following 2018-19 reports have now been issued in Final and this completes the 2018-19 Plan:

- Audit 1. Senior Management Restructure, Audit 4. Temporary Accommodation, Audit 5. Housing Rents, Audit 6. Major Capital Projects, Audit 7. People, Audit 8. Building Control, Audit 9. Cash Handling, Audit 10. Procurement and Audit 11. Digital Strategy.

Overview of 2019-20 work to date

The following 2019-20 audit reports have now been issued in Draft; we have also issued all Terms of Reference for the year:

- Audit 1. Planning and Section 106 and Audit 3. Enterprize Zone.

Changes to the Plan:

The 2019-20 Internal Audit Plan was approved in March 2019 and the Audit Committee recorded that changes to the Plan could be agreed between Internal Audit and the Section 151 Officer. Since the Plan was approved the following changes were agreed:

- Internal Audit to utilise 7 of the contingency days to conduct follow-up of recommendations throughout the year
- Some minor changes to the days per audit. The Planning Service review was also expanded to cover Section 106 arrangements. As a result of the changes to days, 25 days were identified for Unitary related work however it has yet to be determined what this time will be utilised for.

We are also presenting separately to this Committee:

- Internal Audit Follow-up Report July 2019
- Internal Audit Plan 2019-2020 Annual Opinion

INTERNAL AUDIT OPERATIONAL PLAN 18/19

Audit Area	Audit Days	Exec Lead	Status Update	Opinion	
				Design	Effectiveness
Audit 1. Senior Management Restructure	20	George Candler	Finalised	Moderate	Moderate
Audit 2. Member Officer Relationships	15	Francis Fernandes	Finalised	Moderate	Limited
Audit 3. Corporate Fraud	Audit removed and 10 days re-distributed to Audit 9 and 10 to allow for additional testing				
Audit 4. Temp. Acc.	20	Phil Harris	Finalised	Moderate	Moderate
Audit 5. Housing Rents	15	Phil Harris	Finalised	Moderate (limitation of scope)	Moderate (limitation of scope)
Audit 6. Major Capital Projects	20	Kevin Langley (previously Rick O'Farrell)	Finalised	Moderate	Moderate
Audit 7. People	25	George Candler	Finalised	Limited	Limited
Audit 8. Building Control	15	Peter Baguley	Finalised	Moderate	Moderate
Audit 9. Cash Handling	20	Stuart McGregor	Finalised	Moderate	Limited
Audit 10. Procurement	20	Stuart McGregor	Finalised	Moderate	Limited
Audit 11. Digital Strategy	20	Marion Goodman	Finalised	Moderate	Moderate

INTERNAL AUDIT OPERATIONAL PLAN 19/20

Audit Area	Audit Days	Exec Lead	Status Update	Opinion	
				Design	Effectiveness
Audit 1. Planning Service + S106	20	Peter Baguley	Draft report issued Expected to be finalised July 2019	TBC	TBC
Audit 2. Safeguarding	15	Phil Harris	Terms of Reference issued Fieldwork commences November 2019	TBC	TBC
Audit 3. Enterprise Zone (Economic Growth)	20	Kevin Langley	Draft report issued Expected to be finalised July 2019	TBC	TBC
Audit 4. Contract Management	15	Stuart McGregor	Terms of Reference issued Fieldwork commences October 2019	TBC	TBC
Audit 5. Corporate Plan Progress	10	George Candler	Terms of Reference issued Fieldwork commences September 2019	TBC	TBC
Audit 5. Asset Management	20	Kevin Langley	Terms of Reference issued Fieldwork commences October 2019	TBC	TBC
Audit 6. Health and Safety	15	Stuart McGregor	Terms of Reference issued Fieldwork commences July 2019	TBC	TBC
Audit 7. GDPR	15	Stuart McGregor	Fieldwork commenced June 2019 Expected to be finalised July 2019	TBC	TBC
Audit 8. Cyber	15	Stuart McGregor	Fieldwork commences July 2019 Expected to be finalised August 2019	TBC	TBC
Audit 9. Additional Unitary work	25	Stuart McGregor	TBC	TBC	TBC

EXEC SUMMARY - SENIOR MGT RESTRUCTURE

SUMMARY OF RECOMMENDATIONS

High

0

Medium

4

Low

0

TOTAL NUMBER OF RECOMMENDATIONS: 4

Findings:

- Re-instatement of an action log
- To set terms of reference for CMB
- Deputies to be substituted for CMB members unable to attend
- Job descriptions for senior staff to be updated.

Sig	Recommendation	Response
M	<ol style="list-style-type: none"> 1. An action log should be created on a separate document to the CMB minutes. This should include a column to identify completed actions and how the action has been completed. 2. A time slot should be created for a brief status update to be given on the contents of the action log by the responsible officer at the beginning of each CMB meeting. 3. The Chair should formally summarise all the agreed actions from the meeting at the end to clarify the responsibility of each manager and communicate a clear date the action is due to be completed by. 	<p>An Action Log has been in operation since April following the release of the report in draft and reflects the suggestions made from the review.</p> <p>A time slot is allocated to review these when CMB go through the Minutes and Action Log from the last meeting.</p> <p>The Chair confirms the actions after each agenda item with deadlines.</p>
M	<ol style="list-style-type: none"> 1. A Terms of Reference should be created for CMB meetings to provide clarity on the remit, the purpose, the frequency and the composition of the group. This should be published on the intranet. 2. The Terms of Reference should include the requirement for a representative of each service area to attend if the Head of Service is unable to do so. 	<p>A Terms of Reference will be developed and published on the intranet and will be clear that each Head of Service area needs to be represented</p>
M	<ol style="list-style-type: none"> 1. All senior management team job descriptions should be reviewed and updated to reflect the new roles of Heads of Service. 	<p>A review of all Head of Service job descriptions will be undertaken and refreshed/updated as needed</p>

CONCLUSION

Overall the Council has moderate design of controls following the senior management restructure in September 2018. Interviews with the Chief Executive, Heads of Service and managers revealed a positive, approachable culture within the senior management team. The All Measures Report suggests improved performance since the restructure in key performance indicators directly related to the achievement of the Corporate Plan. The new structure is clear and the framework is written in the Constitution which was updated in November 2018, however, the job descriptions of some Heads of Service are out-dated and identify a number of overlaps in duties. Furthermore, we noted that the action logs on the CMB minutes were not adequately completed and actions were not always followed up adequately. Based on discussions held, there has been a significant improvement in the culture of the senior management team in the past year and the restructure has had a generally positive effect.

EXEC SUMMARY -TEMPORARY ACC.

SUMMARY OF RECOMMENDATIONS

High

1

Medium

3

Low

1

TOTAL NUMBER OF RECOMMENDATIONS: 5

Findings:

- Appropriate letters and notices to be issued in a timely manner for TA arrears.
- Retain evidence of training for staff dealing with vulnerable applicants
- Homelessness strategy to be devised and communicated
- Procedures for TA are to be adhered to with random checks carried out on case paperwork.

Sig	Recommendation	Response
H	<ol style="list-style-type: none"> 1. Training on rent collection should be provided to a dedicated rental incomes officer. 2. Weekly meetings to discuss rent arrears accounts should continue and a representative from Revenues & Benefits should be required to attend. N.B. These meetings began in February 2019 and review the top 25 cases of arrears (by value) and each week the following ten rent arrears accounts are added to the meeting discussions. The aim of these meetings is to create action plans for these tenants, whether it be to issue a letter, an NTQ or contact the tenant to set up a payment plan. 3. The Council should discuss and document its appetite for collecting rent arrears from vulnerable individuals. 	Agreed
M	<ol style="list-style-type: none"> 1. All TA and prevention officers and managers should receive specialist training on conducting interviews with applicants that may be dealing with sensitive issues to ensure they are capably equipped to identify and support the TA application for vulnerable individuals. The attendance for this training should be documented and the material retained for staff to refer to at a later date 2. The Rent Incomes Officer should receive training on techniques for recovering arrears. 	Agreed
M	<ol style="list-style-type: none"> 1. 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. 2. A Homelessness Strategy should be created and published onto the Council website. This should include a section on the prevention strategy with tangible action plans that expand the current wording of 'persuading' private landlords and families/friends to not evict people. 	Agreed
M	<ol style="list-style-type: none"> 1. All officers working in TA should receive refresher training which should include a reminder of the procedures to placing an applicant in accommodation. This training should also be provided to any new starters following the restructure. 2. Officers should be reminded by email that a senior officer must sign off the file before an applicant can be placed in accommodation. 	Agreed

CONCLUSION

Overall the Council has moderate design of controls in place for managing TA. There are strong governance arrangements and procedures in place and a clear action plan for improvement. However, we noted a number of areas where controls need to be strengthened, such as the chasing of rent arrears and the need for improved consistency in documenting approval of TA cases.

EXEC SUMMARY - HOUSING RENTS

SUMMARY OF RECOMMENDATIONS

High	2
Medium	0
Low	1

TOTAL NUMBER OF RECOMMENDATIONS: 3

Findings:

- Implementation of the recovery process of former tenant rent arrears
- There was consistent non-compliance with the recovery process of former tenant rent arrears. There was an excessive number of stages for different scenarios that led to inadequate following of protocol and a high number of overdue debts.

Sig	Recommendation	Response
H	<ol style="list-style-type: none"> 1. The Council should assess whether the resources for the Recovery Team are sufficient to recover debts of former tenants or whether they want to pursue these debts given the typically low return rate 2. The Recovery Team should be retrained on effective methods to recover debts. 	Agreed
H	<ol style="list-style-type: none"> 1. The Council obtain a signed agreement with NPH to allow access to review their internal controls for the management of the Council's HRA. Alternatively, the Council should, as a minimum, ensure that NPH provide appropriate independent assurance to the Council of their management of the HRA. 	Agreed

CONCLUSION

Overall the Council has a moderate control design for managing the HRA. There was a strong level of management of rental income and ensuring receipts were allocated to the HRA. However, former tenants rent arrears were inadequately actioned and the Corporate Debt Policy was not reviewed regularly.

We were not given access by NPH to review their controls and our testing was therefore restricted to operations conducted by the Council and LGSS regarding the management of the HRA, so we are unable to provide assurance on the following risk areas:

- NPH policies and procedure notes
- Accuracy and effectiveness of charging, billing and collecting rent arrears
- Accuracy and completeness of manual adjustments to rent accounts
- Adequacy of management monitoring and scrutiny of performance information.

These relate directly to risks 1, 2 4, 5 and 7 in the terms of reference.

This leads us to conclude that both the control design and control effectiveness was moderate subject to the above caveats for areas we could not review.

EXEC SUMMARY - MAJOR CAPITAL PROJECTS

SUMMARY OF RECOMMENDATIONS

High	1
Medium	2
Low	1

TOTAL NUMBER OF RECOMMENDATIONS: 4

Findings:

- Project paperwork and agreements to be signed for all projects
- A project risk register was not updated since April 2018
- Highlight reports were not produced monthly and CMB reports lacked detail.

Sig	Recommendation	Response
H	1. The Council should review and report on why these agreements and contracts were not signed. The report should contain a 'lessons learnt' section to ensure that contracts/agreements are promptly signed and evidence that the project outcomes are agreed.	Agreed
M	1. The Delapré Abbey risk register should be updated to reflect the current position of the project 2. The Museums Project Manager should include the date risks are added to the risk register, risk owners and mitigating controls currently in place for all risks.	Agreed
M	1. All Project Managers should be reminded via email to produce monthly Highlight Reports 2. The Corporate Management Report should contain greater detail of the project spend against forecast that is similar in detail to the Highlight Reports. 3. The finance reports for the Museum and the Delapré Abbey projects should include actual vs budget spending on a line by line basis to provide greater clarity on the cause of expenditure variance 4. Spending to date should be included in the finance reports for the Museum project 5. Site meeting reports for the Museum project should include an action plan with implementation dates. RAG status column should be added to the minutes.	Agreed

CONCLUSION

Overall the Council has moderate design of controls in place for major capital projects based on the three projects we reviewed. While the overall framework was sound, we found weaknesses in contract agreement, risk management, reporting and scrutiny on individual projects.

EXEC SUMMARY - PEOPLE

SUMMARY OF RECOMMENDATIONS

High

3

Medium

2

Low

2

TOTAL NUMBER OF RECOMMENDATIONS: 7

Findings:

- Appraisal process and completion of documents to be strengthened (high)
- Absence data reporting to be more robust for management scrutiny (high)
- Introduce succession planning for each service area
- Exit survey process to be reviewed, updated and implemented.

Sig	Recommendation	Response
H	<ol style="list-style-type: none"> 1. Training should be held for Tier 1, Tier 2 and Tier 3 staff to ensure that they are adequately prepared on how to conduct and review an appraisal. 2. Managers should remind all staff in team meetings of their responsibilities with regards to appraisal. This should be backed up by an email from the Chief Executive to all staff stating the responsibilities of staff in the appraisal process. 3. Monitoring should be put in place to ensure all staff receive an appraisal. 	Agreed
H	<ol style="list-style-type: none"> 1. The Council should complete the Workforce Monitoring Report for 2018/19 and report it on the website. 2. CMB should identify and discuss the management information that they would like to capture and monitor for workforce. We would expect this to include sickness, staff turnover, vacancies and equality measures. Management information on these areas should be discussed on a monthly or quarterly basis at CMB and actions should be included in the action plan on the Board minutes. 	Agreed
H	<ol style="list-style-type: none"> 1. The Council should establish a central policy for succession planning. This should include a timetable and criteria for the handover of information prior to the departure of the leaving officer. 2. The Council should identify key posts that are vulnerable to turnover. This should include a list of job roles so succession plans can be created for these posts. This should be shared with CMB. 	Agreed

CONCLUSION

Overall the Council has a limited design of controls for people aspects of the organisation. Policy documents are in place to guide staff on appraisals, working from home and management of sickness absence but in all three cases have not been updated and published on the intranet in the past year. Furthermore, we found that there were high levels of non-compliance with these policies suggesting that they were not widely read and not followed. Policies tended to be developed in service areas and there was no central approach towards identifying good performers or succession planning.

EXEC SUMMARY - BUILDING CONTROL

SUMMARY OF RECOMMENDATIONS:

High

0

Medium

2

Low

4

TOTAL NUMBER OF RECOMMENDATIONS: 6

Findings:

- Planned and undertaken training was not recorded
- Varying levels of detail on site visits recorded on the system.

Sig	Recommendation	Response
M	<ol style="list-style-type: none"> 1. Building Control ensure that agreed competency training (a) is undertaken by staff and documented on a schedule for tracking and (b) is independently spot checked or included as an agenda item for monitoring purposes on the Planning Service management meetings which can be carried out on a quarterly basis. 2. Building Control and the Planning Service staff ensure that evidence for training is obtained and filed. 	<ol style="list-style-type: none"> 1. Agreeing appropriate training is carried out during the appraisal process via a Personal Development Plan. This is reviewed at a mid-term appraisal meeting and at the end of year. 1:1 meetings are carried out in between these meetings. These 1:1 meetings need to be better documented to demonstrate what training is needed and achieved. A specific agenda item will be added to team meetings to review and monitor training. 2. There is a central repository for the department to log and record training - surveyors are to provide the administrator with the details of the training and CPD certificates received. This will be communicated to the team.
M	<ol style="list-style-type: none"> 1. Building Control Officers ensure that sufficient detail relating to site visit reports is recorded on MasterGov that facilitates a quick assessment of the status of an application and result of the visit 2. The Planning Registration & Support and Building Control teams ensure that all relevant fields and events in MasterGov are completed and selected when completing building regulations applications or requests 3. Build Control ensure that all supporting documents relevant to an application are appropriately filed on Civica before a case is completed 4. Assessment is made for the development of reports for monitoring individually determined fees, standard fees, hours and miles spent on a case to assist with the future fee charging process 5. Building Control assess evidencing the Building Control Manager's periodic review of MasterGov case records. 	<ol style="list-style-type: none"> 1. The Building Control Surveyors are to up load their site records when they return back to the office at the end of the day. The service is currently looking at ways with MasterGov on how to record site records remotely that is when the surveyors complete a visit to the site. 2. Procedures are in place for Registration and Support Team and the Building Control team. Team management is to monitor and review this more frequently to ensure that events and fields the service uses are filled in and completed. Any performance issues will be raised at 1:1's and in team meetings. 3. The examples given where application forms and documents were not on CIVICA was because they were applications received by telephone - when an application is taken this way there are no application documents. The Registration and Support Team have a procedure and script in place for taking 'telephone' applications.' 4. The information listed is held in three different systems that is MasterGov, Agresso and with individually determined fees in a Fees-Quote folder on a on a shared drive system. Building Control will assess and review how the information from these three areas can be collated and documented to help assess future fee charging is to be undertaken. 5. The Building Control Manager will undertake a review of a random selection of case files on a quarterly basis and document and record the findings.

CONCLUSION:

Overall we have raised two medium and four low findings. This review was focussed on the assessment of Building Control operational strategy and controls and the capacity and resilience of the team to deliver the service. Our review found that Building Control have a moderately designed control environment due to the following arrangements in place: (a) a qualified Building Control Team administratively supported by the Registration & Support Office and (b) the use of the MasterGov software to manage building regulations applications. Governance arrangements are also in place to monitor the service performance and to review and approve the charge and fee structure.

In terms of effectiveness we have reached a moderate opinion also. This is because that whilst competency training, supporting documents for building regulation applications and the recording of data on MasterGov were not consistently recorded there were compensating sources of evidence in terms of qualifications being verified via national databases and the application of processes by an experienced team.

EXEC SUMMARY - CASH HANDLING

SUMMARY OF RECOMMENDATIONS

High

1

Medium

2

Low

3

TOTAL NUMBER OF RECOMMENDATIONS: 6

Findings:

- Reconciliations on car park takings identified a discrepancy between the system and amounts banked. This is being further investigated by the internal control officers at NBC (high)
- Security risk around cash handling from museums to the Recovery Team by the same officer.
- Lack of compliance by credit card holders in respect of the Card Acceptance Agreement signed upon receipt of the card

Sig	Recommendation	Response
H	<ol style="list-style-type: none"> 1. The Council should ensure that reconciliations are made against the Cash Box Report amount. The Parking & Bus Station Manager should send a monthly report of the amount that should have been collected from the machines to LGSS who then reconcile the bank statement against this value. Any differences should be followed up to ensure there is an adequate explanation. 2. There should be a reconciliation between the Cash Box Report and bank statements for the car parking account undertaken by the Council as far back as 2015. 3. The Council should conduct an investigation into the variance and have a minuted meeting with Jade Security Services Ltd into the missing money. 	<ol style="list-style-type: none"> 1. Agreed. Recommendations were written with the auditor and were agreed at the time therefore. We intend to investigate the discrepancy and implement accurate reconciliations as soon as possible.
M	<ol style="list-style-type: none"> 1. The Council should create a central policy that is applicable to all areas of cash/cheque collection articulating protocols on segregating duties between collecting, counting and transporting cash/cheques. Furthermore, the policy should include provisions to ensure staff safety when transporting cash/cheques. This should be uploaded onto the Council's intranet and emailed to all staff. 2. The policy should include a maximum amount of cash that can be held by a service area before it should be transported to the Guildhall. This should be within the maximum amount stated on the Council's insurance policy. 	<ol style="list-style-type: none"> 1. Accepted and agreed.
M	<ol style="list-style-type: none"> 1. The Council should remind all officers with a corporate credit card via email, with an acceptance requirement, that they should send their Purchase Card Reconciliation to the appropriate officer within 5 days. 	<ol style="list-style-type: none"> 1. Accepted and agreed.

CONCLUSION

Overall the Council has moderate design of controls in place for cash handling, with rigid rules articulated in the Council's Constitution regarding security measures for holding cash. Furthermore, procedure notes for petty cash and corporate credit cards re-iterate the importance of compliance with the Council's processes towards holding cash securely. The arrangement with Jade Security Services Ltd provides strong controls for the collection of cash and cheques to ensure that they are securely transported to bulletin centres to be coded and banked. Discussions with Council officers indicated that there was satisfaction with this arrangement, including collecting cash for car parking meters, from the Recovery Team at the Guildhall and the Exchequer Team at One Angel Square. However, we noted control gaps in the collection and transportation of cash and cheques from service areas and a lack of control effectiveness over the use of corporate credit cards. This leads us to conclude that the control design was moderate and control effectiveness was limited.

EXEC SUMMARY - PROCUREMENT

SUMMARY OF RECOMMENDATIONS

High	1
Medium	3
Low	2

TOTAL NUMBER OF RECOMMENDATIONS: 6

Findings:

- Invitation to tender, specifications or contract were not located for one supplier (high)
- Exemptions for procurements were not approved adequately in line with the Contract Procedure Rules
- Contracts not found for some suppliers
- Inconsistencies between guidance documents and the Contract Procedure Rules.

Sig	Recommendation	Response
H	<ol style="list-style-type: none"> 1. The Council should remind officers by email of the importance of retaining documentation on ProContract and the locations where they should be stored. 2. The Council should create a separate drive to which all officers at the level of management and above can access where documentation should be stored relating to all procurements, current and archived, in folders unique to each procurement. This should be compulsory and incorporated into the Contract Procedure Rules. 	<ol style="list-style-type: none"> 1. Agreed. These will be implemented by the Council.
M	<ol style="list-style-type: none"> 1. All staff should be reminded by email of the appropriate use of the exemptions process with a 'required response' email to ensure that it is received. Additionally, the Council should upload a notice onto the intranet with the exemption policies. 2. The Section 151 Officer and Monitoring Officer should formally remind any officers if the appropriate signatories, values and dates are not completed in the correct order that they should complete the form correctly or reject the exemption request. 	<ol style="list-style-type: none"> 1. Agreed. Staff will be emailed to advise them on the appropriate use of exemptions. Requests that do not comply with the exemptions procedure will be rejected or the individual will be advised on the correct process. These recommendations were written by the Council and the auditor together.
M	<ol style="list-style-type: none"> 1. The Council should put in place a process to check that contractual requirements on high-value contracts are included. 2. The Council should give procurement and contract refresher training for staff involved with high-value contracts. 	<ol style="list-style-type: none"> 1. Agreed. The Council will implement the recommendations. These recommendations were written with the auditor so we intend to put in place a process to ensure contractual requirements are considered for high-value contracts. Furthermore, we intend to supply training to staff involved in high-value contracts as per the recommendation.
M	<ol style="list-style-type: none"> 2. The Council should amend the Contract Procedure Rules to ensure the correct information is conveyed within. 	<ol style="list-style-type: none"> 3. Agreed. We intend to review and update the Contract Procedure Rules to incorporate the recommendations to ensure compliance with legislation and consistency with other documents.

CONCLUSION

Overall the Council's procedures for procurement are adequate, with strong levels of guidance provided via the Contract Procedure Rules, the Constitution and the Best Practice Guide. However, these documents were not always up to date. Compliance with procedures was inconsistent. In one case the procurement had been completed and the supplier was delivering services to the Council without a contract being signed and for another case there was no evidence that could be provided supporting the existence of a compliant procurement process. This leads us to conclude that the control design was moderate and the control effectiveness was limited.

EXEC SUMMARY - DIGITAL STRATEGY

SUMMARY OF RECOMMENDATIONS

High

0

Medium

2

Low

1

TOTAL NUMBER OF RECOMMENDATIONS: 3

Findings:

- Scrutiny of the website project was weak
- There was no definitive roadmap.

Sig	Recommendation	Response
M	<ol style="list-style-type: none"> 1. CMB should scrutinise the Digital Transformation project more rigorously on a bi-monthly basis including an assessment of the high risks on the risk register. 2. The Digital Services Team should be reminded by email that Highlight Reports should be produced on a monthly basis regardless of whether there have been significant project updates. 	<ol style="list-style-type: none"> 1. Accepted and agreed.
M	<ol style="list-style-type: none"> 1. A road map template should be established which is required to be used for digital strategy projects. 	<ol style="list-style-type: none"> 1. Accepted and agreed.

CONCLUSION

Overall the Council has moderate design of controls in place for the Digital Strategy, with the Project Definition providing the aims and objectives of the digital transformation and building on the Assisted to Self-Service Business Case. The Definition outlines sufficient monitoring controls with a clear governance structure and the roles of each individual in the team. However, despite the clear governance structure outlined in the Project Definition and the Risk Management Strategy Framework, the project was not scrutinised effectively. Most project meetings focused on feedback rather than the progress and budgets. Furthermore, the risk register did not encompass the full aspect of risks, particularly with the omission of financial risks. Road maps for the project were limited and did not establish the stages of the project against the corporate objectives directly, although there was a high level of consistency between the business case, the Efficiency Plan and the Corporate Plan. This leads us to conclude that both the control design and control effectiveness was moderate.

APPENDIX I - DEFINITIONS

LEVEL OF ASSURANCE	DESIGN OF INTERNAL CONTROL FRAMEWORK		OPERATIONAL EFFECTIVENESS OF CONTROLS	
	FINDINGS	DESIGN	FINDINGS	EFFECTIVENESS
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.
RECOMMENDATION SIGNIFICANCE				
High	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.			
Medium	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.			
Low	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.			



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The matters raised in this report are only those which came to our attention during the course of our audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. The report has been prepared solely for the management of the organisation and should not be quoted in whole or in part without our prior written consent. BDO LLP neither owes nor accepts any duty to any third party whether in contract or in tort and shall not be liable, in respect of any loss, damage or expense which is caused by their reliance on this report.

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**NORTHAMPTON BOROUGH
COUNCIL
INTERNAL AUDIT
FOLLOW UP OF RECOMMENDATIONS**
July 2019

Summary

FOLLOW UP - BDO RECOMMENDATIONS

Following the issue of reports, all due high and medium recommendations will be followed up within this report.

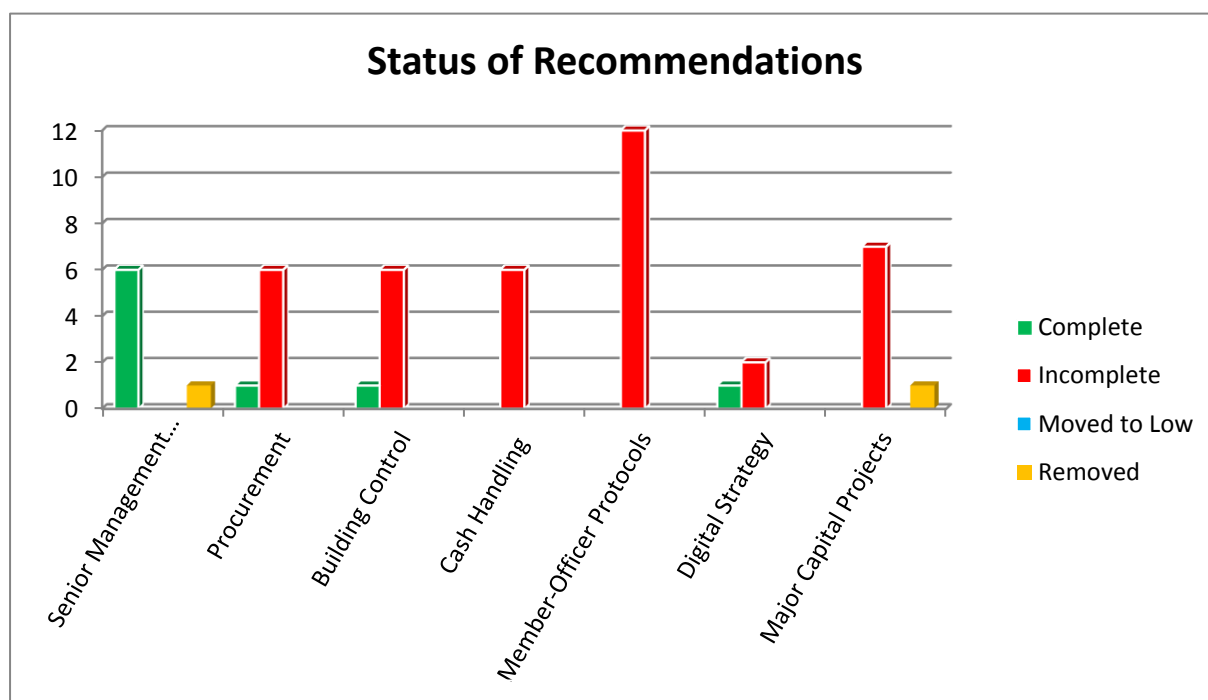
RECOMMENDATIONS

- 50 recommendations are due for follow-up with recommendations due prior to the end of July 2019
- 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 50 recommendations:
 - 2018/19 - Nine Medium recommendations are fully implemented
 - 2018/19 - Seven High and 33 Medium recommendations are not implemented
 - 2018/19 - Two Medium recommendations have been removed from the follow-up process
 - We did not receive any management responses for the People, Housing Rents and Temporary Accommodation reports and these reports have therefore not been finalised.

Therefore overall, out of the 50 recommendations due, **80% of recommendations were incomplete**; this also includes all 6 High recommendations as outstanding.

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 this audit committee onwards due to very low implementation rates
3. Issue reminder emails 8 weeks prior to the follow up review to ensure timely completion of each recommendation.



Recommendations: Complete

Recommendation made	Priority Level	Manager Responsible and Date	Current Progress
2018/19. Senior Management Restructure			
An action log should be created on a separate document to the CMB minutes. This should include a column to identify completed actions and how the action has been completed.	Medium	George Candler 30/04/2019	An action log has been introduced to the end of the CMB minutes with a completion date and a RAG status on the progress of the action.
A time slot should be created for a brief status update to be given on the contents of the action log by the responsible officer at the beginning of each CMB meeting.	Medium	George Candler 30/04/2019	A time slot is allocated to review the action log when CMB go through the minutes and the action log of the previous meeting.
The Chair should formally summarise all the agreed actions from the meeting at the end to clarify the responsibility of each manager and communicate a clear date the action is due to be completed by.	Medium	George Candler 30/04/2019	The Chair confirms the agreed action after each item on the agenda and these are formally documented in the meeting minutes.
A Terms of Reference should be created for CMB meetings to provide clarity on the remit, the purpose, the frequency and the composition of the group. This should be published on the intranet.	Medium	George Candler 31/07/2019	A Terms of Reference was established for CMB and approved on the 17 June 2019 including the composition, purpose and role of the group. This is due to be reviewed annually.
The Terms of Reference should include the requirement for a representative of each service area to attend if the Head of Service is unable to do so.	Medium	George Candler 31/07/2019	New Terms of Reference for CMB has a requirement for an alternative to attend if the Head of Service cannot.
There should be an open discussion at CMB about the workload concerns of each Head of Service and action plans should be agreed to ensure workload is kept to a reasonable level.	Medium	George Candler 30/06/2019	The discussion took place at CMB on 28.05.19. One immediate concern has been flagged and a new approach will be trialled to reduce workload. A wider review of the strategic resilience of CMB will be factored into an away day session at the beginning of July 2019.
2018/19. Procurement			
All staff should be reminded by email of the appropriate use of the exemptions process with a 'required response' email to ensure that it is received. Additionally, the Council should upload a notice onto the intranet with the exemption policies.	Medium	Stuart McGregor 30/04/2019	The intranet page was updated with the exemption policy and staff were notified of the policy.
2018/19. Building Control			
Building Control ensure that all supporting documents relevant to an application are appropriately filed on Civica before a case is completed	Medium	Lee Hunter 30/06/2019	The examples given where application forms and documents were not on CIVICA was because they were applications received by telephone - when an application is taken this way there are no application documents. The Registration and Support Team have a procedure and script in place for taking 'telephone' applications.'

Recommendations: Complete

2018/19. Digital Strategy

The Digital Services Team should be reminded by email that Highlight Reports should be produced on a monthly basis regardless of whether there have been significant project updates.

Medium

Kevin White
31/05/2019

Digital services team uses Trello board for managing projects, which result in columns of work completed. These columns are then used to create the Highlight report.

Recommendations: Incomplete

Recommendation made	Priority Level	Manager Responsible and Date	Current Progress
2018/19. Procurement			
The Council should remind officers by email of the importance of retaining documentation on ProContract and the locations where they should be stored	High	Stuart McGregor 30/04/2019	This is incomplete. No email has been sent out to officers to remind them to store documentation on ProContract.
The Council should create a separate drive to which all officers at the level of management and above can access where documentation should be stored relating to all procurements, current and archived, in folders unique to each procurement. This should be compulsory and incorporated into the Contract Procedure Rules.	High	Stuart McGregor 31/05/2019	This folder has not been created and the Contract Procedure Rules have not been updated to reflect it.
The Section 151 Officer and Monitoring Officer should formally remind any officers if the appropriate signatories, values and dates are not completed in the correct order that they should complete the form correctly or reject the exemption request.	Medium	Stuart McGregor & Francis Fernandes 30/04/2019	We were informed that officers get informed as and when they do not submit exemptions in the correct order, with S151 officer or Monitoring Officer last but this has not been done formally yet.
The Council should put in place a process to check that contractual requirements on high-value contracts are included.	Medium	Stuart McGregor 31/05/2019	This has not been completed.
The Council should give procurement and contract refresher training for staff involved with high-value contracts.	Medium	Stuart McGregor & Francis Fernandes 30/06/2019	No training has been completed.
The Council should amend the Contract Procedure Rules to ensure the correct information is conveyed within.	Medium	Stuart McGregor 30/04/2019	The Contract Procedure Rules have not been updated in lieu of the recommendation.
2018/19. Member Officer Protocols			
When updating the Council's Member-Officer protocol, focus on providing clarity on those areas where the survey undertaken for this review suggests that aspirations set out in the current protocol do not match reality.	Medium	Francis Fernandes 31/05/2019	Audit report considered by Standards Committee on 25 March 19 as the body responsible for Members conduct. Committee resolved that an action plan would be prepared and a further report taken to Committee once implemented. Draft revisions to protocol are being prepared for reporting to Standards Committee on 30 Sept 19 for consideration and comment, and appointment of officer/member working group to review and comment on draft revisions. Discussions held prior to updating the Member-Officer Protocols. Explanation where areas in the survey stated 'aspiration did not match reality' not included in the updated Member-Officer Protocols required.

Recommendations: Incomplete

Convene an Officer-Member working group to focus on areas where disparity between Member perception of current roles, and Officer perception of current roles differ most - i.e. those highlighted by the survey for this review.	Medium	Francis Fernandes 31/05/2019	Working group to discuss draft and Standards Committee comments from 1 Oct 19 to 31 Oct 19 and report results to Standards Committee on 2 Dec 19.
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	Francis Fernandes 31/05/2019	Organisation wide training programme will be arranged once the protocol is approved through December 2019 to March 2020.
When updating the Council's Member-Officer Protocol, the Council should incorporate a description of a Member's role in the Member-Officer Protocol, building on the description currently set out in Article 2 of the Council's Constitution.	Medium	Francis Fernandes 31/05/2019	Draft revisions include expansion on the description of members' role in Article 2. Draft revisions to protocol are being prepared for reporting to Standards Committee on 30 Sept 19 for consideration and comment
When updating the Council's Member-Officer Protocol, draw on expectations of Members and Officers highlighted for this review, and undertake a wider engagement exercise of Members and Officers to determine expectations which are bespoke to the needs and views of the Council.	Medium	Francis Fernandes 31/05/2019	Working group to draw on expectations of members and officers whilst reviewing.
The updated Member-Officer Protocol should make recommendations more understandable by couching them in everyday examples. For example "Councillors should not walk the floors of the Council and instruct Officers to undertake certain tasks".	Medium	Francis Fernandes 31/05/2019	Working group referred to above will hold member officer session later in 2019.
Hold a joint Member-Officer session focussed on understanding respective expectations of one another. This would focus on developing an improved culture to underpin the refreshed Member-Officer Protocol.	Medium	Francis Fernandes 31/05/2019	Draft revisions include complaints process for officers in relation to members but recognise that this is constrained by the statutory and case law provisions regarding members' conduct, i.e. this may only be via the standards regime. Once complete this will be shown in the revised protocols and complaints process policy later in 2019.
When updating the Member-Officer Protocol, the Council should introduce a clear process for complaints by Officers about the conduct of individual Members. Such a process exists in protocols held by other Councils which were reviewed as part of this audit. This process should set out who Officers can raise complaints with, provide an appeal route if they are not happy with how this complaint has been treated, and a method for logging complaints received. The updated Protocol should also state that Group Leaders have a responsibility for the behaviour of their Group Members towards Officers.	Medium	Francis Fernandes 31/05/2019	These priorities to be considered in light of the need to further action plan to be provided to the Standards Committee. Expected to be completed in September 2019.

Recommendations: Incomplete

Use Executive Partnership Board (EPB) to agree a manageable set of political priorities to progress before local government reorganisation in Northamptonshire and hold these as a standing item on the agenda at each EPB.	Medium	George Candler 31/03/2019 31/07/2019	This will be discussed in the weekly 1-1 between the Leader and Chief Executive. A date will then be agreed to discuss more widely at EPB. Target completion 18.07.19
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-based exercises to reduce the likelihood that either element of the Protocol is unintentionally breached.	Medium	Francis Fernandes 31/05/2019	Scenario based exercises to be developed once final content of protocol confirmed.
Discuss how to improve the functioning of the Member Contact Centre at Executive Programme Board.	Medium	Marion Goodman 31/03/2019 31/07/2019	An update was provided to EPB in April when it was agreed that a workshop would be held with Members. A workshop was held in May with a representative group of members to understand their requirements and suggestions for improvement. This was followed by a questionnaire to all members. The results of both have been analysed and are being incorporated into a paper to be presented to EPB during June 2019 - date to be finalised.
Update the Member-Officer Protocol to express that Members are entitled to receive a timely response to enquiries on behalf of ward residents, and agree with Members what this timescale might be.	Medium	Francis Fernandes 31/05/2019	No response received.
2018/19. Major Capital Projects			
The Council should review and report on why these agreements and contracts were not signed. The report should contain a 'lessons learnt' section to ensure that contracts/agreements are promptly signed and evidence that the project outcomes are agreed.	High	Kevin Langley 30/06/2019	This has not been completed.
The Museums Project Manager should include the date risks are added to the risk register, risk owners and mitigating controls currently in place for all risks.	Medium	Kevin Langley 30/06/2019	We have been informed that this is complete but despite our request for evidence this has not been forthcoming.
All Project Managers should be reminded via email to produce monthly Highlight Reports.	Medium	Kevin Langley 30/06/2019	We have been informed that this is complete but despite our request for evidence this has not been forthcoming.
The Corporate Management Report should contain greater detail of the project spend against forecast that is similar in detail to the Highlight Reports.	Medium	Kevin Langley 30/06/2019	We have been informed that this is complete but despite our request for evidence this has not been forthcoming.

Recommendations: Incomplete

The finance reports for the Museum and the Delapré Abbey projects should include actual vs budget spending on a line by line basis to provide greater clarity on the cause of expenditure variance.	Medium	Kevin Langley 30/06/2019	We have been informed that this is complete but despite our request for evidence this has not been forthcoming.
Spending to date should be included in the finance reports for the Museum project.	Medium	Kevin Langley 30/06/2019	We have been informed that this is complete but despite our request for evidence this has not been forthcoming.
Site meeting reports for the Museum project should include an action plan with implementation dates. RAG status column should be added to the minutes	Medium	Kevin Langley 30/06/2019	We have been informed that this is complete but despite our request for evidence this has not been forthcoming.
2018/19. Building Control			
Building Control ensure that agreed competency training (a) is undertaken by staff and documented on a schedule for tracking and (b) is independently spot checked or included as an agenda item for monitoring purposes on the Planning Service management meetings which can be carried out on a quarterly basis	Medium	Lee Hunter 30/06/2019 30/09/2019	Intend on discussing training opportunities during the mid-year and end-year appraisal process. These are not due to take place for all staff until June-July 2019
Building Control and the Planning Service staff ensure that evidence for training is obtained and filed	Medium	Lee Hunter 30/06/2019 30/09/2019	There is a central repository for the department to log and record training - surveyors are to provide the administrator with the details of the training and CPD certificates received. This will be communicated to the team.
Building Control Officers ensure that sufficient detail relating to site visit reports is recorded on MasterGov that facilitates a quick assessment of the status of an application and result of the visit	Medium	Lee Hunter 30/06/2019 30/09/2019	The Building Control Surveyors are to up load their site records when they return back to the office at the end of the day. The service is currently looking at ways with MasterGov on how to record site records remotely that is when the surveyors complete a visit to the site.
The Planning Registration & Support and Building Control teams ensure that all relevant fields and events in MasterGov are completed and selected when completing building regulations applications or requests	Medium	Lee Hunter 30/06/2019 30/09/2019	Procedures are in place for Registration and Support Team and the Building Control team. Team management is to monitor and review this more frequently to ensure that events and fields the service uses are filled in and completed. Any performance issues will be raised at 1:1's and in team meetings. Monthly reviews are due to commence in June 2019.
Assessment is made for the development of reports for monitoring individually determined fees, standard fees, hours and miles spent on a case to assist with the future fee charging process	Medium	Lee Hunter 30/06/2019 30/09/2019	The information listed is held in three different systems that is MasterGov, Aggresso and with individually determined fees in a Fees-Quote folder on a on a shared drive system. Building Control will assess and review how the information from these three areas can be collated and documented to help assess future fee charging is to be undertaken.
Building Control assess evidencing the Building Control Manager's periodic review of MasterGov case records.	Medium	Lee Hunter 30/06/2019 30/09/2019	The Building Control Manager will undertake a review of a random selection of case files on a quarterly basis and document and record the findings.
2018/19. Cash Handling			

Recommendations: Incomplete

The Council should ensure that reconciliations are made against the Cash Box Report amount. The Parking & Bus Station Manager should send a monthly report of the amount that should have been collected from the machines to LGSS who then reconcile the bank statement against this value. Any differences should be followed up to ensure there is an adequate explanation.	High	Rick O'Farrell 30/04/2019 30/09/2019	The Council intend to complete these reconciliations and ensure that this is implemented but this has not yet been done.
There should be a reconciliation between the Cash Box Report and bank statements for the car parking account undertaken by the Council as far back as 2015	High	Rick O'Farrell 30/04/2019 30/09/2019	The Council intend to complete these reconciliations and ensure that this is implemented but this has not yet been done.
The Council should conduct an investigation into the variance and have a minuted meeting with Jade Security Services Ltd into the missing money.	High	Stuart McGregor 30/06/2019 30/09/2019	This is incomplete but arrangements are in progress.
The Council should create a central policy that is applicable to all areas of cash/cheque collection articulating protocols on segregating duties between collecting, counting and transporting cash/cheques. Furthermore, the policy should include provisions to ensure staff safety when transporting cash/cheques. This should be uploaded onto the Council's intranet and emailed to all staff.	Medium	Stuart McGregor 30/04/2019 30/09/2019	Policy has not been updated to reflect this.
The policy should include a maximum amount of cash that can be held by a service area before it should be transported to the Guildhall. This should be within the maximum amount stated on the Council's insurance policy.	Medium	Stuart McGregor 30/04/2019 30/09/2019	Policy has not been updated to reflect this.
The Council should remind all officers with a corporate credit card via email, with an acceptance requirement, that they should send their Purchase Card Reconciliation to the appropriate officer within 5 days.	Medium	Stuart McGregor 30/04/2019 30/09/2019	No email has been sent to all cardholders but a process of checking and ensuring the Heads of Service sign the card usage off at the end of each month to state that they are satisfied with it.
2018/19. Digital Strategy			
CMB should scrutinise the Digital Transformation project more rigorously on a bi-monthly basis including an assessment of the high risks on the risk register.	Medium	Kevin White 31/05/2019 30/09/2019	This is scheduled to come to CMB on Monday 16th June. We have not received evidence of this yet.
A road map template should be established which is required to be used for digital strategy projects.	Medium	Kevin White 31/05/2019 30/09/2019	This is in progress but not yet complete.

Recommendations: Removed

Recommendation made	Priority Level	Manager Responsible and Date	Current Progress
2018/19. Senior Management Restructure			
Add the risk of inadequate leadership capacity to the Corporate Risk Register	Medium	Joanne Bonham 30/06/2019	Leadership capacity will be regularly reviewed at CMB and through 1:1's with the Chief Executive. 'Inadequate leadership capacity' recorded on the corporate risk register (CRR) may expose senior management to unnecessary challenges within certain areas when conducting business. The CRR is a public document and presented to Cabinet and Audit committee quarterly. We discussed this with the Governance & Risk Manager who informed us that the Council do not intend to implement the recommendation as stated above.
2018/19			
The Delapré Abbey risk register should be updated to reflect the current position of the project.	Medium	Kevin Langley 30/06/2019	This project has effectively been closed off as the final claim has been made against it. The Council do not, therefore, intend to implement this recommendation.



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Northampton Borough Council

INTERNAL AUDIT ANNUAL REPORT AND ANNUAL STATEMENT OF ASSURANCE (DRAFT)

June 2019

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SUMMARY OF 2018/19 WORK

Internal Audit 2018/19

This report details the work undertaken by internal audit for Northampton Borough Council and provides an overview of the effectiveness of the controls in place for the full year. The following reports have been or will be issued for this financial year:

- Audit 1. Senior Management Restructure
- Audit 2. Member Officer Relationship
- Audit 3. Corporate Fraud (Cancelled)
- Audit 4. Temporary Accommodation
- Audit 5. Housing Rents
- Audit 6. Major Capital Projects
- Audit 7. People
- Audit 8. Building Control
- Audit 9. Cash Handling
- Audit 10. Procurement
- Audit 11. Digital Strategy

We have detailed the opinions of each report and key findings on pages 5 to eleven. Our internal audit work for the 12 month period from 1 April 2018 to 31 March 2019 was carried out in accordance with the internal audit plan approved by management and the Audit Committee. The plan was based upon discussions held with management and was constructed in such a way as to gain a level of assurance on the main financial and management systems reviewed. There were no restrictions placed upon the scope of our audit and our work complied with Public Sector Internal Audit Standards.

Head of Internal Audit Opinion

The role of internal audit is to provide an opinion to the Full Council, through the Audit Committee (AC), on the adequacy and effectiveness of the internal control system to ensure the achievement of the organisation's objectives in the areas reviewed. The annual report from internal audit provides an overall opinion on the adequacy and effectiveness of the organisation's risk management, control and governance processes, within the scope of work undertaken by our firm as outsourced providers of the internal audit service. It also summarises the activities of internal audit for the period. The basis for forming my opinion is as follows:

Overall, we are able to provide limited assurance that there is a sound system of internal control, designed to meet the Council's objectives and that controls are being applied consistently. In forming our view we have taken into account that:

- We issued 4 limited or part limited opinions out of 10 audits conducted. These spanned key areas such as procurement, member officer relationships and people. The number of high and medium findings have increased in 2018-19 compared to previous years in addition to the overall number of findings. This is in part due to the Council's approach in directing us to known risk areas and our risk based audit plan.
- The Council have undergone strategic change in 2018-19 with the formal announcement of Unitary Status, changes in senior staff and to governance meetings. Whilst improvement has been made in the management of governance and risk these largely took place in the second half of the 2018-19 year. Therefore the direction of travel is positive however these arrangements were not in place during the whole year and need time to embed.
- We conducted a follow-up of recommendations process for actions due July 2019 or earlier. This found that out of 50 recommendations due, 80% were deemed incomplete including all

high recommendations due. This is a very low completion rates and supports our view of a limited opinion over the governance, risk and control environment at the Council.

We do acknowledge improvements made when reaching our Opinion. This includes a more robust level of scrutiny, such as the recent loan request of £1.5m to Northampton Rugby Football Club Ltd. On balance however we feel when assessing the whole year that a Limited Opinion is appropriate. If the Council continues its positive direction of travel then we would expect an improved internal audit opinion next year.

REVIEW OF 2018/19 WORK

Further details on the findings and recommendations are contained in our progress reports or are available to Audit Committee Members on request.

Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Summary of Key Findings
	H	M	L	Design	Operational Effectiveness	
Audit 1. Senior Management Restructure	0	4	0	Moderate	Moderate	Findings: <ul style="list-style-type: none"> Re-instatement of an action log To set terms of reference for CMB Deputies to be substituted for CMB members unable to attend Job descriptions for senior staff to be updated
Audit 2. Member Officer Relationship	0	12	4	Moderate	Limited	Findings: <ul style="list-style-type: none"> Member and Officer roles should be more clearly defined The Member/Officer protocol to make clear the process for complaints Clearer communication by Group Leaders on the Member/Officer protocol around influencing officer decisions.
Audit 3. Corporate Fraud	-	-	-	Cancelled	Cancelled	N/A
Audit 4. Temporary Accommodation	1	3	1	Moderate	Moderate	Findings: <ul style="list-style-type: none"> Appropriate letters and notices to be issued in a timely manner for TA arrears. Retain evidence of training for staff dealing with vulnerable applicants Homelessness strategy to be devised and communicated Procedures for TA are to be adhered to with random checks carried out on case paperwork
Audit 5. Housing Rents	2	0	1	Moderate	Moderate	Findings: <ul style="list-style-type: none"> Implementation of the recovery process of former tenant rent arrears There was consistent non-compliance with the recovery process of former tenant rent arrears. There was an excessive number of stages for different scenarios that led to inadequate following of protocol and a high number of overdue debts.

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						<p>We were not given access by NPH to review their controls and our testing was therefore restricted to operations conducted by the Council and LGSS regarding the management of the HRA, so we are unable to provide assurance on the following risk areas:</p> <ul style="list-style-type: none"> • NPH policies and procedure notes • Accuracy and effectiveness of charging, billing and collecting rent arrears • Accuracy and completeness of manual adjustments to rent accounts • Adequacy of management monitoring and scrutiny of performance information.
Audit 6. Major Capital Projects	1	2	1	Moderate	Moderate	<p>Findings:</p> <ul style="list-style-type: none"> • Project paperwork and agreements to be signed for all projects • A project risk register was not updated since April 2018 • Highlight reports were not produced monthly and CMB reports lacked detail.
Audit 7. People	3	2	2	Limited	Limited	<p>Findings:</p> <ul style="list-style-type: none"> • Appraisal process and completion of documents to be strengthened (high) • Absence data reporting to be more robust for management scrutiny (high) • Introduce succession planning for each service area • Exit survey process to be reviewed, updated and implemented
Audit 8. Building control	0	2	4	Moderate	Moderate	<p>Findings:</p> <ul style="list-style-type: none"> • Planned and undertaken training was not recorded • Varying levels of detail on site visits recorded on the system
Audit 9. Cash Handling	1	2	3	Moderate	Limited	<p>Findings:</p> <ul style="list-style-type: none"> • Reconciliations on car park takings identified a discrepancy between the system and amounts banked. This is being further investigated by the internal control officers at NBC (high) • Security risk around cash handling from museums to the Recovery Team by the same officer. • Lack of compliance by credit card holders in respect of the Card Acceptance Agreement signed upon receipt of the card
Audit 10. Procurement	1	3	2	Moderate	Limited	<p>Findings:</p> <ul style="list-style-type: none"> • Invitation to tender, specifications or contract were not located for one supplier

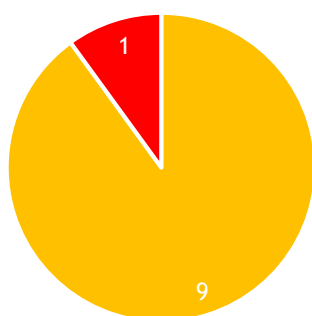
						<p>(high)</p> <ul style="list-style-type: none"> Exemptions for procurements were not approved adequately in line with the Contract Procedure Rules Contracts not found for some suppliers Inconsistencies between guidance documents and the Contract Procedure Rules.
Audit 11. Digital Strategy	0	2	1	Moderate	Moderate	<p>Findings:</p> <ul style="list-style-type: none"> Scrutiny of the website project was weak There was no definitive roadmap

SUMMARY OF FINDINGS

The Charts show a table summary of our findings for 2018-19; it also shows the summary based on the previous Internal Auditors work. In 2017-18 PwC undertook 4 reviews whereas BDO undertook 10 reviews in 2018-19. Therefore the table shows the full finding numbers BDO raised and also a like-for-like comparison if you apportioned our findings to a factor of four-tenths to provide a comparison. Based on this comparison a direction of travel is shown which indicates that high and medium findings have increased and the overall number of findings have increased too. Whilst we appreciate that different Internal Auditors use different approaches and have different styles, it does represent a general trend and this alongside our knowledge of the local government sector conclude that the number of recommendations raised in 2018-19 are more reflective of an overall Limited Opinion.

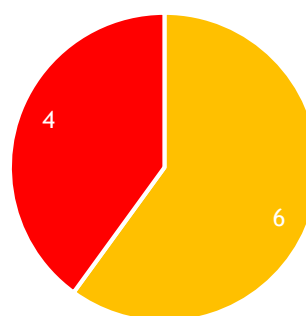
	PwC		BDO	BDO like-for-like	Direction of travel
	2016-17	2017-18	2018-19	2018-19	
Critical	0	0	n/a	n/a	-
High	2	0	9	3.6 (+3.6)	↓
Medium	8	5	32	12.8 (+7.8)	↓
Low	10	13	19	7.6 (-5.4)	↑
Total	20	18	60	24 (+6.0)	↓

BDO Design Opinions 2018-19



■ Substantial ■ Moderate ■ Limited

BDO Effectiveness Opinions 2018-19



■ Substantial ■ Moderate ■ Limited

ADDED VALUE



USE OF SPECIALISTS

Utilised specialists in member office relationships review which involved a BDO staff member who has Member experience and specialises in local government. We also conducted a one-off review outside of the Plan reviewing a Northampton Partnership Homes (NPH) Business Plan which involved a specialist too



RESPONSIVENESS

The entire audit plan was completed from December 2018 to April 2019. This shows a responsive service and urgent requests to undertake reviews such as that of NPH were fulfilled within one week



BENCHMARKING AND BEST PRACTICE

We have provided benchmarking in reports where applicable such as Digital Strategy comparing the Council position to other local authorities. We have also shared and engaged the Council in the creation of the BDO State of Northamptonshire Private Sector report

BACKGROUND TO ANNUAL OPINION

Introduction

Our role as internal auditors to Northampton Borough Council is to provide an opinion to the Audit Committee (AC), on the adequacy and effectiveness of the internal control system to ensure the achievement of the organisation's objectives in the areas reviewed. Our approach, as set out in the firm's Internal Audit Manual, is to help the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Our internal audit work for the 12 month period from 1 April 2018 to 31 March 2019 was carried out in accordance with the internal audit plan approved by management and the Audit Committee, adjusted during the year for any emerging risk issues. The plan was based upon discussions held with management and was constructed in such a way as to gain a level of assurance on the main financial and management systems reviewed. There were no restrictions placed upon the scope of our audit and our work complied with Public Sector Internal Audit Standards.

Note that BDO were appointed in September 2018 and our Internal Audit Plan was approved in November 2018. We reviewed the work of our predecessor however no Internal Audit work was conducted during April 2018 to November 2018. The whole 2018-19 work was completed through December 2018 to April 2019. We have gained assurance of the period April 2018 to March 2019 by ensuring our samples and testing approach covered the whole period.

The annual report from internal audit provides an overall opinion on the adequacy and effectiveness of the organisation's risk management, control and governance processes, within the scope of work undertaken by our firm as outsourced providers of the internal audit service. It also summarises the activities of internal audit for the period.

Scope and Approach

Audit Approach

We have reviewed the control policies and procedures employed by Northampton Borough Council to manage risks in business areas identified by management set out in the 2018-19 Internal Audit Annual Plan approved by the Audit Committee. This report is made solely in relation to those business areas and risks reviewed in the year and does not relate to any of the other operations of the organisation. Our approach complies with best professional practice, in particular, Public Sector Internal Audit Standards, the Chartered Institute of Internal Auditors' Position Statement on Risk Based Internal Auditing.

We discharge our role, as detailed within the audit planning documents agreed with Northampton Borough Council management for each review, by:

- Considering the risks that have been identified by management as being associated with the processes under review
- Reviewing the written policies and procedures and holding discussions with management to identify process controls
- Evaluating the risk management activities and controls established by management to address the risks it is seeking to manage

-
- Performing walkthrough tests to determine whether the expected risk management activities and controls are in place
 - Performing compliance tests (where appropriate) to determine that the risk management activities and controls have operated as expected during the period.

The opinion provided on page 3 of this report is based on historical information and the projection of any information or conclusions contained in our opinion to any future periods is subject to the risk that changes may alter its validity.

Reporting Mechanisms and Practices

Our initial draft reports are sent to the key officer responsible for the area under review in order to gather management responses. In every instance there is an opportunity to discuss the draft report in detail. Therefore, any issues or concerns can be discussed with management before finalisation of the reports.

Our method of operating with the Audit Committee is to agree reports with management and then present and discuss the matters arising at the Audit Committee meetings.

Management actions on our recommendations

Management were responsive to Internal Audit during fieldwork and were largely responsive in the closing meetings of reviews where agreements were reached on findings and recommendations. However, responses to agree reports to final were at times slow i.e. instances of two months between report being issued for review and being finalised.

Recommendations follow-up

We conducted a follow-up of recommendations process for actions due July 2019 or earlier. This found that out of 50 recommendations due, 80% were deemed incomplete including all high recommendations due. This is a very low completion rates and supports our view of a limited opinion over the governance, risk and control environment at the Council. It should be noted that due to the appointment of Internal Audit in September 2018 the Audit Plan was completed in half the year. This meant reports were largely issued in March and April 2019 and therefore there was a tight period of time between the end of the report and conducting follow-up.

Relationship with external audit

All our final reports are available to the external auditors through the Audit Committee papers and are available on request. Our files are also available to external audit should they wish to review working papers to place reliance on the work of internal audit.

However it should be noted the Council's external audit team for 2018-19 are departing and being replaced. The new external audit team have not yet engaged with the Council in terms of fieldwork and therefore we have not communicated with them thus far.

Report by BDO LLP to Northampton Borough Council [the Council]

As the internal auditors of the Council we are required to provide the Audit Committee, and the Section 151 Officer with an opinion on the adequacy and effectiveness of risk management, governance and internal control processes, as well as arrangements to promote value for money.

In giving our opinion it should be noted that assurance can never be absolute. The internal audit service provides the Council with limited assurance. We conclude that there are weaknesses in the internal control system for the areas reviewed in 2018-19. The statement of assurance is not a guarantee that all aspects of the internal control system are adequate and effective. The statement of assurance confirms that, based on the evidence of the audits conducted, there are weaknesses in the framework of control but the control framework improved during the second half of the year.

In assessing the level of assurance to be given, we have taken into account:

- All internal audits undertaken by BDO LLP during 2018-19
- Any follow-up action taken in respect of audits from previous periods for these audit areas
- Whether any significant recommendations have not been accepted by management and the consequent risks
- The effects of any significant changes in the organisation's objectives or systems
- Matters arising from previous internal audit reports to the Council
- Any limitations which may have been placed on the scope of internal audit - no restrictions were placed on our work



KEY PERFORMANCE INDICATORS





Quality Assurance	KPI	RAG Rating
Quality of work	Feedback on particular reviews around member officer relationship, procurement, senior management restructure and people have been very positive. At our quarterly catch-up with the Council feedback on staff deployed was highly complementary with no issues noted	●
Responsiveness of the service	We have responded to deadlines and targets and requests for urgent work well particularly around additional work on procurement and cash handling and additional work assessing the NPH Business Case which was conducted outside of the Plan	●
Completion of audit plan	We have completed the Plan in full	●
Follow-up of recommendations	We completed the follow-up of recommendations commencing in June 2019 and completing it in the same month - even though this commenced later due to agreeing that Internal Audit would undertake this, it was completed timely	●

We will be during the upcoming year obtaining feedback on each review and feeding this back to the Council.



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, Partner

Gurpreet Dulay, Senior Manager

LGSS Internal Audit Update – July 2019

1. Purpose

This report provides the Audit Committee with an update on work undertaken since the last report was considered in November 2018. It also outlines the planned LGSS internal audit coverage that will be undertaken on behalf of the Northampton Borough Council during 2019-20.

2. 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.

3. 2018-19 Plan Update

The status and outcome of our audit work in 2018-19 is attached in the table below. The assurance levels are based upon the definitions in Appendix one.

Audit	Status	Control Environment Assurance	Compliance Assurance	Organisational Impact
Accounts Receivable	Final	Satisfactory	Satisfactory	Minor
Balance Sheet Review	Final	Satisfactory	Minor	Minor
Housing Benefits	Draft*	Good	Good	Minor
Agresso IT Application Review	Ongoing			

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

In terms of update:

3.1 Balance Sheet Review - The level of assurance reflects the following key findings:

- No documented procedures to support the bank / control account reconciliation processes, although it should be noted that overall, the lack of procedures has not impacted on the task of completing reconciliations.
- No defined list of control accounts is held by the Council.
- No assurance is provided to NBC that reconciliations carried out by LGSS are completed on a timely basis.

- Our review of the various bank and control accounts highlighted that whilst overall effective arrangements were in place supporting this activity, action was required to deal with unrepresented cheques over six months old and dated unreconciled transactions.

A copy of the agreed action plan for this audit is attached at Appendix two.

3.2 Housing Benefits - The level of assurance reflect our finding that overall we have found there are robust processes in place covering activities considered within the scope of this review, based around a framework of:

- All new staff go through a structured training programme. Furthermore, bespoke training / guidance is also developed and delivered to ensure existing staff are kept up to date with any relevant changes to the rules or new legislation relating to Housing Benefit.
- A comprehensive suite of procedures exist covering housing benefit activity.
- Unlike most Council services, the quality and accuracy of work undertaken by Revenue and Benefits is not assessed at the decision stage by means of independent review / approval, but instead by a Quality Assurance (QA) Team. The key purpose of the work of the QA Team is to ensure that appropriate levels of accuracy are being achieved, both overall by the Housing Benefits service as well at individual employee level.

However, the review has highlighted a small number of weaknesses around aspects of the control framework in place, namely:

- Procedural documentation covering the work of the Quality Assurance Team is out of date.
- Our review of the work of the Quality Assurance Team highlighted the following:
 - Random monthly checks had not been completed consistently throughout 2018-19. In discussions with the Revenue and Benefits Team Leader, he indicated that the level of checks undertaken can reduce when work on the annual subsidy is taking place, although any checking that is not undertaken during this period is either caught up or replaced by high risk checks identified during the subsidy audit.
 - Whilst additional checks are undertaken when accuracy issues are identified, the level of checks are not reduced even when officers demonstrate high accuracy for a number of months.
 - The checks do not cover Discretionary Housing Payments and our work identified errors in sample testing in this area.

3.3 Agresso IT Application Review - Following consultation on the findings of audit work completed as at the end of May 2019, with the Chief Finance Officer and the Governance & Risk Manager, the original agreed scope of the review of the Agresso system was extended. The work was in progress at the time of writing and it is anticipated to be completed to draft report stage at the second week of July 2019.

4. 2019-20 Plan Update

As well as the 2018-19 plan, work has commenced on the 2019-20 plan that was considered by the Audit Committee in March 2019. Details are attached in the table overleaf along with an indicative start date for all audits in 2019-20.

Audit	Status	Planned / Actual Start Date	Control Environment Assurance	Compliance Assurance	Organisational Impact
Quarterly Balance Sheet Review	Planning	July 2019			
General Ledger		December 2019			
Treasury Management		November 2019			
Fixed Assets	Planning	June 2019			
IT Northgate Review		September 2019			
IT Academy Review		January 2020			

Update on this work will be reported to the Audit Committee during 2019-20.

Duncan Wilkinson
Chief Internal Auditor, LGSS

Appendix One: How Internal Control is reviewed

Each Internal Audit review has three key elements. Firstly, the control environment is reviewed by identifying the objectives of the system and then assessing the controls in place mitigating the risk of those objectives not being achieved. Completion of this work enables Internal Audit to give an assurance on the control environment.

However, controls are not always complied with, which will in itself increase risk, so the second part of an audit is to ascertain the extent to which the controls are being complied with in practice. This enables Internal Audit to give an opinion on the extent to which the control environment, designed to mitigate risk, is being complied with.

Finally, where there are significant control environment weaknesses or where key controls are not being complied with, further substantive testing is undertaken to ascertain the impact these control weaknesses are likely to have on the organisations' control environment as a whole.

To ensure consistency in reporting, the following definitions of audit assurance are used:

Control Environment Assurance	
Level	Definition
Substantial	There are minimal control weaknesses that present very low risk to the control environment.
Good	There are minor control weaknesses that present low risk to the control environment.
Satisfactory	There are some control weaknesses that present a medium risk to the control environment.
Limited	There are significant control weaknesses that present a high risk to the control environment.
No Assurance	There are fundamental control weaknesses that present an unacceptable level of risk to the control environment.

Compliance Assurance	
Level	Definition
Substantial	The control environment has substantially operated as intended although some minor errors have been detected.
Good	The control environment has largely operated as intended although some errors have been detected.
Satisfactory	The control environment has mainly operated as intended although errors have been detected.
Limited	The control environment has not operated as intended. Significant errors have been detected.

No Assurance	The control environment has fundamentally broken down and is open to significant error or abuse.
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Organisational Impact	
Level	Definition
Major	The weaknesses identified during the review have left the Council open to significant risk. If the risk materialises it would have a major impact upon the organisation as a whole.
Moderate	The weaknesses identified during the review have left the Council open to medium risk. If the risk materialises it would have a moderate impact upon the organisation as a whole
Minor	The weaknesses identified during the review have left the Council open to low risk. This could have a minor impact on the organisation as a whole.

When assessing findings in the Management Action Plan, reference is made to the Risk Management matrix which scores the impact and likelihood of identified risks arising from the control weakness found. For ease of reference, we have used the following system to prioritise our recommendations, as follows:

ESSENTIAL (E)	Important (I)	Standard (S)
Failure to address the weakness has a high probability of leading to the occurrence or recurrence of an identified high-risk event that would have a serious impact on the achievement of service or organisational objectives, or may lead to significant financial/reputational loss. The improvement is critical to the system of internal control and action should be implemented as quickly as possible.	Failure to respond to the finding may lead to the occurrence or recurrence of an identified risk event that would have a significant impact on achievement of service or organisational objectives, or may lead to material financial/reputational loss. The improvement will have a significant effect on the system of internal control and action should be prioritised appropriately.	The finding is important to maintain good control, provide better value for money or improve efficiency. Failure to take action may diminish the ability to achieve service objectives effectively and efficiently. Management should implement promptly or formally agree to accept the risks.

Appendix Two: Balance Sheet Review Action Plan

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Ref.	Issues & Risks (Precis)	Agreed Action / management comments	Manager Responsible & Target Date
1.	<p><u>Procedural Guidance</u> No procedural guidance has been provided to Internal Audit by any departments / service covering the operation of bank / control account reconciliations. It should be noted that the lack of procedures has not impacted on the task of reconciling both bank and control accounts.</p> <p><u>Risk</u> Poor working practices.</p>	<p>Important To develop operating procedures to support the completion of bank and control reconciliations.</p>	<p>Compliance and Improvement Manager, LGSS / Human Resources (HR) Manager / Strategic Finance Business Partner / Revenue and Benefits Technical Manager Financial</p> <p>August 2019</p>
2.	<p><u>Schedule of Control Accounts</u> In undertaking the review we found that no defined list of control accounts was held by the Council.</p> <p>Additionally, there is no evidence of any oversight by NBC officers that reconciliations carried out by LGSS are being completed on a timely basis.</p> <p><u>Risk</u> Control accounts may not be subject to review. Issues over the completion of such reconciliations are not identified by NBC.</p>	<p>Important To develop a schedule defining:</p> <ul style="list-style-type: none"> • A list of control accounts reconciliations required. • Responsibility for completing and reviewing these reconciliations. • The regularity of such reconciliations. <p>To agree a mechanism to provide assurance to NBC that all control account reconciliations undertaken by LGSS are being completed in line with expectations.</p>	<p>Strategic Finance Business Partner</p> <p>July 2019</p>

Ref.	Issues & Risks (Precis)	Agreed Action / management comments	Manager Responsible & Target Date
3.	<p><u>Unpresented Cheques older than six months</u> The March 2019 Primary Operating bank account reconciliations included 11 cheques older than six months despite the fact that these are unlikely to be honoured by the bank.</p> <p><u>Risk</u> Non-reconciled items are not cleared in a timely manner.</p>	<p>Standard To ensure timely action is taken to deal with unpresented cheques older than six months old.</p>	<p>Exchequer Team Leader, LGSS</p> <p>Immediate</p>
4.	<p><u>Unreconciled transactions</u> Across the range of payroll control accounts, the review highlighted that there were 25 transactions equating to £21k from prior to 2018-19 that remain unreconciled.</p> <p><u>Risk</u> Unreconciled items not identified / cleared on a timely basis.</p>	<p>Important Prompt action is taken to resolve the unreconciled items.</p>	<p>HR Manager</p> <p>July 2019</p>
5.	<p><u>LGSS Finance Reconciliations</u> A review of reconciliations undertaken by LGSS Finance highlighted the following:</p> <ul style="list-style-type: none"> Rent Reconciliation (IBS to Agresso) – This reconciliation highlighted various issues including (a) no pattern over how regularly the reconciliation was completed and (b) the fact that only the year end reconciliation is subject to management review. Whilst the reconciliation has been completed, this has not yet been reviewed. The annual Business Rates ICON / Capita to Agresso reconciliation has not yet been completed as at the end of April 2019. <p><u>Risk</u> Reconciliations not completed on a timely basis.</p>	<p>Important To review arrangements supporting the rent reconciliation to ensure it completed on a regular basis and subject to timely management review.</p> <p>To complete the outstanding:</p> <ul style="list-style-type: none"> ICON / Capita to Agresso; and IBS to Agresso <p>reconciliations as a matter of urgency.</p>	<p>Strategic Finance Business Partner</p> <p>31/07/2019</p>

Appendices
1. Corporate Risk
Register – Q4



NORTHAMPTON
BOROUGH COUNCIL

AUDIT COMMITTEE REPORT

Report Title	Q4 Corporate Risk Register
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AGENDA STATUS: PUBLIC

Audit Committee Meeting Date: 8th July 2019

Policy Document: No

Services: Chief Finance Officer

Accountable Cabinet Member: Jonathan Nunn - Leader

1. Purpose

- 1.1 This report sets out the update of the Council's corporate risk register for Q4 2018/19 as at 31st March 2019.
- 1.2 Corporate Management Board on 20th May 2019, have collectively reviewed, considered, and where appropriate, confirmed, challenged and/or moderated the risks identified.
- 1.3 The corporate risk register is an important strategic document which captures those risks that could potentially be a barrier, a constraint or a threat (or in equal and opposite terms alternatively a positive opportunity) to the achievement of the Council's strategic objectives as outlined in the Corporate Plan.

2. Recommendations

- 2.1 That review, comment and where appropriate, confirm the risks contained in the register and the related risk exposures and mitigating actions are relevant.

3. Issues and Choices

3.1 Report Background

- 3.1.1 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.
- 3.1.2 This report captures those risks identifiable at the corporate level of the Council which, should they impact, would have a corporate-wide impact and effect.

3.2 Issues

- 3.2.1 17 risks are recorded on the corporate risk register as of March 2019. Of these 12% are rated red, 76% amber and 12% rated green.

- 3.2.2 Two items have had the risk rating reduced in Q4.

Risk #1: Failure to deliver a balance budget - reduced from 12 to 4 to reflect the involvement from Officers and Members in relation to budget away days and workshops and also to reflect the balanced budget for 19/20.

Risk #7: Regeneration of Northampton – reduced from 12 to 8 as a reaction to the Town Centre regeneration strategy being developed by new partnership 'Northampton Forward' and the expression of interest submitted to the Government for town centre funding.

- 3.2.5 The corporate risk register will be updated for Q1 2019/20 during June/July 2019. Any significant changes will be reported to Cabinet and Audit Committee.

4. Implications (including financial implications)

4.1 Policy

- 4.1.1 The update of the corporate risk register is a key aspect of procedures required by the Council's risk management policy. The next review of the Risk Management Framework policy will be January 2020.

4.2 Resources and Risk

- 4.2.1 There is no additional capacity required for the completion and continuous update of the corporate risk register. The Governance and Risk Manager will update the register on a quarterly basis with the Heads of Service. Any significant changes will be reported through to Corporate Management Board.

4.3 Legal

4.3.1 The Council has various legal duties and obligations to ensure it facilitates the effective exercise of its functions and the achievement of its aims and objectives. The risks identified in the Corporate Risk Register and the related actions to mitigate them will directly address identified barriers to the achievement of the Council's corporate priorities and will also assist in enabling the Council to demonstrate that it is complying with its legal duties.

4.4 Equality and Health

4.4.1 There are no equality and health implications to this report.

4.5 Consultees (Internal and External)

4.5.1 The Council's Management Board and Executive Programme Board have been internally consulted to date on the update of corporate risk register attached.

4.5.2 PWC conducted a review of the corporate risk register in April/May 2018. Recommendations made as a result of the review were acknowledged and, where relevant, have been incorporated into the register.

4.6 Other Implications

4.6.1 None

5. Background Papers

5.5.1 None

Joanne Bonham
Governance & Risk Manager
01604 837886

CORPORATE RISK REGISTER
Q4 MARCH 2019

No	Risk Description	Risk Causes	Risk Consequences	Inherent Risk Rating	Key Measures in Place to Manage The Risk (Key Controls)	Current Risk Rating		Further Action & Implementation Date	Target Risk Rating	Risk Owner	Update & date
						Q3 18/19	Q4 18/19				
1	Failure to deliver a balanced budget 19/20 – 22/23	<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 • 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 	<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 	25	<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 • 19/20 draft budget proposed • Quarterly financial reporting to Cabinet • Regular financial reporting to the Management Board • Regular monthly financial monitoring (incl. projections) • Finance Away Days for Boards and HoS 	12	4	<ul style="list-style-type: none"> • Robust Medium Term Financial Plan review (September 2018 – January 2019) • Cabinet and CMB had a workshop in October and November to consider the Budget for 19/20 and future years and consider what options may be available to manage or mitigate the future pressures. • Budget 19/20 set and balanced. • Residual risk 20/21 onwards but can be managed. 	4	CFO (S151)	Updated by CFO April 2019

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						Q3 18/19	Q4 18/19				
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. 	20	20	<ul style="list-style-type: none"> Implementation of Member-Officer Protocol audit recommendations following BDO review (by May 19) Provision of training on Member-Officer Protocol (by May 19) Corporate training to Officers plus briefings to all staff to reiterate the standards to be enforced (by June 18) 	12	Borough Secretary	Updated by Borough Secretary April 2019

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						Q3 18/19	Q4 18/19				
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 	<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 New Chief Executive recruited (should this come out now or be re-worded?) Inflation pay rises provided 	12	12	<ul style="list-style-type: none"> Review of staff Terms and Conditions (May 2019) Review of performance appraisal process (May 2019) Investigating the use of one common method of job evaluation (May 2019) A number of initiatives in wellbeing and communication being considered for deployment (On-going) Roll-out of Leadership Development Programme (On-going) Introduction of talent management and succession process (May 2019) Promote unitary as an opportunity for development (September 2018 – May 2019) 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 	9	CFO (S151)	Updated by CFO April 2019
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 Additional resources allocated (£100K for staffing) Increase in allocated TA budget (£300K) Two officers now focussing exclusively on TA 	10	10	<ul style="list-style-type: none"> Prepare Cabinet report to set out position statement for TA (February 2019) Prepare proposals to further mitigate cost <ul style="list-style-type: none"> Strategy for procuring cheap accommodation Slow demand restructure of Housing & options team (January 2019) Budget increases 19/20 for service provision and improved staffing levels. 	10	Head of Housing	Updated by Head of Housing Dec 2018

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						Q3 18/19	Q4 18/19				
5	<p>Failure to manage, deliver or expose new risks as result of poor project management practice.</p> <p>Reputational damage possible.</p>	<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 	12	12	<ul style="list-style-type: none"> Continue to develop and install more robust governance processes (On-going) Review of project management documentation to simplify and make it easier for reporting purposes (April 2019). 	4	Head of Economy, Assets and Culture	Updated by Head of Economy, Assets and Culture April 2019
6	<p>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</p>	<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/refresher 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 	9	9	<ul style="list-style-type: none"> Continue with training on GDPR refresher courses for officers and members (ongoing) review and update of all policies and procedures (ongoing) Implement improved management of data storage (December 2018) Data audits (March 2019) BDO Internal Audit review (May/June 2019) 	3	Governance & Risk Manager	Reviewed by Governance & Risk Manager April 2019
7	<p>There are no clear plans for improving the economic prosperity and regeneration of Northampton.</p>	<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 	12	8	<ul style="list-style-type: none"> Preparation of Economic Growth Strategy (May 2019) Town Centre regeneration strategy being developed by new partnership 'Northampton Forward' Expression of interest for Government Town Centre Fund submitted (March 2019) Development of growth team 	2	Head of Economy, Assets and Culture	Updated by Head Economy, Assets and Culture April 2019

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8	NBC fails to manage its contractual partnerships with: • LGSS • NPH • NLT • 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 	<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 	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	9	<ul style="list-style-type: none"> robust contract monitoring and quality control Continual review of LGSS contract Holistic/virtual team of contract managers to share good practice 	8	CFO (S151)	Reviewed by CFO April 2019
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 only for all services 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 (Reviewed Oct 2018) 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 briefings London Bridge guidance notes updated April 2019 Follow up briefing given to NBC key officers by CEO. Emergency Roles and responsibilities paper presented to CMB to address staffing shortages in the duty rota. Review concluded Dec 18 and shortage addressed. Training rolled out via LRF for all new Gold/Silver persons (Oct – Jan 2019) 	12	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) Continuing improvements to BC and Emergency Planning procedures to be implemented post operations e.g. 2018 Floods (on-going) Clarify arrangements for business continuity responsibility for key partner organisations (On-Going) Identification and risk assessments of reception centres (Dec 18) Specific exercise for NBC colleagues to be developed (Dec 2018) and then delivered (June 2019) 	9	CEO	Updated by CEO April 2019

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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 	16	16	<ul style="list-style-type: none"> • NBC fraud policy to be reviewed (May 2019) • Quarterly balance sheet reviews of financial controls within LGSS (year end to be reported to NBCby LGSS internal audit April/May 2019) • gain assurance of controls through contract management of LGSS and internal audit. New suite of KPI's to be developed (May 2019) 	10	Governance & Risk Manager	Reviewed by Governance & Risk Manager April 2019
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	12	<ul style="list-style-type: none"> • Annual reviews of Democratic Services (March 2019) • Increased capacity in democratic Services (April 2019) • Completeness now a higher indicator than recorded date. 	10	Borough Secretary	Updated by Borough secretary April 2019
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 	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 • Completion of LGA stocktake as at 31st August 2018. 	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 - 51% completed as at 31/3/19 	10	CFO (S151)	Reviewed by CFO April 2019

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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. 	9	9	<ul style="list-style-type: none"> Communication and engagement with staff through October 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. 	6	Governance & Risk Manager	Updated by Governance & Risk Manager April 2019
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 	9	9	<ul style="list-style-type: none"> Hotel Watch exercise to be rolled out in conjunction with the Rise Team (March 2019) Full implementation of recommendations arising from the above Cabinet report (June 2019) Response to scrutiny review (December 2018) Implementation of audit recommendations from Safeguarding audit (July 2019) 	9	Head of Housing	Updated by Head of Housing 5th December 2018

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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. DevCo formation October 2018 	9	9	<ul style="list-style-type: none"> Re-focus the Housing Delivery project to develop the Strategic Plan evidence base. Develop action plan (Spring 2019) Growth Deal submitted October 2018, but not supported by MHCLG/treasury. Currently seeking feedback on the Deal and how to progress it but MHCLG have failed to respond with agreed timescales HRA cap lifted. Limitation now is capacity to deliver and the sites available. 	9	Head of Planning	Updated by Head of Planning April 2019
16	REMOVED Q3 2018: LGR risk, to be included within the main LGR project risk register										
17a	NEW RISK: 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 	4	4	<ul style="list-style-type: none"> Discussed several times at CMB Change to: Standing Agenda item between January and April 2019 Updated Briefing Note being developed Regular Government and Regional updates 	4	CMB	Updated April 2019

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17b	NEW RISK: 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 of Brexit information Regular communications with major employers 2 hour training for all of CMB in Jan/Feb 2019 	6	6	<ul style="list-style-type: none"> Discussed several times at CMB in October/November Change to: Standing Agenda item between January and April 2019 Updated Briefing Note being developed Regular Government and Regional updates Updates via LRF for the wider County preparedness 	6	CMB	Updated April 2019



AUDIT COMMITTEE REPORT

Report Title	Q4 2018-19 Performance Outturn Report
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AGENDA STATUS: PUBLIC

Audit Committee Meeting Date:	8 th July 2019
Policy Document:	No
Directorate:	Chief Finance Officer
Accountable Cabinet Member:	Cllr Brandon Eldred

1. Purpose

To inform Audit Committee of the council's performance indicator figures for 1 January 2019 – 31 March 2019, and compare where possible with previous year's figures.

2. Recommendations

- 2.1. That the Committee review the contents of the performance report (Appendix 1) for information and comment.

3. Issues and Choices

3.1. Report background

Data is collected across a range of locally developed indicators which are collated on a monthly, quarterly or annual basis. These form the basis of the council's performance monitoring process. Cabinet members receive information on all the measures through the Corporate Performance All Measures Report (Appendix 1). This enables the monitoring of the Corporate Plan within their portfolios on a regular basis.

This report summarises the council's monthly, quarterly and annual performance indicators figures for Q4 2018 -2019 with comparison against previous year where possible:

The appended report details:

- A performance dashboard overview for each of the corporate themes
- Key Performance Indicator (KPI) results with supporting commentary

3.2. Issues

Progress against Corporate Plan priorities.

61.77% of performance measures where data was available reached their target or performed within agreed tolerances. The figures reported for the quarter and year end unfortunately have shown an increase in the red indicators. This is largely due to the handover of the contract from Enterprise Services to Veolia which impacted on reporting while the new contractor got to grips with how we needed data reporting. Although this means the overall figures appear poor, there have been significant improvements overall in the service now being delivered to residents of Northampton. We have changed some KPIs from four monthly reporting (which didn't line up with quarterly reports in any meaningful way) to monthly. This will give the opportunity to identify areas of concern more promptly and take remedial action.

Because of this it will not be possible to give a full outturn report for 2018/19. Where possible we have given comparable figures year on year, or if relevant for the same quarter in the previous year.

3.3. Overall indicator performance against targets

	2017/2018	2018/2019			
Performance Status	End of year	Q1 %	Q2%	Q3%	Q4
Blue (Exceptional or over performance)	21.21%	20.00%	13.33%	13.79%	14.71%
Green	39.39%	40.00%	46.67%	44.83%	32.35%
Amber (Within agreed tolerance)	9.09%	9.09%	10.00%	10.00%	14.71%
Rounded total	69.69%	69.69%	70.00%	70.00%	61.77%
Red (Outside agreed tolerances)	30.30%	30.04%	30.00%	30.00%	38.24%

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3.4 Exceptions

The below exceptions are to be considered by CMB and Audit as to whether any of these are considered to be classified as corporate risks.

High Performing Highlights (Exceptional or Over Performing)			
KPI No	Detail	Q4	Outturn Commentary
CH11	Number of visits to Abington Park Museum	Blue for Q4 – with the main Museum still closed for major refurbishment the Abington Park Museum footfall and attendance for events has become the main report. After lower than target figures for last year, footfall has improved to above target since December of last year. A full programme of events is now embedded and is being well supported.	No comparable figures available.
ESC01	Total Bins and boxes missed in period	After some initial problems with the change of contract, the number of bins and boxes reported as missing have stabilised and show an improvement on the same	Q4: 2018/19 822 missed bins and boxes reported. Q4: 2017/18 2116 missed

		performance as last year in the last quarter.	bins and boxes reported.
ESC02	% of missed bins corrected within 24 hours.	The contractors are performing well over target. The number of missed bins reported has fallen, and the % corrected has risen.	Q4: 2018/19 100% corrected within 24 hours of being reported Q4: 2017/18 Avr. 82.40% corrected within 24 hours.
ESC04	% household waste recycled and composted	New blue bins have been introduced in suitable households, together with a trial of sacks to replace boxes in households for whom the bin option is not appropriate. There has been an increase in items being recycled which will lead to a decrease in items going to landfill.	Q4:2018/19 – Avr. 61.74% Q4:2017/18 – Avr. 32.98%
ESC06	% of land and highways assessed as falling below acceptable level – detritus	There has been a deep clean on the A45 and during February and March 2019 there was a 2.67% and 0.00% reported against a 4% target. This has brought the overall average down to 3.11%	Q4: 2018/19 Avr. 3.11% Q4: 2017/18 Avr. 3.26%
HML09	No of households for who full homelessness duty is accepted	All decisions to accept a rehousing duty under the homelessness legislation have been made after the Council has discharged its duty to 'relieve' the household's homelessness for 56 days. The figures are stabilising compared to last year.	Outturn 2018/19 - 286 Outturn 2017/18 – 550 The number of acceptances for the year has fallen by 52%.
HMO01 of HMO with mandatory licence	No of HMOs with mandatory licence	The number of HMO with a licence continues to rise. As with the additional licences the team continue to pursue any cases where it is suspected licences are required and have not been applied for.	Outturn 2018/2019 = 456 Outturn 2017/2018 = 405 The trend is still rising on this KPI as more HIMO's apply for licences
NI157c	Minor and Other planning applications	Continues to perform at 100% for this quarter.	2018/19 100% 2017/18 100%

KPI No	Detail	Q4	Outturn Commentary
		Lower Levels of Reporting (outside agreed targets)	
BV012	Average number of days/shifts lost to sickness for rolling 12 month period	Following the increase in sickness absence, CMB were provided with additional sickness data to disseminate to managers in their service areas. HR will be providing monthly sickness reports to CMB to enable effective management to take place.	Comparable data is not available, due to non-reporting in the last quarter of 2017/2018
ESC01n	Total Bins and Boxes reported as missed	The target for the remainder of the year will remain at red due to change of contractor and figures not being available for all months, but there has been a significant improvement from the beginning of this quarter to the end. There was also an issue with change of service during Oct and November, but December's figures show great improvement.	Q4: 2018/19 822 missed bins and boxes reported. Q4: 2017/18 2116 missed bins and boxes reported. Overall for the year the KPI is red, but showing good improvements in last Q.
ESC04	% household waste recycled and composted	Overall the annual figure is red due to problems with the handover, although the last quarter figures are performing over target.	Comparable data not available.
ESC07	% of land and highways assessed as falling below acceptable level of graffiti	Again, problems caused with previous contractors not performing to target, and non-reporting for some months. Reporting recommenced in January 2019, and there is consequently a backlog of inspections and work to be done to rectify instances of graffiti where they are found.	Comparable data is not available.
HML01	Total number of households living in temp accommodation	The numbers continue to remain high, although they appear to have stabilised. It is hoped that the changes Cabinet approved to the Housing Allocations and Choice Based Lettings Policy in the last quarter will prevent the number rising further. The team is doing all it can to prevent the need for a household being placed into temporary accommodation and where this cannot be achieved minimise the stay in temporary accommodation.	Outturn for year 2018/19 = 338 2017/18 = 247
HML07	Number of households that are	Preventing homelessness continues to be difficult It is hoped that as part of the team's Homelessness Reduction	Outturn for year 2018/19 = 338 households

	prevented from becoming homeless	Act delivery plan that a series of changes will mean earlier intervention and give more opportunities for earlier prevention of homelessness.	2017/19 = 799
HMO08	No of HMOs with an additional licence	Since a change in the law there has been a significant number of licences that are now classed as mandatory that would previously have been additional. This means the figures for additional have reduced, together with a drop overall in applications during the quarter.	Comparable data is not available.
MPE01	No of new businesses locating on NWEZ	Overall the scheme is nearly at capacity and the amount of new businesses and therefore jobs created has slowed down. However 5 new businesses have re-located within the NWEZ during the last quarter which was on target with 37 jobs created. Although this is a good last quarter, it still gives an overall red report for the year.	Outturn for year - Businesses 2018/19 11 target of 20 2017/18 13 – target 20.
MPE02	NWEZ New Jobs		2018/19 Jobs created 61 – target 200. 2017/18 Jobs created 55 target 350
PP53a	% Service Requests responded to within 5 working days	Again the number of services requests responded to within deadlines has been affected by two members of staff being on long term sick leave.	2018/19 87.18% (target 92%) 2017/18 41.11% (target of 94%)

3.4. Data Quality

The council has processes in place to ensure that the data and information it provides to support management decision-making is as reliable as possible. The council has a strategy to improve data quality and service areas are working to achieve the objectives within it.

4. Implications (including financial implications)

4.1. Policy

- 4.1.1. Corporate performance measures are monitored monthly or quarterly to track progress towards delivering the council's priorities as detailed in the Corporate Plan.
- 4.1.2. Service areas review and develop objectives annually through the service planning process. Measures and targets are identified to help.

4.2. Resources and risks

The risk process includes challenging and confirming capacity and ability to deliver as well as confirming continued priorities. These will be assessed as to whether these are within the levels of accepted risk appetite for the organisation.

4.3. Legal

There are no specific legal implications arising from this report.

4.4. Equality and Health

There is no specific health or equalities implications arising from this report.

4.5. Process and Consultees (Internal and External) - How the Proposals Deliver Priority Outcomes

Performance monitoring (financial and non-financial) to improve performance is good practice, in terms of efficient and effective management. It focuses on the key areas and therefore contributes directly to one of the 2018-20 priorities of the Corporate Plan "Ambitious, Prosperous and Proud" through quality modern services.

4.6. Other Implications

There are no other implications arising from this report

5. Background papers

Appendix 1. Corporate performance all measures and outturn report Q4 (January – March 2019)

Jan Stevenson
Governance and Compliance Support Officer (Ext 7806)

Corporate Performance

All Measures & Outturn Report

March 2019

NORTHAMPTON
BOROUGH COUNCIL

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Introduction

The report details the full list of performance measures monitoring the Council's Corporate Plan by corporate priority and is published quarterly.

The measures contained within this report are monitored on a monthly, quarterly, half yearly or four monthly basis.

Performance is reported against the latest report period and then by overall performance year to date (YTD). Overall YTD performance is monitored against the current profiled target and helps us to keep track of the progress towards meeting the annual target.

Performance comparison against the same time last year is highlighted where comparative data is available.

Report Key:

-  Exceptional or over performance
-  On or exceeding target
-  Within agreed tolerances
-  Outside agreed target tolerance
-  Good to be low: Better
-  Good to be low: Worse
-  Good to be High: Better
-  Good to be High: Worse
-  No change
-  No data or target available
-  No data available
-  No target available

NORTHAMPTON
BOROUGH COUNCIL

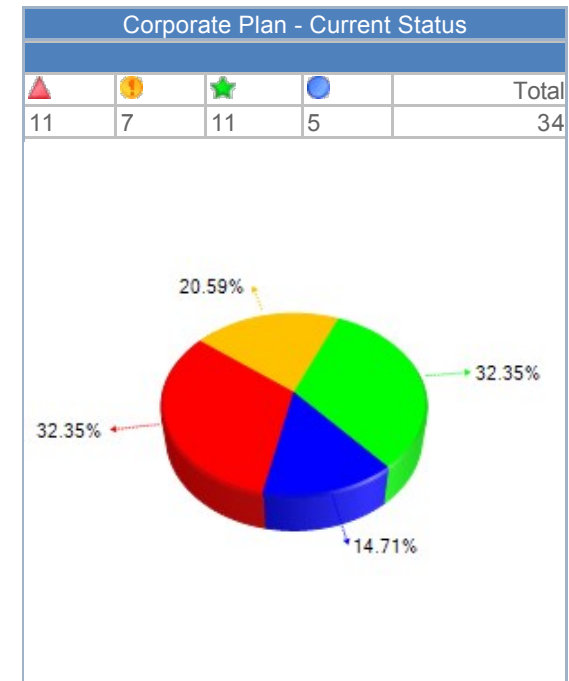
NBC Corporate Plan

The table below has been included for informational purposes, and shows the current year to date performance of each element of the Corporate Plan. The alerts are generated from the Performance Indicators which each service area aligned to the 8 priorities during the service planning process.

Corporate Plan	
	YTD
NBC Corporate Plan - Ambitious, Prosperous, Proud	▲

Theme
Working Hard and Spending your Money Wisely - Delivering quality modern services
Safer Communities - Making you feel safe and secure
Protecting Our Environment - A clean and attractive town for residents and visitors
Northampton Alive - A vibrant successful town for now and the future
Love Northampton - Enhancing leisure activities for local people and encouraging participation
Housing for Everyone - Helping those that need it to have a safe and secure home

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Monthly Measures

Measure ID & Name	Dec 18	Jan 19	Feb 19	Mar 19	Overall perf. to date	YTD	Current Profiled Target	Outturn Target	Polarity	Perf. vs. same time last year	YTD value same time last year
+ AST05a External rental income demanded against budgeted income (M)	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %		95.00 %	95.00%	Bigger is Better		?
We continue to demand all rental income due on properties.											
Source Date 31/03/2019											
+ AST05b % commercial rent demanded within the last 12 months (more than 2 months in arrears) (M)	?	?	?	?	?	?	98.00 %		Smaller is Better		?
Work is still ongoing to ensure that reporting is improved, as part of a larger review of the Asset team This KPI will not be reported on beyond the end of the financial year. In its place will be a KPI on debt recovery and what percentage of outstanding debt is pursued.											
Source Date 31/03/2019											
+ BV008 Local invoices paid within 10 days (M)	83.29	84.49	85.17	89.83	89.83		80.00	80.00	Bigger is Better		91.92
The invoices paid with ten days continues to perform above target.											
Source Date 31/03/2019											
+ BV008 Percentage of invoices for commercial goods & serv. paid within 30 days (M)	99.60 %	98.80 %	99.30 %	99.00 %	99.00 %		99.00 %	99.00 %	Bigger is Better		99.12 %
Continues to perform within targets as an average over the year. Staff are reminded to approve invoices promptly to ensure that the Accounts Payable team can pay invoices on time.											
Source Date 31/03/2019											
+ BV012_ 12r Ave. no. of days/shifts lost to sickness for rolling 12 month period (M)	12.29	11.93	11.70	11.36	11.36		10.20	10.20	Smaller is Better		?
Following the increase in sickness absence, CMB were provided with additional sickness data to disseminate to managers in their service areas. HR will be providing monthly sickness reports to CMB to enable effective management to take place.											
Source Date 31/03/2019											
CH11 Number of visitors to Abington Park Museum	2,484	3,397	3,481	3,936	54,102		52,100	52,100	Bigger is Better		52,000
A warmer than usual February and a number of events in March, including five art history lectures, two talks for the over 60's , a Japanese cooking workshop and a Vintage Fair meant a pleasing 63.8% above target for the last quarter of the year. The museum attracted 2,002 visitors more than the projected annual target, which was 3.85% above target.											
Source Date 31/03/2019											
+ CS05 Percentage satisfied with the overall service provided by the Customer Service Officer (M)	75.00 %	100.00 %	100.00 %	0.00 %	94.87 %		90.00 %	90.00%	Bigger is Better		94.88 %
Since the new GDPR regulations came into force in May 2018 it has not been possible to capture information in the same way as we were previously able. We are exploring ways within our new system and plan reinstate this KPI by July 2019.											
Source Date 31/03/2019											
+ CS13a % of calls for NBC managed services into contact centre answered (M)	96.56 %	93.80 %	90.11 %	86.25 %	92.58 %		90.00 %	90%	Bigger is Better		91.32 %
Customer services answered 91.32% of calls during 2018/19 (149,860 calls answered), achieving our target of 90% of calls answered. In addition we saw an increase in calls relating to repairs that had already been reported during these months, which increased demands on staff time. We are confident following the recruitment of vacant posts within the NPH planning team that we will see a reduction in the number of calls in future.											
Source Date 31/03/2019											
+ CS14a % OSS customers with an appointment seen on time (M)	93.5 %	94.0 %	89.2 %	88.6 %	94.9 %		90.00 %	90.00%	Bigger is Better		93.2 %
We saw 93% of customers on our drop in service (19,551) within 15 minutes of their arrival time, achieving target of 90%.											
Due to annual billing we saw an increase of footfall in February and March 2019 which did have an effect on the performance over this period.											
Source Date 31/03/2019											
+ ESC01n Total bins/boxes missed in period (M)	164	311	252	259	3,983		3,294	4,080	Smaller is Better		7,381
After some initial problems with the change of contractor, the number of bins and boxes reported as missed has now stabilised and is well within targets. Under the new contract, boxes are being phased out and have either been replaced with one Wheelie bin & a trial of sacks has proved successful and may now be rolled out to all houses who are unsuitable for a wheeled recycling bin. This has improved the amount of litter being blown away when residents put out recycling as the material is contained.											

Monthly Measures

Measure ID & Name	Dec 18	Jan 19	Feb 19	Mar 19	Overall perf. to date	YTD	Current Profiled Target	Outturn Target	Polarity	Perf. vs. same time last year	YTD value same time last year
Source Date 31/03/2019											
+ ESC02 % missed bins corrected within 24hrs of notification (M)	100.00 %	100.00 %	100.00 %	100.00 %	91.54 %		84.00 %	84.00 %	Bigger is Better		86.86 %
100% of all missed collections that are reported are being corrected within 24 hours. The number of missed collections reported since the contract with Veolia commenced in June of last year has fallen by 50%											
Source Date 31/03/2019											
+ ESC04 % household waste recycled and composted (NI192) (M)	1.83 %	55.56 %	59.86 %	69.82 %	12.93 %		49.00 %	44.00 %	Bigger is Better		45.05 %
We are aiming for a target of 49%, since the implementation of the new blue lidded bins, there has been surge of increased diversion from landfill which has improved the existing recycling percentage.											
Source Date 31/03/2019											
+ ESC05 % of Land and Highways assessed falling below an acceptable level - Litter (NI195a) (4M)	?	4.00 %	2.67 %	0.00 %	2.22 %		2.00 %	2.00 %	Smaller is Better		4.39 %
The introduction of Fixed Notice Penalties is having a significant impact in the town centre. The new contractors have reviewed and re-scheduled the street cleansing methods which, along with undertaking deep cleansing and ground maintenance around Northampton will bring about sustained improvements. We have introduced monthly inspections and reporting with the contractor in a bid to capture the performance indicators.											
Source Date 31/03/2019											
+ ESC06 % of Land and Highways assessed falling below acceptable level - Detritus (NI195b) (4M)	?	6.67 %	2.67 %	0.00 %	3.11 %		4.00 %	4.00 %	Smaller is Better		3.26 %
As well as the improvements mentioned in ESC05 there has also been a thorough removal of detritus on the A45. The contract is going to instigate much more regular cleansing in areas in need.											
Source Date 31/03/2019											
+ ESC07 % of Land and Highways assessed falling below acceptable level - Graffiti (NI195c) (4M)	?	6.67 %	1.33 %	8.00 %	5.33 %		2.00 %	2.00 %	Smaller is Better		0.75 %
A scheme of more regular inspections for Litter, Detritus, Graffiti and Fly tipping has been instigated. This is currently being bedded in but it is expected that there will be improvements in the amount of graffiti that is identified and removed.											
Source Date 31/03/2019											
+ ESC08 % of Land and Highways assessed falling below acceptable level - FlyPosting (NI195d) (4M)	?	0.00 %	0.00 %	8.00 %	2.67 %		2.00 %	2.00 %	Smaller is Better		0.00 %
The adoption of a graffiti and flyposting policy has confirmed NBC's stance on how to deal with flyposting, this along with proactive work by the wardens and street cleansing staff should see a sustained reduction in flyposting.											
Source Date 31/03/2019											
+ ESC09 % of Fly Tipping incidents removed within 2 working days of notification (SO2) (M)	31.29 %	96.00 %	97.98 %	119.11 %	58.48 %		98.00 %	90.00 %	Bigger is Better		99.95 %
A new lower charge for large items to be removed from households is being trialled between April 1st and June 30th. It is hoped that if charges to remove large items like white goods, mattress and the like, this will reduce fly tipping incidents. Due to the contract change it was not possible to record data for the end of 2018-2019, but reporting has now recommenced and it is expected the contractor will clear reported fly tips within prescribed time scales. A new App for reporting issues across the different sectors of the service is now in use and is attracting high volumes of reports.											
Source Date 31/03/2019											
+ HML01 Total no. of households living in temporary accommodation (M)	299	303	323	338	338		180	180	Smaller is Better		247
The Council is required to accommodate homeless households for at least 56 days before it can make a decision whether or not to accept a rehousing duty. The lack of move on accommodation for those who are accepted, coupled with the requirement to accommodate those who are not accepted for a reasonable period is causing a sitting up effect in temporary accommodation. This has been further exacerbated by an issue with evictions in the County Court, whereby the 3 month suspension on bailiff action was lifted in January 2019 resulting in a high number of households approaching for help upon eviction. On 3rd April 2019 Cabinet approved a comprehensive and robust 14 point action plan that aims to reduce the number of households residing in temporary accommodation to 200 after the first 12 months of its implementation. This will be achieved by increasing our preventative work with households threatened with homelessness in the private sector, improving the flow of households through temporary accommodation by ensuring that all homelessness decisions are accurate and issued as soon as practicable, conversions of HRA Council homes used as temporary accommodation into permanent accommodation, maximising the number of council and housing association homes that are let to homeless households through the Housing Register and ensuring that delays in the construction, repair or refurbishment of council and housing association homes do not result in homeless households spending extra time in temporary accommodation.											
Source Date 31/03/2019											

Monthly Measures

Measure ID & Name	Dec 18	Jan 19	Feb 19	Mar 19	Overall perf. to date	YTD	Current Profiled Target	Outturn Target	Polarity	Perf. vs. same time last year	YTD value same time last year
HML07 Number of households that are prevented from becoming homeless (M)	51	55	40	48	424		600	600	Bigger is Better		799
In addition to the households that have been prevented from becoming homeless in the quarter, the team has also helped relieve homelessness for almost 70 households by accessing supported or private rented accommodation or supporting them to rebuild family ties.											
Source Date 31/03/2019											
HML09 Number of households for whom a full homelessness duty is accepted (M)	28	31	25	33	286		960	960	Smaller is Better		550
All decisions to accept a rehousing duty under the homelessness legislation have been made after the Council has discharged its duty to 'relieve' the household's homelessness for 56 days. As expected the number of acceptances has risen slightly over the quarter as the team continues to focus on reducing its large caseloads. The number of acceptances has more than halved when compared to the same period last year.											
Source Date 31/03/2019											
IG03 % FOI/EIR cases responded to within 20 working days (M)	100.0 %	99.0 %	99.0 %	99.0 %	99.0 %		100.0 %	100.0 %	Bigger is Better		98.0 %
A firewall issue last year meant that a few emails went into the Spam folder which has pulled the overall figures down slightly over the 12 month period. Apart from this issue all FOI/EIR queries were answered within the 20 day period, unless they were notified of an extension due to the request being a large or complex issue.											
Source Date 31/03/2019											
IG04 % Subject Access requests responded to within 40 days (M)	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %		100.0 %	100.0 %	Bigger is Better		100.0 %
All subject access requests were dealt with within timescales.											
Source Date 31/03/2019											
NI157a % Major Planning applications determined in 13 weeks or agreed extension (M)	100.00 %	100.00 %	100.00 %	100.00 %	96.08 %		100.00 %	100.00%	Bigger is Better		100%
100% applications determined within agreed time scales for three quarters of the year. The other quarter missed 100% due to large number of applications.											
Source Date 31/03/2019											
NI157b % of 'minor' planning apps determined within 8 weeks or agreed extension (M)	100.00 %	100.00 %	100.00 %	100.00 %	99.45 %		95.00 %	100.00%	Bigger is Better		100%
100% applications determined within agreed time scales for the quarter. The other quarter missed 100% due to large number of applications											
Source Date 31/03/2019											
NI157c % of 'other' planning apps determined within 8 weeks or agreed extension (M)	100.00 %	100.00 %	100.00 %	100.00 %	99.88 %		95.00 %	95.00%	Bigger is Better		95%
100% applications determined within agreed time scales for 3 out of four quarters but target was achieved.											
Source Date 31/03/2019											
PP22 % Hackney Carriage and private hire vehicles inspected which comply with regulations (M)	40.00 %	66.67 %	66.67 %	0.00 %	60.04%		70.00 %	70.00%	Bigger is Better		64.71 %
During the year routine tests are carried out as part of general enforcement duties and some targeted specific operations are carried out with the DVSA and the Police. This is why there are significant month on month variations in the number of checks carried out. In these operations, non compliant vehicles will be issued with appropriate sanctions and requirements to take vehicles off the road until defects are dealt with.											
Routine checks will also reveal instances of technical non compliance with licence conditions, such as failure to have a copy of the licence condition book in the vehicle at all times. These results are considered along with any other licence breaches to determine whether enforcement action is required.											
Whilst efforts are made to carry out random testing of vehicles, there is a likelihood that older, and therefore potentially non compliant vehicles will be tested. This, together with the relatively small sample size, means that the percentage of non complaint vehicles may not accurately reflect the overall condition of vehicles in use in Northampton.											
Source Date 31/03/2019											
PP53a % Service Requests responded to within 5 working days (M)	94.48	89.38	90.72	86.54	87.18		94.00	94.00%	Bigger is Better		41.11
There is a reduction in number of service requests dealt with inside deadline due to long term absence of two members of staff.											
Source Date 31/03/2019											

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Quarterly Measures

Measure ID & Name	Jun 18	Sep 18	Dec 18	Mar 19	Overall perf. to Date	YTD	Current Profiled Target	Annual Target	Polarity	Perf. vs. same time last year	YTD value same time last year
HMO01 No. HMOs with Mandatory licence (Q)	406	388	414	456	456		340	340	Bigger is Better		405
The number of HMO with a licence continues to rise. As with the additional licences we continue to pursue any cases where it is suspected licences are required and have not been applied for.											
Source Date 31/03/2019											
HMO08 No. of HMOs with an additional licence (Q)	490	376	358	358	358		550	550	Bigger is Better		512
This figure has not changed from the previous quarter.											
Source Date 31/03/2019											
IG01 % LGO cases responded to within 28 days (excl. pre-determined cases) (Q)	50.0 %	100.0 %	100.0 %	66.0 %	66.0 %		100.0 %	100.0 %	Bigger is Better		100.0 %
Over the whole year there were six LGO investigations in 2018-19. Three cases were responded to in time, three exceeded the time (although one did have a 10 working day extension meaning it was responded to within the time allowed by the LGO). The target was 28 days however the average time taken was a little over at 29.83 days.											
Source Date 31/03/2019											
IG02 Av. days to respond to LGO enquiries (excl. pre-determined cases) (Q)	29.50	28.00	0.00	29.83	29.83		28.00	28.00	Smaller is Better		25.00
As previously stated, three cases of six were completed in time. The complexity of the other cases caused a delay in them being completed within prescribed timescales.											
Source Date 31/03/2019											
MPE01 No. of new businesses locating on NWEZ (Q)	2	3	1	5	11		20	20	Bigger is Better		13
Five new business located to the area within the last quarter. We continue to look into ways of bringing new business into the NWEZ.											
Source Date 31/03/2019											
MPE02 No. of new jobs created on NWEZ (Q)	16	6	2	37	61		200	200	Bigger is Better		55
The university funded construction is now complete and is officially open for students. Quarter four figures within the EZ show 5 new businesses opening creating 37 jobs.											
Source Date 31/03/2019											
PP16 % Off licence checks that are compliant (Q)	54.55 %	55.56 %	100.00 %	0.00 %	70.00 %		60.0 %	60.00%	Bigger is Better		44.44 %
No routine checks carried out during the final quarter of the year as staff were involved in other work.											
Source Date 31/03/2019											
TCO05n Town Centre footfall (Q)	3,864,070	3,617,163	3,365,002	3,138,909	13,985,144		14,700,000	14,700,000	Bigger is Better		15,819,292
Footfall in the town centre fell by 11.6% in comparison with the 2017/18 figures. The decline in high street footfall is a national trend and in Northampton the closure of two major high street retailers in Abington Street impacted on footfall figures as one of the town centre footfall cameras is located on M&S building.											
Source Date 31/03/2019											

Major Project update

Delivery of the Northampton Waterside Enterprise Zone

The university funded construction is now complete and is officially open for students. Quarter four figures within the EZ show 5 new businesses opening creating 37 jobs.

Source Date 31/03/2019

Development of the Greyfriars site

Consultants have now reported on the potential use of the site and officers are considering the report prior to making recommendations to Members. The development choices for the site will feed into the wider town centre masterplan which is now being developed. Discussions with NPH and Legal & General regarding the conversion of Belgrave House into residential accommodation are progressing well.

Source Date 31/03/2019

Restoration and regeneration of Delapre Abbey and Park

The project is near completion. All Breedon works are now complete. Health & Safety works which form part of the residual outstanding items are complete and the residual items are underway. Flood drainage works to protect the new car park have been successfully completed.

Source Date 31/03/2019

Delivery of the Business Incentive Scheme and account management to key businesses

Three new businesses were supported in Q4 creating 30 additional jobs and attracting £1,070,318 of private sector investment. Overall for 2018-19 17 new and existing businesses have been supported with £135,555 committed grants, 76 jobs created that leveraged £1,336,772 of private sector investment.

Source Date 31/03/2019

Delivery of the Four Waterside Development

Kier were appointed as developers for this site by WNDK. They have failed to secure any significant development and we have now issued notice that we are terminating the development agreement. Architects and agents have been appointed to do a commercial review of site potential and produce a masterplan and development brief. This will then be used to attract a development partner. The capital programme for 19/20 includes significant resource to enable us to pump prime developments on this site.

Source Date 31/03/2019

Development of the Cultural Quarter

Museum - Demolition works now complete together with external piling. New extension works have commenced with scaffolding erected and roof works underway. Internal refurbishment and remodelling progressing as planned. The project is currently within budget and quality of work remains satisfactory with no accidents or near misses reported.

Source Date 31/03/2019

Development of the Cultural Quarter - Vulcan Works

Vulcan Works - The project plans to build opportunities for start-ups and young businesses in the creative and IT sectors, with a total of 59 letting units of variable sizes and levels of specification. Project started on site in March 2019 with commencement of roof removal and demolition of the Angel Street Cottage

Source Date 31/03/2019

Delivery of the Castle Station development

Network Rail and the train operator are now keen to develop the station site. Phase 1 will be a new 1330 space multi-storey car park, with following phases including residential and office uses. We are in discussion with Network Rail and their development partners ROK to see how we might participate in the funding of the car park.

Source Date 31/03/2019

Appendices:

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NORTHAMPTON
BOROUGH COUNCIL

AUDIT COMMITTEE REPORT

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

Audit Committee Meeting Date:	8 th July 2019
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 KPMG and EY in respect of the 2017-18 and 2018-19 Statement of Accounts.
- 1.2 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 The progress towards completing the Statement of Accounts for 2017-18 and 2018-19.
 - 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.

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 2019/20.

3.3 Treasury Management

- 3.3.1 There have been no reportable incidents, the LGSS Treasury Management Team continue to work hard to maximise the interest earned through the investment vehicles available and reduce the interest paid on borrowing where possible.

3.4 Completing 2017/18 Statement of Accounts

- 3.4.1 It is anticipated that the Statement of Accounts for 2017/18 will be presented to the Audit Committee 29 July 2019 for approval and formal signing. The progress against completion of all outstanding tasks is being monitored by the Chief Finance Officer in conjunction with the lead officer from LGSS Finance. The Portfolio Officer for Finance is also provided with regular progress reports.
- 3.4.2 There is a commitment from both the Council and KPMG to complete all outstanding work and sign-off the 2017/18 Statement of Accounts by the next Audit Committee on 29th July 2019. This will require the Financial Statements, the Annual Governance Statement and Letter of Representation to be presented and signed.

3.5 2017/18 Draft ISA260 External Audit Report

- 3.5.1 In June 2019 KPMG issued the draft ISA260 for review for factual accuracy. The Council accepted the recommendations made and is working to make improvements to the areas highlighted. KPMG will provide an addendum to the ISA260 report once the 2017/18 audit is finalised and formal management responses have been provided.
- 3.5.2 In addition, once the 2017/18 Audit is complete, KPMG will assist the Council and LGSS, through participation in a formal lessons learned exercise.

3.6 Preparation of 2018/19 Statement of Accounts

- 3.6.1 The work required to deliver the 2018/19 Statement of Accounts is underway, progress has been restricted by the work required to close 2017/18 Accounts, with the formal draft Statement of Accounts due to be presented to the Audit Committee on 29 July 2019.
- 3.6.2 The new external auditor (EY) has not yet commenced work or provided an audit plan. The expectation is that the audit of these accounts will be in Autumn 2019.
- 3.6.3 EY met with all Chief Finance Officers in Northamptonshire, along with PSAA (Public Sector Audit Appointments) to explain that they would not be conducting any audits for any of the councils within Northamptonshire due to resource issues. There is an additional complication for Northampton Borough Council and Northamptonshire County Council, with KPMG still finalising prior year audits.
- 3.6.4 Having received conflicting views as to whether KPMG finishing the prior year accounts should preclude EY from commencing audit work, they were invited to agree a position to be shared with the Audit Committee.
- 3.6.5 The following has been provided as an explanation of the limited work to date in respect of 2018/19 Statement of Accounts, by EY, in agreement with KPMG, as an explanation of their position.

“We are governed by the contract with PSAA which outlines the requirements in respect of the performance of services. Our application of that is to consider the Companies Act requirements for an auditor not to take office until the cessation of the predecessor’s appointment, as well as the Removal Regulations, where our expectation is that the predecessor will signal this by writing to the audited body to provide notice of resignation. Further, guidance from PSAA in the Terms of Appointment refer to handover protocols between auditors in the situation where the audit has been completed by the outgoing auditor”.

3.7 Choices (Options)

- 3.7.1 Although this report is just for noting, Audit Committee have the opportunity to ask questions directly to Officers on issues associated with the completion of the statutory accounts for 2017/18 and 2018/19.

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 KPMG were provided with the assurance required to enable them to give their opinion on the 2017/18 statement of accounts as soon as was practicable. This has had a knock-on impact on the ability to progress the closure of the 2018/19 accounts.
- 4.2.2 However, the additional time spent on 2016/17 accounts has resulted in issues being identified and mitigated in advance of the 2017/18 accounts process.
- 4.2.3 Where improvements could not be made within the financial year 2017-18, the lessons learnt were being actioned for 2018-19

4.3 Legal

- 4.3.1 The actions proposed in this report will enable the Council to meet its statutory requirements of finalising its 2017/18 Statement of Accounts, signed and with an external audit opinion.

4.4 Equality

- 4.4.1 Not applicable.

4.5 Consultees (Internal and External)

- 4.5.1 External Auditors, KPMG
- 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

Appendices:

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NORTHAMPTON
BOROUGH COUNCIL

AUDIT COMMITTEE REPORT

Report Title	2018-19 Finance Outturn Report
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AGENDA STATUS: PUBLIC

Audit Committee Meeting Date:	8 th July 2019
Policy Document:	No
Directorate:	Chief Finance Officer
Accountable Cabinet Member:	Cllr Brandon Eldred

1. Purpose

1.1 To inform the Audit Committee of the Financial Outturn Report provided to Cabinet on 12 June 2019

2. Recommendations

2.1 It is recommended that the Audit Committee note:

2.1.1 The outturn report provided to Cabinet in respect of Financial Year 2018-19

2.1.2 That the General Fund overspent by £0.732m, which was funded by reserves.

3. Issues and Choices

3.1 Report Background

3.1.1 This report provides Audit Committee with the report presented to Cabinet on 12 June 2019.

3.1.2 Details of the overspends and underspends relating to each service area are contained within the attachments.

3.2 Choices (Options)

- 3.7.1 Although this report is just for noting, Audit Committee have the opportunity to ask questions directly to Officers on technical aspects of the Outturn Report, or questions may be taken away for responses by Service Area or Cabinet Members.

4. Implications (including financial implications)

4.1 Policy

- 4.1.1 None to report.

4.2 Resources and Risk

- 4.2.1 The Council utilised £0.732M of reserves to fund the overspend, however in setting the budget for 2019-20 increased funding has been provided to the Housing and Wellbeing Service to recognise this demand led cost pressure.

4.3 Legal

- 4.3.1 There are no legal aspects to this report.

4.4 Equality

- 4.4.1 Not applicable.

4.5 Consultees (Internal and External)

- 4.5.1 Cabinet and Corporate Management Board

4.6 Other Implications

- 4.6.1 None.

5. Background Papers

- 5.1 Cabinet Report 12 June 2019

Stuart McGregor
Chief Finance Officer

Appendices
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NORTHAMPTON
BOROUGH COUNCIL

CABINET REPORT

Report Title	FINANCE AND MONITORING - PROVISIONAL OUTTURN REPORT 2018/19
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AGENDA STATUS: PUBLIC

Cabinet Meeting Date:	12 June 2019
Key Decision:	Yes
Within Policy:	Yes
Policy Document:	No
Directorate:	Management Board
Accountable Cabinet Member:	Cllr B Eldred
Ward(s)	N/A

1. Purpose

- 1.1 This report sets out the provisional financial outturn position for the Council's general fund, Housing Revenue Account (HRA), and capital programme, and for Northampton Partnership Homes (NPH) for the financial year 2018/19.

2. Recommendations

- 2.1. That Cabinet note the provisional outturn for the general fund and HRA for the financial year 2018/19 as set out at **appendix 1** and **appendix 5**.
- 2.2 That Cabinet approve the proposed revenue budget carry forwards detailed in **appendix 2**.
- 2.3 That Cabinet approve the use of and contributions to general fund revenue earmarked reserves as shown in **appendix 3**.
- 2.4 That Cabinet approve the net movement in HRA reserves and working balances as set out at **appendix 6**.
- 2.5 That Cabinet note the outturn for the Council's general fund and HRA capital programmes for 2018/19 and how the expenditure was financed as set out at **appendix 4** and **appendix 7**.

- 2.6 That Cabinet approve the proposed capital carry forwards into 2019/20 set out in **appendix 4** and **appendix 7**.
- 2.7 That Cabinet delegate authority to the Chief Executive in consultation with the Chief Finance Officer to agree any retention of underspends by NPH.

3. Issues and Choices

3.1 Report Background

- 3.1.1 The Council's budget is divided across two accounts, the general fund and the HRA. These two accounts, together with their respective sources of funding, are kept entirely separate as required by statute. HRA expenditure and income relates solely to the Council's role as a housing landlord, whilst the general fund encompasses all other services.
- 3.1.2 Work is ongoing to complete the draft statement of accounts for 2018/19 and this may result in a change to the final level of general fund and HRA reserves, although this is not expected to be material.

3.2 General fund

- 3.2.1 The general fund outturn for controllable budgets shows a net overspend of £0.732m. This is listed in **table 1** below and detailed in **appendix 1**.

Table 1 Service area	Revised budget £m	Outturn £m	Variance £m
Customers & Communities	12.492	12.980	0.488
Chief Executive	0.921	0.767	(0.153)
Chief Finance Officer	10.559	10.457	(0.102)
Economy Assets & Culture	0.936	1.118	0.181
Housing and Wellbeing	2.734	3.969	1.235
Borough Secretary	2.480	2.256	(0.225)
Planning	0.613	0.115	(0.497)
Debt Financing	0.233	0.038	(0.195)
Total	30.968	31.700	0.732

- 3.2.2 Major variations between the revised budget and outturn are set out in more detail in **appendix 1** and below:
- 3.2.3 Within **Customers & Communities** there was an overall overspend of £0.488m. This was mainly due to an overspend of £0.312m on the environmental services contract and its management. This related to additional ad hoc works; legal costs; and costs of a risk share mechanism reflecting lower sales proceeds of recycled materials. This was partially offset by performance deductions relating to the old contract, and some variable elements of the

contract coming out under budget. There was also an overspend of £0.232m on Parks and Open Spaces due to a loss of ground maintenance recharges to NPH. Overall within the Customers & Communities area there was also some smaller variances including some underspends due to staff vacancies.

- 3.2.4 Within the **Chief Executive** area there was an overall underspend of £0.153m associated with the senior management restructure that took place during the year.
- 3.2.5 Within the **Chief Finance Officer** area there was an overall underspend of £0.102m, mainly due to a saving on the LGSS contract related to new insurance premiums. There was also a significant pressure of £0.400m in the Benefits area due to subsidy loss resulting from the increased demand in temporary accommodation – this was forecast during the year. This overspend has been offset by an underspend on rent allowances due to increased recovery rates.
- 3.2.6 Within the **Economy, Assets and Culture** area there was an overall overspend of £0.181m. This was made up of overspends in the Asset Management area (0.377m) due to vacant posts being covered by interims, valuation work being carried out by external companies and additional maintenance costs in relation to water hygiene at the Racecourse. There was also an overspend in Programmes & Enterprise (£0.154m) partly due to the write off of a large debt. These overspends were partially offset by underspends against Car Parking (£0.263m) and Facilities Management (£0.120m) due to savings on postage associated with a reduction in post sent by the authority.
- 3.2.7 Within the **Housing & Wellbeing** area there was an overall overspend of £1.235m. This mainly relates to the Housing Options and Advice area and is due to pressures resulting from the increased demand in temporary accommodation and includes the associated increased charge in the bad debt provision. This pressure was forecast during the year. This pressure was partly offset by additional homelessness grants received from central government in March 2019.
- 3.2.8 Within the **Borough Secretary** area there was an overall underspend of £0.225m, mainly due to vacancies within the Legal Team.
- 3.2.9 Within the **Planning** area there was an overall underspend of £0.497m. This was partly due to an underspend in the Planning Policy & Heritage area (£0.252m) due to an underspend on the Local Plan Part 2 – the service has requested to carry forward some of this underspend (see **appendix 2**). There was also an underspend on Development Control (£0.206m) due to additional planning income and some vacancies.
- 3.2.10 On the **Corporate** budget there was an underspend of £0.195m due to greater interest income generated from cash balances due to cash balances remaining higher than forecast, and an interest rate rise.
- 3.2.11 All outturn variations will be reviewed as part of a robust review of the current 2019/20 budget and medium term financial plan going forward.
- 3.2.12 Specific carry forwards totalling £0.302m have been requested for use in 2019/20. While there was an overall overspend on the council's general fund budget, these requests to carry budgets forward all come from individual underspends. These requests are detailed in **appendix 2**.

3.2.13 **Table 2** below sets out the proposed funding of the 2018/19 overspend.

Table 2	£m
Funding of 2018/19 overspend	
Total outturn position	0.732
Carry forward requests	0.302
Total to be funded from the MTFP cashflow reserve	1.034

General fund balances and earmarked reserves

3.2.14 The latest risk-based assessment of reserves suggests that, taking all known risks into account along with the Council's gross expenditure requirement, the minimum level of balances should remain in the order of £4.0m. The unaudited outturn shows that this can be achieved as at 31 March 2019.

3.2.15 The Council also holds general fund earmarked reserves of just over £25m to mitigate against specific risks to which the Council may be exposed and for investing in service improvement. These are detailed in **appendix 3**. The total includes £9.00m that was set aside to fund vehicles and equipment to be used in the new environmental services contract. This is to be drawn down at £1.000m per year over the ten years of the contract. The other key corporate reserves are set aside to fund the delivery of the efficiency plan (£1.783m); to fund any delays in delivering savings over the medium term (MTFP cashflow reserve £1.123m); and £5.0m set aside against the recovery of money relating to the Sixfields case.

3.3 General fund capital

3.3.1 The Council's final approved budget for general fund capital programme expenditure in 2018/19 was £20.0m, reflecting carry forwards from 2017/18, in year changes and re-profiling approved as part of the setting of the 2019/20 capital programme in February.

3.3.2 The overall capital programme includes revenue expenditure funded from capital under statute (REFCUS). This is expenditure, such as grants to homeowners for disabled facilities, which can be funded from capital resources under statute and regulations.

3.3.3 Capital expenditure for 2018/19 totalled £14.0m against the final approved budget of £20.0m, a net variance of £.6.0m (30%). A large proportion relates to schemes that are currently underway or still planned to take place and these budgets will be carried forward into the next financial year (2019/20). The majority of this carry forward is due to the timing of approvals and the timescales for letting contracts and funding agreements.

3.3.4 The net underspend after taking account of proposed carry forwards is around £0.05m.

- 3.3.5 The capital expenditure position by Head of Service is summarised in **Table 3** below, with further details set out in **appendix 4**, along with explanations of the reasons for any significant variances.

Table 3 General fund capital expenditure 2018/19	Final approved budget £m	Outturn £m	Carry forward £m	Variance £m
Borough Secretary	0.21	0.02	0.19	0
Chief Finance Officer	0.34	0.20	0.14	0
Customers & Communities	12.46	8.64	3.84	0
Economy, Assets and Culture	5.31	3.86	1.42	0.05
Housing and Wellbeing	1.65	1.28	0.37	0
Total	19.97	14	5.96	0

- 3.3.6 **Table 4** below shows how the capital programme for 2018/19 has been funded. In line with the approved capital strategy and the treasury management strategy, capital receipts and revenue reserves have been utilised to fund expenditure on short-life assets whilst prudential borrowing has been used where assets have a longer life.

Table 4 Financing of capital programme 2018/19	General fund £m
Borrowing	3.54
Capital receipts	7.58
Grants	2.5
Section 106 contributions	0.4
Total	14.0

3.4 Housing Revenue Account (HRA)

- 3.4.1 The HRA outturn position shows an underspend on controllable spending of £0.884m. After technical accounting adjustments this position moves to an underspend of £0.620m. This has reduced the required net contribution to reserves from the budgeted amount of £0.922m to £0.620m, while the HRA working balance remains unchanged at £5m.
- 3.4.2 It should be noted that this outturn position includes the £0.388m underspend Northampton Partnership Homes (NPH) are reporting in the total management fee. The Council has options under the management agreement to take this

surplus back into the HRA to reinvest in the housing stock or agree for NPH to retain them for future use as part of the delivery plan.

3.4.3 It should be noted that NPH have managed most of the HRA expenditure budgets in 2018/19 and the actual expenditure incurred is therefore reflected in the summary HRA accounts as management fee payments to NPH. The NPH outturn figures are shown separately (see 3.6 below).

3.4.4 **Appendix 5** provides summary of the main variances against the HRA budget. All outturn variations are already being reviewed to identify ongoing issues which need to be reflected within the current forecast and future year budgets. The major variations between the revised budget and outturn are as follows:

3.4.5 Income – additional income generated as a result of accounting on an accruals basis rather than cash basis. Also extra income generated as a result of increased charges for leaseholder major works.

3.4.6 Repairs and maintenance – increased expenditure on professional fees and outsourced voids works, offset by savings in staffing costs and materials in the in-house (NPH) voids team.

3.4.7 General Management and Special Services – underspend primarily reflects savings in staffing costs and utilities costs (NPH) offset by management recharge (NBC) from general fund to HRA.

3.4.8 Other variances:

- Lower contribution to the bad debt provision than budgeted reflecting the good performance of managing arrears and the further delay on full implementation of the welfare reforms and universal credit.
- Lower interest and financing costs reflecting the higher level of balances held on the HRA for the year.
- Lower support service recharges reflect savings within general fund services.
- Increased depreciation/MRA costs compared to budget
- Lower use of Revenue Contributions to Capital (RCCO)

3.4.9 Further details regarding recommended budget revisions and management actions required to ensure that the budget remains in balance will be included in the next budget monitoring report to Cabinet.

Contribution to HRA working balances and reserves.

3.4.10 The draft total balance on all HRA reserves and balances at 31 March 2019 is £14.388m. **Appendix 6** details the movement to and from HRA reserves, excluding working balances. Contributions to and from working balances and earmarked reserves are summarised in **table 5** below. Cabinet are asked to approve these contributions from reserves.

Table 5 HRA working balances and reserves	Balance 1 April 2018 £m	Movement in year £m	Balance at 31 March 2019 £m
Working balances	5.000	0	5.000
HRA reserves	6.968	0.620	7.588
Leaseholders reserve	0.500	0	0.500
Service improvement and project reserve	1.000	0	1.000
Insurance reserve	0.300	0	0.300
Total HRA balances	13,768	620	14,388

3.5 HRA capital

- 3.5.1 The Council's final approved budget for HRA capital programme expenditure in 2018/19 was £25.694m, a net increase of £0.878m from the original budget of £24.817m. The budget increased due to carry-forwards from 2017/18.
- 3.5.2 HRA capital expenditure for 2018/19 totalled £25.319m against the final approved budget of £25.694m, a net underspend of £0.375m. This underspend relates mainly to the repurchase of former council houses (£0.410m) to be carried forward into 2019/20 and an NPH managed schemes overspend (£0.035m). The NPH overspend is made of underspends for improvement to homes (£0.523m) and information and communication technology (£0.105m) offset by a spend brought forward from 2019/20 budget for improvement to environment (£0.663m). It is proposed that the £0.035m overspend is carried forward into 2019/20 to offset against the NPH managed schemes budget for 2019/20.
- 3.5.3 Further details are provided in **appendix 7**.
- 3.5.4 **Table 6** below shows the proposed funding of the HRA capital programme for 2018/19.

Table 6 Financing of HRA capital programme 2018/19	HRA £m
Capital receipts	5.021
Major repairs reserve	11.615
Revenue financing	4.698
Borrowing	3.985
Total	25.319

- 3.5.5 Any HRA capital resources becoming available as a result of the underspend and the next revision of the 30-year business plan will be allocated to priority improvements and/or new provision.
- 3.5.6 The carry forward schemes will be incorporated into the 2019/20 agreed capital programme and monthly monitoring processes.

3.6 Northampton Partnership Homes (NPH) outturn

- 3.6.1 The NPH outturn for the year 2018/19 is a £0.388m underspend on the total management fee (general fund overspend £0.080m offset by HRA underspend £0.468m). In accordance with the management agreement, this is adjusted back into the retained HRA in 2018/19 to be reinvested in the HRA stock.

3.7 Choices (options)

- 3.7.1 Cabinet is invited to note the report and the explanations of the actual outturn on controllable income and expenditure for the general fund, HRA, capital programme and NPH.
- 3.7.2 Cabinet is asked to approve the movements in the general fund and HRA reserves.
- 3.7.3 Cabinet is asked to approve the capital and revenue budgets to be carried forward to 2019/20.
- 3.7.4 In determining the recommendations set out in the report the Chief Finance Officer and Corporate Management Board, in conjunction with the appropriate Cabinet Member, have considered the options open to the Council. The recommendations made ensure the Council:
- continues to support its capital programme projects by seeing them to completion,
 - manages its financial/service risks through the creation of appropriate reserves,
 - supports NPH by reinvesting unspent monies.

4. Implications (including financial implications)

4.1 Policy

- 4.1.1. Actual outturn impacts upon the level of reserves.

4.2 Resources and risk

- 4.2.1 This report informs Cabinet of the outturn for the general fund, Housing Revenue Account (HRA), capital programme and NPH for 2018/19. The impact of individual outturn variances needs to be assessed against current and future years' budgets.

4.3 Legal

- 4.3.1 There are no specific legal implications arising from this report.

4.4 Equality and health

- 4.4.1 There are no specific equality and health implications arising from this report.

4.5 Consultees (internal and external)

4.5.1 Chief Executive and Heads of Service have been consulted.

4.6 How the proposals deliver priority outcomes

4.6.1 Annual outturn reporting contributes to the priority of delivering value for money to protect local services by sustaining effective and prudent financial management.

4.7 Appendices

4.7.1 The Appendices are set out as follows:

1. General fund revenue budget outturn 2018/19
2. General fund carry forward requests 2018/19
3. General fund earmarked reserves movements 2018/19
4. General fund capital programme outturn and carry forwards 2018/19
5. Summary of HRA outturn position 2018/19
6. Summary of HRA earmarked reserves and balances 2018/19
7. HRA capital programme outturn and carry forwards 2018/19

5. Background Papers

5.1 Cabinet Reports – Budget setting and budget monitoring throughout 2018/19

Stuart McGregor

Chief Finance Officer (Section 151 Officer)

General fund revenue budget - service budget outturn position 2018/19

Key

"(-)" figure denotes a budget under spend or an income budget

"+" figure denotes a budget overspend or an expenditure budget

Service area	2018/19 revised budget £000	2018/19 outturn £000	2018/19 outturn variance £000	Commentary
Customers & Communities Head of Service Area				
Leisure Contract	9	62	53	Shortfall in income due to delay in signing lease agreement with the Leisure Trust.
Call Care	84	2	-83	Underspend due to some posts being vacant for part of the year.
Head of Customer & Cultural Services	221	242	22	
Customer Services	512	462	-50	Underspend due to some posts being vacant for part of the year.
Licensing	-268	-226	42	Shortfall in income due to the prior year's receipt-in-advance not taking in to account three year licences.
Head of Partnership Support	0	0	0	
Pest Control	1	1	0	
Commercial Services	257	263	6	
Environmental Protection	396	375	-21	Underspend due to a higher than anticipated level of cost recovery on local authority funerals and lower than anticipated expenditure on stray dog collection and kennelling.
Digital Team	302	277	-25	Underspend due to some posts being vacant for part of the year.
Environmental Services Contract	44	503	460	Additional costs in relation to ad hoc works and additional legal costs in relation to disputes around the old contract. These pressures were offset slightly by performance deductions in relation to the old contract.
Parks & Open Spaces and Neighbourhood Wardens	599	832	232	Loss of recharge income as grounds maintenance of Northampton Partnership Homes (NPH) managed properties since June 2018 is now being carried out under a new contract procured directly by NPH. This has been addressed in the budget for 2019/20
Environmental Services	-249	-122	127	Overspend due to higher electricity costs than expected for the westbridge site and a reduction in business rates income. In addition there was less income from recharges to EMS (contractor) and Veolia (contractor) than forecast in relation to premises costs and a loss of rechargeable income from NPH. Both of these have been addressed in the budget for 2019/20.
Environmental Services Contract 2018	10,582	10,307	-275	Additional costs in relation to the risk share payment mechanism reflecting lower sales proceeds of recycled materials. Additional costs due to purchase of refuse sacks which were incorrectly budgeted for under capital. These pressures were offset by the core contract being over budgeted and some variable elements of the core contract coming out under budget.
Total Customers & Communities Head of Service Area	12,492	12,980	488	
Chief Executive Service Area				
Chief Executive	463	381	-82	Chief Executive post vacant at beginning of year and senior management restructure generated more savings than budgeted.
Communications	160	149	-10	
Old Director codes	298	237	-61	Costs of old Director posts prior to the in-year senior management restructure. Underspend due to vacancies in these posts.
Total Chief Executive Service Area	921	767	-153	
Chief Finance Officer Head of Service Area				
Audit	226	270	44	Additional external audit costs in relation to 2016/17 and 2017/18 high risk audit.
Non Distributed Costs	5,141	5,136	-5	
Chief Finance Officer	106	108	2	
Corporate Finance	77	48	-28	Estimated budget for costs incurred due to change in working hours greater than actual cost.
Emergency Planning	52	57	5	
Human Resources	293	294	1	
Health & Safety	14	21	7	
Benefits	-1,027	-1,034	-7	There was a pressure relating to subsidy loss resulting from the increased demand in temporary accommodation. This is offset by an underspend on rent allowances due to increased recovery rates.
Revenues	-913	-967	-54	
Local Government Shared Service	5,301	5,171	-129	Underspend due to new insurance premiums being cheaper than anticipated at the start of the year.
Information Technology	1,002	1,002	0	
Governance	288	350	63	Mainly due to costs incurred in relation to changes in the department structure.
Total Chief Finance Officer Head of Service Area	10,559	10,457	-102	

Service area	2018/19 revised budget £000	2018/19 outturn £000	2018/19 outturn variance £000	Commentary
Economy, Assets & Culture Head of Service Area				
Events	249	220	-29	Underspend on materials and some additional income.
Museums and Arts	1,021	1,016	-5	
CCTV	146	152	6	
Town Centre Management	40	35	-5	
Car Parking	-2,462	-2,725	-263	Small overspends on employee costs, repairs and maintenance to equipment, and security costs. Offset by underspends on reduced electricity costs, and building cleaning - this cost will roll forward to 2019/20.
Bus Station	157	155	-1	
Asset Management	1,202	1,579	377	The majority of the overspend relates to vacant posts being covered by interims and valuation worked being carried out by external companies, and additional planned maintenance costs mainly in relation to water hygiene measures at the Racecourse. There are other smaller overspends on street nameplates and street lights and on professional fees in relation to flood management and fire risk assessments. These overspends are partially offset by no longer paying a management fee for westbridge depot due to new environmental services contract and reduction in income for business rates reviews and recovery of surveyors fees.
Other Buildings & Land	-2,143	-2,140	3	
Facilities Management	1,479	1,359	-120	The underspend is mainly due to the post room as a result of savings on vacant posts; savings on postage costs due to a reduction in post sent by the Authority over recent years; and additional income which was due to missed recharge to LGSS for postage for 2017/18 raised in the year. This was partially offset by an overspend on the Guildhall as a result of an overspend on fixtures and fittings for making good the Great Hall and Court Room after a security upgrade; and an under achievement of income due to loss of wedding bookings due to scaffolding outside Guildhall and unable to lease office space, and loss of Christmas party income as this is now run by an outside body.
Markets	26	77	50	Income shortfall due to occupancy being less than anticipated.
Head of Economic Development and Regeneration	104	118	13	Additional costs due to interim cover of vacant post.
Programmes & Enterprise	1,117	1,271	154	Underspend on Business Incentive Scheme; miscellaneous costs for Upton Country Park before commencement of S106 funded Capital scheme; saving on Enterprise Zone (EZ) due to some posts not being filled this financial year; underspend on employees mainly due to recharge to EZ; overspend due to 100% Bad Debt Provision for invoice raised to University of Northampton for Vulcan works, unlikely to be paid
Total Economy, Assets & Culture Head of Service Area	936	1,118	181	
Housing & Wellbeing Head of Service Area				
Community Safety	345	360	15	Various minor variances culminating in a small overspend against budget.
Policy	6	3	-3	Various minor variances culminating in a small underspend against budget.
Community and Other Grants	1,115	1,065	-50	Some underspends relating to S137 Local Govt Act 1972 and the Councillor Community Fund are expected to be spent in 2019/20 so are included in the requests to carry budget forward.
Community Developments	13	4	-9	Various minor variances culminating in a small underspend against budget.
Community Centres	53	11	-42	Underspend relating to St Crispin Community Centre - expected to be spent in 2019/20 so included in the requests to carry budget forward.
Housing Options & Advice	672	1,818	1,145	Overspend due to the increased demand in temporary accommodation and the associated increased charge in bad debt provision - this is consistent with reporting during the year. This is partially offset by additional Homelessness Grants issued during March 2019 by Central Government. Additional overspend due to Night Shelter costs from September being unfunded in year. Also employee/agency additional costs partially offset by grant funding/income.
Head of Housing and Wellbeing	139	67	-71	Management Recharge to Housing Revenue Account (HRA)
Travellers Sites	33	163	130	Recharges from NPH higher due to increase in utilities costs being incurred and additional smart meters have been installed.
Private Sector Housing	223	399	176	Under achievement of civil penalty income. Partially offset by a saving due to the later than planned recruitment of the extra Housing Enforcement Officers across Private Sector Housing. Additional overspend due to reduction in capital spend on Disabled Facilities Grants (DFG's) resulting in reduced administration fee income.
Housing Strategy & Wellbeing	137	81	-56	Agency & Temp budget saving offset by small minor variances.
Total Housing & Wellbeing Head of Service Area	2,734	3,969	1,235	

Service area	2018/19 revised budget £000	2018/19 outturn £000	2018/19 outturn variance £000	Commentary
Borough Secretary Head of Service Area				
Civic and Mayoral Expenses	101	101	0	
Overview & Scrutiny	49	36	-13	
Councillor & Managerial Support	518	528	10	
Electoral Services	333	256	-77	Reduced postage costs and unbudgeted IER income.
Legal	1,275	1,155	-120	Vacancies in the Legal Team
Democratic Services	203	179	-24	Vacant position and underspend on printing and organisational subscriptions.
Total Borough Secretary Head of Service Area	2,480	2,256	-225	
Planning Head of Service Area				
Land Charges	-44	-67	-22	Some additional income, and minor underspends on employee costs and supplies & services.
Building Control	2	-14	-16	Underspends over various supplies and services budgets, and some additional income.
Development Control	-255	-461	-206	Mainly due to additional Planning Income; savings on vacant posts; savings on professional services which is demand led; and a charge for bad debt provision.
Head of Planning	129	126	-3	
Joint Planning Unit	38	40	1	
Planning Policy & Heritage	743	491	-252	Main variations relate to vacant posts in Planning Policy, underspend on Local Plan Part 2, 3 associated Supplementary Planning Documents and new Article 4 Direction works. This has been requested to be carry forward for work to be carried during 2019/20. Additional smaller underspend on conservation due to works relating to Battlefields not started yet.
Bus Service Contribution	0	0	0	
Total Planning Head of Service Area	613	115	-497	
Total Controllable Service Budgets	30,735	31,662	927	
Corporate Budgets				
Debt Financing	233	38	-195	Greater interest income due to cash balances remaining higher and an interest rate rise factored in
Use of reserves to support Homelessness and Temporary Accommodation	0	0	0	Earlier in the year it was anticipated that some budget that was due to be contributed to reserves for future temporary accommodation pressures would be used in year as pressure had materialised in year. However, at the end of the year, based on the overall position, it was decided that this budget was not required to be released.
Total Corporate Budgets	233	38	-195	
Total	30,968	31,700	732	

General Fund Revenue Carry Forward Requests

Head of Service	Title	Justification	Amount carried forward from 2018/19	New budget carry forwards requested	Total to carry forward into 2019/20
Customers & Community	Universal Credit	To carry forward funding to support the implementation of Welfare Reform full service. The service was due to go live from Jun 2017 but has been delayed but the Government until Nov 2018.	25,000	0	25,000
Customers & Community	HSE Investigation	To cover expected charges from HSE in relation to their investigation of a fatality on a refuse collection round.	16,300	0	16,300
Economy, Assets & Culture	Business Incentive Scheme	Grant applications approved by the Business Incentive Scheme Board	76,866	9,700	86,566
Economy, Assets & Culture	MSCP Cleaning	The cleaning contract for the multi storey car parks (MSCP) is currently out to tender with the interim contractors undertaking the cleaning until 31 May 2019 and the new contractor should commence 1 June 2019.	0	11,264	11,264
Housing & Wellbeing	Small Grants	Due to the timing of the Small Grants Panel, there is still another two panel dates before the end of the grant period. Should it be agreed that the funding be carried forward, the remainder of the funding will be allocated during the next two panel dates in April and July 2019.	0	31,481	31,481
Housing & Wellbeing	St Crispins	The funding is being carried forward to pay toward the tapering grant, set out in the management agreement to Community Spaces Northampton. The funding has not been paid yet due to the lease not being finalised. This is expected to happen imminently.	0	41,488	41,488
Housing & Wellbeing	Cllr Community Fund	the fund is allocated over the cycle of an election period. Many Councillors make the decision to build up their funding during this period. This enables them to fund projects that have a larger impact on their community in their neighbourhood area.	38,965	5,021	43,986
Planning	JPU - Local Plan	These funds need to be carried forward again because it was necessary to put in place arrangements to facilitate the production of a West Northamptonshire Strategic Plan to replace the Joint Core Strategy. The carry forward will need to be spent in 2019/20 to ensure that the Strategic Plan is progressed in order to meet the new requirement to review local plans every five years which means that the JCS will be considered "out of date" by December 2019, and will be given less weight in determining planning applications.	122,100	0	122,100
Planning	Planning Policy	This underspend needs to be carried forward in order to fund production of the Local Plan Part 2 and three associated Supplementary Planning Documents and potentially a new Article 4 Direction concerning the regulation of houses in multiple occupation.	114,000	197,840	311,840
Planning	Neighbourhood Planning	Funds are required to enable the Council to meet its statutory duties in relation to neighbourhood planning including supporting neighbourhood forums to prepare their neighbourhood plans, ensuring legal compliance, and meeting publicity and administration costs.	26,920	0	26,920
Planning	Conservation Area Article 4 Advertising	This figure is required to cover the advertising for Conservation Area Appraisals and associated Article 4 Directions which were expected to take place in 2018/19 but had to be rescheduled to 2019/20 because of the pressure of other work including major projects.	0	5,000	5,000
Totals			420,151	301,794	721,945

General Fund Earmarked Reserve Movements 2018/19

Appendix 3

Earmarked Reserves	Opening balance April 2018 £m	Realignment in year £m	Additions to reserves 2018/19 £m	Use of Reserves 2018/19 £m	Balance at 31 March 2019 £m
Service specific reserves	1.825	(0.082)	0.284	(0.383)	1.644
Corporate: Delivering the Efficiency Plan	2.000	0.000	0.000	(0.217)	1.783
Corporate: MTFP Cashflow	4.751	(3.171)	1.765	(2.221)	1.123
Corporate: Budget Carry Forwards	0.531	0.000	0.302	(0.111)	0.722
Corporate: Sixfields Recovery Reserve	0.000	5.000	0.000	0.000	5.000
Corporate: ES capital financing	10.000	0.000	0.000	(1.000)	9.000
Other Corporate Reserves	0.879	0.000	0.000	(0.156)	0.723
Technical: Insurance Reserve	1.179	0.000	0.000	(0.302)	0.877
Technical: Rates Retention Deficit Funding	3.411	0.000	0.760	0.000	4.170
Other Technical Reserves	0.247	(0.247)	0.000	0.000	0.000
Total general fund reserves	24.822	1.500	3.111	(4.389)	25.044

General fund capital programme outturn 2018/19

Scheme code	Scheme description	Original budget 2018/19 £000's	Budget changes/carry forwards from 17/18 £000's	Final approved budget 2018/19 £000's	Outturn 2018/19 £000's	Expected carry forward
BA215	Moulton Athletic Track	-	33,800	33,800	33,765	36
BA216	Central Museum Development	5,198,000	- 3,614,500	1,583,500	1,584,532	- 1,032
BA220	St Crispins Community Centre	-	125,625	125,625	107,142	18,483
BA221	Vulcan Works	477,000	398,331	875,331	860,261	15,070
BA236	Car Park Lifts	560,000	73,654	633,654	66,344	567,310
BA240	Abington Park Museum - Renewal of Displays	-	56,635	56,635	56,635	-
BA242	Mounts Baths 'Changing Village'	-	160,067	160,067	152,682	7,385
BA244	St James Mill Link Road	1,260,000	- 1,148,000	112,000	114,272	- 2,272
BA253	Horizon Park	525,000	- 525,000	-	-	-
BA262	Upton Country Park	-	101,000	101,000	101,000	-
BA645	Hardingstone Play Area - additional play equipment	-	40,000	40,000	30,605	9,395
BA652	Visitor Signage in Town Centre	-	68,341	68,341	37,796	30,545
BA653	Delapre Abbey Restoration	-	291,849	291,849	224,734	67,115
BA671	Heritage Gateway	50,000	14,630	64,630	4,235	60,395
BA672	Capital Improvements - Regeneration Areas	267,000	49,882	316,882	33,872	283,010
BA674	Operational Buildings - Enhancements	250,000	445,597	695,597	366,111	329,486
BA675	Commercial Landlord Responsibilities	50,000	- 15,615	34,385	24,939	9,446
BA687	St Peters Waterside	956,000	- 956,261	- 261	- 17,394	17,133
BA889	Mayorhold Drainage Works	-	117,710	117,710	113,873	3,837
Economy, Assets and Culture		9,593,000	- 4,282,255	5,310,745	3,895,404	1,415,342
BA165	Corporate EDRMS	25,000	16,244	41,244	38,208	3,036
BA257	ES Vehicles	10,960,000	301,000	11,261,000	8,290,000	2,971,000
BA258	Westbridge Depot Improvements	450,000	-	450,000	-	450,000
BA263	Parks / Allotments / Cemeteries Enhancements funded by s106 and other external funding	-	275,422	275,422	85,298	190,124
BA673	Parks / Allotments / Cemeteries Enhancements Corporate Block Funding	250,000	-	250,000	180,764	69,236
BA259	Femie Fields Stadium	180,000	-	180,000	20,000	160,000
Customers & Communities		11,865,000	592,666	12,457,666	8,614,270	3,843,396
BA207	ICT Improvement / Refresh	150,000	- 25,236	124,764	136,452	- 11,688
BA254	Revenues and Benefits Capital Investments	207,000	11,840	218,840	64,550	154,290
Chief Finance Officer		357,000	- 13,396	343,604	201,002	142,602
BA264	78 Demgate	-	200,000	200,000	10,000	190,000
BA255	IT Tablets - Elections	13,200	-	13,200	12,180	1,020
Borough Secretary		13,200	200,000	213,200	22,180	191,020
BK015	DFG's Owner Occupiers	1,475,000	179,150	1,654,150	1,283,000	371,150
Housing and Wellbeing		1,475,000	179,150	1,654,150	1,283,000	371,150
Total GF Approved Programme		23,303,200	- 3,323,835	19,979,365	14,015,855	5,963,510

Summary of Housing Revenue Account (HRA) outturn position 2018/19

Key

"(") figure denotes a budget underspend or an income budget

"+" figure denotes a budget overspend or an expenditure budget

Summary HRA	2018/19	2018/19	2018/19	(Under) /
	revised budget	projected outturn as at period 10	outturn	over spend
	£000	£000	£000	£000
Rents - dwellings only	(48,794)	(48,805)	(48,945)	(151)
Rents - non dwellings only	(1,078)	(1,047)	(1,045)	33
Service charges	(2,226)	(2,282)	(2,503)	(277)
Other income	(4)	5	3	7
Repairs and maintenance	14,062	14,023	13,910	(152)
General management	8,166	8,049	8,250	84
Special services	4,276	4,015	3,990	(285)
Rents, rates, taxes and other charges	289	289	245	(45)
Increase in bad debt provision	600	300	502	(98)
Rent rebate subsidy deductions	0	0	0	0
Total within budget managers control	(24,710)	(25,452)	(25,594)	(884)
Capital charges	9,389	9,389	11,615	2,226
Interest and financing	6,536	6,536	6,161	(375)
Revenue contributions to capital	5,363	5,363	4,698	(665)
Net support service recharges	2,500	2,500	2,500	0
Technical accounting adjustments	23,788	23,788	24,974	1,186
HRA net expenditure 2018/2019	(922)	(1,664)	(620)	302
Net contribution to/(from) reserves	922	1,664	620	(302)
Housing Revenue Account deficit/ (surplus)	0	0	0	0
Working balance b/fwd	5,000	5,000	5,000	0
Working balance c/fwd	5,000	5,000	5,000	0

Summary of HRA earmarked reserves 2018/19

Summary	Balance b/f 1 Apr 2018 £000	Reallocated £000	Earmarked in year £000	Applied in year £000	Unearmarked in year £000	Balance c/f 31 Mar 2019 £000
HRA reserves	(6,968)	0	0	(620)	0	(7,588)
HRA leaseholder reserve	(500)	0	0	0	0	(500)
HRA service improvement reserve	(1,000)	0	0	0	0	(1,000)
HRA insurance reserve	(300)	0	0	0	0	(300)
Total HRA earmarked reserves	(8,768)	0	0	(620)	0	(9,388)
Minimum level of HRA reserves	(5,000)	0	0	0	0	(5,000)
Total HRA reserves	(13,768)	0	0	(620)	0	(14,388)

HRA capital programme 2018/19 - outturn and carry forwards

Cost centre	Scheme title	A Approved budget £000	B Actual £000	C=B-A Overspend/ (underspend) £000	D Requested carry forward £000	E=C+D (Saving)/ overspend £000	Reason for variance/requested carry forward
BH370	Buybacks / spot purchases	500	90	(410)	410	0	Drayton Walk completed. Remainder of budget earmarked for Kings Heath Baptist Church site acquisition (subject to Cabinet approval). Likely to complete in 2019/20
BH801	NPH capital - managed budget improvement to homes	21,596	21,103	(493)	523	30	Slippage on Toms Close £181k, Farmfield Court (Tanners Pub) £952k and Camp Hill Neighbourhood Investment £122k, offset by advance spend on Component Works £368k, Thorplands Neighbourhood Investment £307k and New Build Eastfield Schemes of £189k.
BH802	NPH capital - managed budget improvement to environment	3,086	3,749	663	(663)	0	Due to accelerated works, budget was brought forward from the 2019/20 programme. Remaining open orders are for works to be completed in 2019/20 including car parking areas and neighbourhood environmental and landscaping works
BH803	NPH capital - ITC	512	377	(135)	105	(30)	Forecast underspend on Open Housing Upgrade of £30k. £105k Carry forward on various IT related schemes.
Total HRA		25,694	25,319	(375)	375	0	