

AUDIT AND STANDARDS COMMITTEE AGENDA

Monday, 25 January 2021 at 10.30 am in the <https://youtu.be/duu789SnHwM>

From the Chief Executive, Sheena Ramsey

Item Business

1 Apologies for Absence

2 Minutes (Pages 3 - 10)

The Committee is asked to approve, as a correct record, the minutes of the meeting held on 19 October 2020.

3 Declarations of Interest

Members of the Committee are invited to declare interests in any agenda items.

4 Local Government Association Model Code of Conduct (Pages 11 - 28)

Report of the Strategic Director, Corporate Services and Governance

5 Local Code of Governance (Pages 29 - 44)

Report of the Strategic Director, Corporate Services and Governance

6 Corporate Risk Management 2020/21 - Quarter 3 Update (Pages 45 - 48)

Report of the Strategic Director, Resources and Digital

7 External Auditor: Audit Progress Report (Pages 49 - 66)

Report of Strategic Director, Resources and Digital

8 Exclusion of the Press and Public

The Committee may wish to exclude the press and public from the meeting during consideration of the exempt agenda in accordance with paragraphs 7 of Schedule 12A to the Local Government Act 1972.

9 Internal Audit Plan 2020/21 Quarterly Monitoring Report to 31 December 2020 (Pages 67 - 78)

Report of the Acting Chief Internal Auditor

10 Date and time of next meeting

Monday 8 March 2021 at 10.30 am

Contact: Helen Conway- Tel: 0191 433 3993 - Email: helenconway@gateshead.gov.uk,
Tel: , Date: Friday, 15 January 2021

GATESHEAD METROPOLITAN BOROUGH COUNCIL AUDIT AND STANDARDS COMMITTEE MEETING

Monday, 19 October 2020

PRESENT: Councillor M Charlton (Chair)
Councillor(s): L Green, J McElroy, Mr Stuart Bell
(Independent Member), D Burnett, S Green, H Kelly and
R Beadle

APOLOGIES: Councillor(s): G Clark and B Jones

ASC283 MINUTES

The minutes of the last meeting held on 20 July 2020 were approved as a correct record.

With regard to minute ASC270 the Committee received an update from Ged Morton, Service Director, Legal and Democratic Services on the response from the Committee to the LGA on the Code of Conduct consultation 2020, which had been sent to the LGA on 17 August 2020.

The Committee broadly welcomed the draft code and recognise that there is a need to modernise the approach addressing conduct issues, for example by addressing new areas of behaviour such as the use of social media.

The Committee considered that under current arrangements official capacity was not uniformly applied, nor was it necessarily understood by the public. The Committee's view was that broadly councillors should be presumed to be acting in an official capacity, including when using publicly accessible or open social media.

Of concern to the Committee, was that updated sanctions have not really been addressed within the model code. Current sanctions available to the Council remain in the Committee's view insufficient. The Committee recognised that the code cannot include new sanctions without legislative change, but suggests that the LGA could take this opportunity to request government to provide new powers for local authorities to introduce more proportionate sanctions, including as recommended by the Committee on Standards in Public Life the ability (where appropriate) to suspend councillors for a period of up to six months.

The Committee considered that a failure to introduce meaningful sanctions alongside the draft code will risk the code being perceived by the public as ineffective, which is a criticism of the current sanctions' regime. The desired impact

of the new code of improving public confidence in local democracy could well be lost as a result of a lack of robust sanctions. Ineffectiveness damages public confidence in the standards system and leaves Council with no means of enforcing lower level sanctions, nor of addressing serious or repeated misconduct.

The Committee also express the view that the processes to be followed when making a conduct complaint needed to be clear, accessible and decided upon in a timely way. Current codes are often criticised as being too legalistic or bureaucratic and not therefore accessible to members of the public and the processes of investigation slow to reach a conclusion.

The Council are still awaiting a response from the LGA following on from receipt of the Committee's feedback, as soon as a response is received an update will be provided to the Audit & Standards Committee.

ASC284 DECLARATIONS OF INTEREST

There were no declarations of interest.

ASC285 AUDIT COMPLETION REPORT YEAR ENDED 31 MARCH 2020 AND GATESHEAD COUNCIL STATEMENT OF ACCOUNTS 2019/20

The Committee received a report providing an update on the outcome and findings of the audit of Gateshead's Statement of Accounts 2019/20 by the Council's external auditor Mazars.

The Committee were advised that as a result of COVID-19, the Accounts and Audit (Coronavirus)(Amendment) Regulations 2020 extended the statutory deadlines for 2019/20. The publication date for final, audited accounts moved from 31 July 2020 to 30 November 2020.

The annual audit of the Council's Statement of Accounts and use of resources has now been substantially completed for 2019/20 and the Council's external auditors, Mazars has issued its report, subject to the completion of outstanding work.

The Committee were informed that the Audit Completion Report covered:

- The Council's Statement of Accounts including significant findings, internal control recommendations and a summary of misstatements;
- The Council's arrangements for securing economy, efficiency and effectiveness in its use of resources including a value for money conclusion.

The external auditor's report was attached at Appendix 1 to the main report and the Council's Statement of Accounts was attached at Appendix 2 for information.

The Committee were also asked to note that although Mazars anticipate completing their work in October, it should be noted that they also place reliance on the work of other auditors, including Ernst and Young (EY) work to give assurance on the Tyne and Wear Pension Fund (TWPF) disclosures in the Council's Statement of

Accounts, and disclosures in relation to the Council's interest in the airport. They also need to review the work of KPMG in respect of external Audit of The Gateshead Housing Company (TGHC) Statement of Accounts in order to be able to place reliance on the TGHC figures incorporated into the Group Accounts.

The Committee were advised that an update position will be presented to the Committee by Mazars. A follow up letter will be provided, prior to signing the auditor's report.

Audit Completion Report

Mazars' Audit Completion Report was attached to the main report at Appendix 1 and the key messages were:

- Audit Opinion – at the time of issuing the report, and subject to satisfactory conclusion of the remaining audit work, Mazars anticipate issuing an unqualified opinion on the financial statements, including drawing attention to the Valuer's material uncertainty statement on property, plant and equipment (PPE)
- Identified misstatements – the auditor's work identified a number of misstatements that have been discussed with management. A summary of the identified misstatements is set out in detail further on. Further work is ongoing in relation to the valuation of PPE.
- Value for Money – at the time of issuing the report Mazars anticipate concluding that the Council had proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources.
- Whole of Government Accounts (WGA) – the timetable for the Council's submission has not yet been published by MHCLG. Audit work will be completed as soon as possible once these details have been clarified.
- Internal control recommendations in relation to the note 10 on grants, Beacon properties records, review of bad debt provisions, and sign off of Housing Rents.

The Committee were advised that in order to provide a full picture of the economic and financial activities of the Council and its exposure to risk, the accounting statements of material subsidiaries and associate companies were consolidated with those of the Council. In 2019/20 the only material subsidiary was TGHC due to the pension liability.

The Committee were advised that the Statement of Accounts was materially consistent with the 2019/20 revenue and capital outturn reports considered by Cabinet on 23 June 2020. Along with minor adjustments and presentational changes, significant findings and misstatements to the Statement submitted for audit on 7 July 2020 have been identified through the audit process.

The Committee also received details of the significant findings, issues discussed with management, unadjusted misstatements, adjusted misstatements and disclosure amendments within the body of the main report for information and noting.

- RESOLVED -
- i) That the information be noted
 - ii) That the contents of the external auditor's Audit Completion Report and any update reports be noted
 - iii) That the Statement of Accounts 2019/20 and their contents be noted
 - iv) That the Committee agree to the submission to the Accounts Committee for consideration in due course

ASC286 TREASURY MANAGEMENT PERFORMANCE TO 30 SEPTEMBER 2020

The Committee has reviewed the Treasury Management Performance for the six months to 30 September 2020 covering investments and borrowing. This is consistent with approved performance management arrangements.

The report covers:

- Investment Performance
- The Economy
- Rate of Return
- Borrowing
- PWLB Government Intervention

The projected net impact of investment and borrowing activity on the revenue budget in 2020/21 is an underspend of £0.576m, comprising of £0.327m General Fund and £0.249m HRA.

Investment returns are likely to remain relatively low during 2020/21 and beyond and interest rates are expected to be below long term borrowing rates therefore value for money considerations indicate that best value can be obtained by delaying new external borrowing and by using internal cash balances to finance new capital expenditure in the short term (this is referred to as internal borrowing).

The current approach to borrowing internally provides benefits in terms of reduced credit risk, as the Council has less cash invested than if it had gone to the markets and borrowed externally. This means that cash balances and investment returns, are historically low resulting in reduced levels of income, which at present is outweighed by the savings achieved from avoiding external borrowing. The additional element of interest rate risk will continue to be monitored.

- RESOLVED - That the Treasury Management Performance to 30 September 2020 be noted, prior to its submission to Cabinet.

ASC287 ACHIEVEMENT OF GOING CONCERN STATUS

The Committee received a report outlining the assessment of the Council's status as a going concern in line with best practice.

The provisions in the Accounting Code on the going concern accounting

requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that local authorities have no ability to cease being a going concern as described by IAS 1 Presentation of Financial Statements. As local authorities cannot be dissolved without statutory prescription, it would not be appropriate for the Council's financial statements to be prepared on any other than a going concern basis.

Although the financial context continues to be challenging and uncertain the Council has a track record of meeting its financial obligations and maintaining financial sustainability. In the past 8 years the Council has delivered an outturn within its original budget. A Council wide approach to the budget, which is priority driven and over a medium term planning horizon will ensure that this continues to be the case.

The Annual Audit Letter from Mazars includes a value for money conclusion, which considers the identification, monitoring and achievement of savings. The last letter issued in relation to 2018/19 concluded that the Council had proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources.

Details of the Current Position 2019/20, Future Position 2020/21 Budget and Future Position – Medium Term Financial Strategy (MTFS) were tabled for information to the Committee.

Based on the assessment undertaken, the Council's Chief Finance Officer (section 151 Officer) view is that the Council is aware of the challenges it faces and is prepared to deliver its services in the future taking account of the future known risks and therefore the Council is a going concern and the Statement of Accounts should be prepared on that basis.

- RESOLVED -
- i) That the information be noted
 - ii) The Committee agreed that the Council is considered to be a going concern based on the assessment provided in the report and that the accounts are prepared and approved on that basis.

ASC288 ANNUAL REPORT TO CABINET AND COUNCIL 2019/20

The Committee received the Annual Report to Cabinet and Council 2019/20, which allows the Audit and Standards Committee to demonstrate the positive impact of its work through providing effective challenge across the Council. This includes providing assurance on the Council's arrangements for:

- Maintaining effective internal control;
- Risk management; and
- Reporting on financial and other performance

Appendix 1 which was attached to the main report included the details of activity which the Committee has covered over the last year for consideration for inclusion in the report to Cabinet and Council.

Based on the evidence presented during the year and at the meeting of the

Committee on 20 July 2020 it was concluded that the Council's system of internal control and governance framework is effective. This was demonstrated through the approval of the Annual Governance Statement for 2019/20, which accompanies the Statement of Accounts.

- RESOLVED -
- i) That the information be noted.
 - ii) The Committee agreed the draft report to Cabinet and Council at Appendix 1.

ASC289 ANNUAL GOVERNANCE STATEMENT 2019/20 - INTERNAL AUDIT REVIEW OF MANAGERS' ASSURANCES

The Committee received a report informing them of the outcome of the work by the Internal Audit Service in reviewing the assurances provided by Service Directors to inform the 2019/20 Annual Governance Statement.

Service Directors were asked to build on the work carried out in previous years and complete a self-assessment assurance statement detailing the level of assurance they felt they could place on their key control and governance processes. They were required to state whether they agreed or disagreed that the processes they had in place provided an effective level of assurance. There was also a requirement to detail the evidence to support this assessment.

Internal Audit undertake an annual review of the assurance statements to ensure:

- Where key controls are not providing a sufficient level of assurance action has been taken to address these areas.
- Where key controls are providing a good level of assurance, evidence exists to support this assessment.

The 2019/20 Annual Governance Statement audit was carried out using a theme-based approach across the Council. All Service Directors were required to provide evidence to support their declarations made on the Assurance Statement in response to the following questions:

- IT/Cyber Security
- Covid19 Assessment

The Committee were advised that the audit concluded that systems and controls were operating well and no recommendations were raised.

The overall conclusion of this work, as included in the Quarter Two update from Internal Audit report elsewhere on this agenda, is that the systems and processes for the completion of the Managers' Assurance Statements are operating well and that they provided a good level of assurance for the 2019/20 Annual Governance Statement.

RESOLVED – That the information be noted.

ASC290 CORPORATE RISK MANAGEMENT 2020/21 QUARTER 2 UPDATE

The Committee received a report providing an update on Corporate Risk Management developments during the period 1 July to 30 September 2020 in line with the principles of good corporate governance.

The report included updates on:

- Strategic risk management
- Operational risk management
- Business continuity management
- Corporate Risk and Resilience Group

RESOLVED - i) That the information be noted.
 ii) The Committee endorsed the effectiveness of the Council's risk management arrangements

ASC291 EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED - That the press and public be excluded from the meeting during consideration of the remaining business in accordance with Paragraph 3 of Schedule 12A to the Local Government Act 1972.

ASC292 MID-YEAR COUNTER FRAUD UPDATE 2020/21

The Committee received a report which provided an update on activity undertaken since 1 April 2020 by the Internal Audit and Risk Service in relation to the work of the Corporate Fraud Team. It also updated on action taken to raise awareness of the risk of fraud and corruption, details the cases of potential fraud and irregularity, updates on any proactive counter fraud work and progress of the Council's participation in the National Fraud Initiative.

RESOLVED – That the information be noted.

ASC293 INTERNAL AUDIT PLAN 2020/21 QUARTERLY MONITORING REPORT TO 30 SEPTEMBER 2020

The Committee received a report outlining progress made by the Internal Audit & Risk Service against the audit plan for the financial year 2019/20 and summarises the main findings arising from audit activity throughout the period 1 July 2020 to 30 September 2020.

A total of 17 assignments were completed during the period. Of the work completed the conclusion in 2 cases was operating well, 12 satisfactory and 3 significant weakness.

All indicators are either on or exceeding targets, with the exception of productive or chargeable time, which was 62% against a target of 71%, which is due to the relatively high instances of annual leave during the period.

The other exception at this stage is the target for implementation of audit recommendations which is 100% for high priority recommendations and 90% for medium priority recommendations. The current rate of implementation of all recommendations is 79%, with 81% of all medium priority and 83% of all high priority recommendations having been implemented.

The Committee were advised that due to the ongoing COVID emergency audit work was suspended between April and late July, which included the follow up of recommendations. Officers are now working through the backlog created which has distorted the implementation of recommendations performance figures recorded above and also in Appendix B. Additionally many Council Services are still under a great deal of pressure to fulfil front line delivery which has impacted on the availability of staff to respond to audit challenge. It is anticipated that this position will improve over the next quarter and officers expect implementation levels to be nearer target levels of 100%.

RESOLVED – That the information be noted.

ASC294 DATE AND TIME OF NEXT MEETING

The next meeting of the Committee will be held on Monday 25 January 2021 at 10.30 am.

Chair.....

TITLE OF REPORT: Local Government Association, Model Code of Conduct

REPORT OF: Mike Barker, Strategic Director, Corporate
Services and Governance

Purpose of the Report

1. This report sets out the final LGA Code of Conduct and seeks comments from members with a view to making recommendations the full Council on adopting the new model code.
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Background

1. The Localism Act 2011 places a duty on the Council to promote and maintain high standards of conduct by Councillors and co-opted Members. It requires the Council to adopt a Code of Conduct in relation to the conduct of its elected members.
2. Following work throughout 2020, including consultation with local authorities The LGA has produced a final version of the Model Code of Conduct (included at Appendix 1). Members will recall that the Audit and Standards Committee considered the draft Code at its meeting on 20 July 2020 and authorised the Monitoring Officer to submit a response to the consultation.
3. This final version of the LGA Code of Conduct was published on 23 December 2020. It is intended that the LGA will review it annually to ensure that it remains relevant and fit for purpose.

Recommendation

4. To consider the LGA Model Code of Conduct and determine whether to recommend to full Council that it should be adopted in whole or with local amendments.
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Contact: Ged Morton Ext: 2110

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Local Government Association

Model Councillor Code of Conduct 2020

Joint statement

The role of councillor across all tiers of local government is a vital part of our country's system of democracy. It is important that as councillors we can be held accountable and all adopt the behaviours and responsibilities associated with the role. Our conduct as an individual councillor affects the reputation of all councillors. We want the role of councillor to be one that people aspire to. We also want individuals from a range of backgrounds and circumstances to be putting themselves forward to become councillors.

As councillors, we represent local residents, work to develop better services and deliver local change. The public have high expectations of us and entrust us to represent our local area; taking decisions fairly, openly, and transparently. We have both an individual and collective responsibility to meet these expectations by maintaining high standards and demonstrating good conduct, and by challenging behaviour which falls below expectations.

Importantly, we should be able to undertake our role as a councillor without being intimidated, abused, bullied or threatened by anyone, including the general public.

This Code has been designed to protect our democratic role, encourage good conduct and safeguard the public's trust in local government.

Introduction

The Local Government Association (LGA) has developed this Model Councillor Code of Conduct, in association with key partners and after extensive consultation with the sector, as part of its work on supporting all tiers of local government to continue to aspire to high standards of leadership and performance. It is a template for councils to adopt in whole and/or with local amendments.

All councils are required to have a local Councillor Code of Conduct.

The LGA will undertake an annual review of this Code to ensure it continues to be fit-for-purpose, incorporating advances in technology, social media and changes in legislation. The LGA can also offer support, training and mediation to councils and councillors on the application of the Code and the National Association of Local Councils (NALC) and the county associations of local councils can offer advice and support to town and parish councils.

Definitions

For the purposes of this Code of Conduct, a “councillor” means a member or co-opted member of a local authority or a directly elected mayor. A “co-opted member” is defined in the Localism Act 2011 Section 27(4) as “a person who is not a member of the authority but who

- a) is a member of any committee or sub-committee of the authority, or;
- b) is a member of, and represents the authority on, any joint committee or joint sub-committee of the authority;

and who is entitled to vote on any question that falls to be decided at any meeting of that committee or sub-committee”.

For the purposes of this Code of Conduct, “local authority” includes county councils, district councils, London borough councils, parish councils, town councils, fire and rescue authorities, police authorities, joint authorities, economic prosperity boards, combined authorities and National Park authorities.

Purpose of the Code of Conduct

The purpose of this Code of Conduct is to assist you, as a councillor, in modelling the behaviour that is expected of you, to provide a personal check and balance, and to set out the type of conduct that could lead to action being taken against you. It is also to protect you, the public, fellow councillors, local authority officers and the reputation of local government. It sets out general principles of conduct expected of all councillors and your specific obligations in relation to standards of conduct. The LGA encourages the use of support, training and mediation prior to action being taken using the Code. The fundamental aim of the Code is to create and maintain public confidence in the role of councillor and local government.

General principles of councillor conduct

Everyone in public office at all levels; all who serve the public or deliver public services, including ministers, civil servants, councillors and local authority officers; should uphold the [Seven Principles of Public Life](#), also known as the Nolan Principles.

Building on these principles, the following general principles have been developed specifically for the role of councillor.

In accordance with the public trust placed in me, on all occasions:

- I act with integrity and honesty
- I act lawfully
- I treat all persons fairly and with respect; and
- I lead by example and act in a way that secures public confidence in the role of councillor.

In undertaking my role:

- I impartially exercise my responsibilities in the interests of the local community
- I do not improperly seek to confer an advantage, or disadvantage, on any person
- I avoid conflicts of interest
- I exercise reasonable care and diligence; and
- I ensure that public resources are used prudently in accordance with my local authority's requirements and in the public interest.

Application of the Code of Conduct

This Code of Conduct applies to you as soon as you sign your declaration of acceptance of the office of councillor or attend your first meeting as a co-opted member and continues to apply to you until you cease to be a councillor.

This Code of Conduct applies to you when:

- you are acting in your capacity as a councillor and/or as a representative of your council
- you are claiming to act as a councillor and/or as a representative of your council
- you are giving the impression that you are acting as a councillor and/or as a representative of your council
- you refer publicly to your role as a councillor or use knowledge you could only obtain in your role as a councillor.

The Code applies to all forms of communication and interaction, including:

- at face-to-face meetings
- at online or telephone meetings
- in written communication
- in verbal communication
- in non-verbal communication
- in electronic and social media communication, posts, statements and comments.

You are also expected to uphold high standards of conduct and show leadership at all times.

Your Monitoring Officer has statutory responsibility for the implementation of the Code of Conduct, and you are encouraged to seek advice from your Monitoring Officer on any matters that may relate to the Code of Conduct. Town and parish councillors are encouraged to seek advice from their Clerk, who may refer matters to the Monitoring Officer.

Standards of councillor conduct

This section sets out your obligations, which are the minimum standards of conduct required of you as a councillor. Should your conduct fall short of these standards, a complaint may be made against you, which may result in action being taken.

Guidance is included to help explain the reasons for the obligations and how they should be followed.

General Conduct

1. *Respect*

As a councillor:

1.1 I treat other councillors and members of the public with respect.

1.2 I treat local authority employees, employees and representatives of partner organisations and those volunteering for the local authority with respect and respect the role they play.

Respect means politeness and courtesy in behaviour, speech, and in the written word. Debate and having different views are all part of a healthy democracy. As a councillor, you can express, challenge, criticise and disagree with views, ideas, opinions and policies in a robust but civil manner. You should not, however, subject individuals, groups of people or organisations to personal attack.

In your contact with the public, you should treat them politely and courteously. Rude and offensive behaviour lowers the public's expectations and confidence in councillors.

In return, you have a right to expect respectful behaviour from the public. If members of the public are being abusive, intimidatory or threatening you are entitled to stop any conversation or interaction in person or online and report them to the local authority, the relevant social media provider or the police. This also applies to fellow councillors, where action could then be taken under the Councillor Code of Conduct, and local authority employees, where concerns should be raised in line with the local authority's councillor-officer protocol.

2. *Bullying, harassment and discrimination*

As a councillor:

2.1 I do not bully any person.

2.2 I do not harass any person.

2.3 I promote equalities and do not discriminate unlawfully against any person.

The Advisory, Conciliation and Arbitration Service (ACAS) characterises bullying as offensive, intimidating, malicious or insulting behaviour, an abuse or misuse of power through means that undermine, humiliate, denigrate or injure the recipient. Bullying might be a regular pattern of behaviour or a one-off incident, happen face-to-face, on social media, in emails or phone calls, happen in the workplace or at work social events and may not always be obvious or noticed by others.

The Protection from Harassment Act 1997 defines harassment as conduct that causes alarm or distress or puts people in fear of violence and must involve such conduct on at least two occasions. It can include repeated attempts to impose unwanted communications and contact upon a person in a manner that could be expected to cause distress or fear in any reasonable person.

Unlawful discrimination is where someone is treated unfairly because of a protected characteristic. Protected characteristics are specific aspects of a person's identity defined by the Equality Act 2010. They are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

The Equality Act 2010 places specific duties on local authorities. Councillors have a central role to play in ensuring that equality issues are integral to the local authority's performance and strategic aims, and that there is a strong vision and public commitment to equality across public services.

3. *Impartiality of officers of the council*

As a councillor:

3.1 I do not compromise, or attempt to compromise, the impartiality of anyone who works for, or on behalf of, the local authority.

Officers work for the local authority as a whole and must be politically neutral (unless they are political assistants). They should not be coerced or persuaded to act in a way that would undermine their neutrality. You can question officers in order to understand, for example, their reasons for proposing to act in a particular way, or the content of a report that they have written. However, you must not try and force them to act differently, change their advice, or alter the content of that report, if doing so would prejudice their professional integrity.

4. Confidentiality and access to information

As a councillor:

4.1 I do not disclose information:

- a. given to me in confidence by anyone
- b. acquired by me which I believe, or ought reasonably to be aware, is of a confidential nature, unless
 - i. I have received the consent of a person authorised to give it;
 - ii. I am required by law to do so;
 - iii. the disclosure is made to a third party for the purpose of obtaining professional legal advice provided that the third party agrees not to disclose the information to any other person; or
 - iv. the disclosure is:
 - 1. reasonable and in the public interest; and
 - 2. made in good faith and in compliance with the reasonable requirements of the local authority; and
 - 3. I have consulted the Monitoring Officer prior to its release.

4.2 I do not improperly use knowledge gained solely as a result of my role as a councillor for the advancement of myself, my friends, my family members, my employer or my business interests.

4.3 I do not prevent anyone from getting information that they are entitled to by law.

Local authorities must work openly and transparently, and their proceedings and printed materials are open to the public, except in certain legally defined circumstances. You should work on this basis, but there will be times when it is required by law that discussions, documents and other information relating to or held by the local authority must be treated in a confidential manner. Examples include personal data relating to individuals or information relating to ongoing negotiations.

5. Disrepute

As a councillor:

5.1 I do not bring my role or local authority into disrepute.

As a councillor, you are trusted to make decisions on behalf of your community and your actions and behaviour are subject to greater scrutiny than that of ordinary members of the public. You should be aware that your actions might have an adverse impact on you, other councillors and/or your local authority and may lower the public's confidence in your or your local authority's ability to discharge your/it's functions. For example, behaviour that is considered dishonest and/or deceitful can bring your local authority into disrepute.

You are able to hold the local authority and fellow councillors to account and are able to constructively challenge and express concern about decisions and processes undertaken by the council whilst continuing to adhere to other aspects of this Code of Conduct.

6. Use of position

As a councillor:

6.1 I do not use, or attempt to use, my position improperly to the advantage or disadvantage of myself or anyone else.

Your position as a member of the local authority provides you with certain opportunities, responsibilities and privileges, and you make choices all the time that will impact others. However, you should not take advantage of these opportunities to further your own or others' private interests or to disadvantage anyone unfairly.

7. Use of local authority resources and facilities

As a councillor:

7.1 I do not misuse council resources.

7.2 I will, when using the resources of the local or authorising their use by others:

- a. act in accordance with the local authority's requirements; and**
- b. ensure that such resources are not used for political purposes unless that use could reasonably be regarded as likely to facilitate, or be conducive to, the discharge of the functions of the local authority or of the office to which I have been elected or appointed.**

You may be provided with resources and facilities by the local authority to assist you in carrying out your duties as a councillor.

Examples include:

- office support
- stationery
- equipment such as phones, and computers
- transport
- access and use of local authority buildings and rooms.

These are given to you to help you carry out your role as a councillor more effectively and are not to be used for business or personal gain. They should be used in accordance with the purpose for which they have been provided and the local authority's own policies regarding their use.

8. *Complying with the Code of Conduct*

As a councillor:

8.1 I undertake Code of Conduct training provided by my local authority.

8.2 I cooperate with any Code of Conduct investigation and/or determination.

8.3 I do not intimidate or attempt to intimidate any person who is likely to be involved with the administration of any investigation or proceedings.

8.4 I comply with any sanction imposed on me following a finding that I have breached the Code of Conduct.

It is extremely important for you as a councillor to demonstrate high standards, for you to have your actions open to scrutiny and for you not to undermine public trust in the local authority or its governance. If you do not understand or are concerned about the local authority's processes in handling a complaint you should raise this with your Monitoring Officer.

Protecting your reputation and the reputation of the local authority

9. *Interests*

As a councillor:

9.1 I register and declare my interests.

You need to register your interests so that the public, local authority employees and fellow councillors know which of your interests might give rise to a conflict of interest. The register is a public document that can be consulted when (or before) an issue arises. The register also protects you by allowing you to demonstrate openness and a willingness to be held accountable. You are personally responsible for deciding whether or not you should declare an interest in a meeting, but it can be helpful for you to know early on if others think that a potential conflict might arise. It is also important that the public know about any interest that might have to be declared by you or other councillors when making or taking part in decisions, so that decision making is seen by the public as open and honest. This helps to ensure that public confidence in the integrity of local governance is maintained.

You should note that failure to register or declare a disclosable pecuniary (i.e. financial) interest is a criminal offence under the Localism Act 2011.

Appendix B sets out the detailed provisions on registering and declaring interests. If in doubt, you should always seek advice from your Monitoring Officer.

10. Gifts and hospitality

As a councillor:

10.1 I do not accept gifts or hospitality, irrespective of estimated value, which could give rise to real or substantive personal gain or a reasonable suspicion of influence on my part to show favour from persons seeking to acquire, develop or do business with the local authority or from persons who may apply to the local authority for any permission, licence or other significant advantage.

10.2 I register with the Monitoring Officer any gift or hospitality with an estimated value of at least £50 within 28 days of its receipt.

10.3 I register with the Monitoring Officer any significant gift or hospitality that I have been offered but have refused to accept.

In order to protect your position and the reputation of the local authority, you should exercise caution in accepting any gifts or hospitality which are (or which you reasonably believe to be) offered to you because you are a councillor. The presumption should always be not to accept significant gifts or hospitality. However, there may be times when such a refusal may be difficult if it is seen as rudeness in which case you could accept it but must ensure it is publicly registered. However, you do not need to register gifts and hospitality which are not related to your role as a councillor, such as Christmas gifts from your friends and family. It is also important to note that it is appropriate to accept normal expenses and hospitality associated with your duties as a councillor. If you are unsure, do contact your Monitoring Officer for guidance.

Appendices

Appendix A – The Seven Principles of Public Life

The principles are:

Selflessness

Holders of public office should act solely in terms of the public interest.

Integrity

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

Objectivity

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

Accountability

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

Openness

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

Honesty

Holders of public office should be truthful.

Leadership

Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

Appendix B

Registering interests

1. Within 28 days of this Code of Conduct being adopted by the local authority or your election or appointment to office (where that is later) you must register with the Monitoring Officer the interests which fall within the categories set out in Table 1 (Disclosable Pecuniary Interests) and Table 2 (Other Registerable Interests). Disclosable Pecuniary Interests means issues relating to money and finances.
2. You must ensure that your register of interests is kept up-to-date and within 28 days of becoming aware of any new interest, or of any change to a registered interest, notify the Monitoring Officer.
3. A 'sensitive interest' is as an interest which, if disclosed, could lead to the councillor/member or co-opted member, or a person connected with the member or co-opted member, being subject to violence or intimidation.
4. Where you have a 'sensitive interest' you must notify the Monitoring Officer with the reasons why you believe it is a sensitive interest. If the Monitoring Officer agrees they will withhold the interest from the public register.

Declaring interests

5. Where a matter arises at a meeting which directly relates one of your Disclosable Pecuniary Interests, you must declare the interest, not participate in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to declare the nature of the interest, just that you have an interest.
6. Where a matter arises at a meeting which directly relates to one of your Other Registerable Interests, you must declare the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', again you do not have to declare the nature of the interest.
7. Where a matter arises at a meeting which *directly relates* to your financial interest or well-being (and is not a Disclosable Pecuniary Interest) or a financial interest or well-being of a relative or close associate, you must declare the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room

unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to declare the nature of the interest.

8. Where a matter arises at a meeting which *affects* –
 - a. your own financial interest or well-being;
 - b. a financial interest or well-being of a friend, relative, close associate; or
 - c. a body included in those you need to declare under Disclosable Pecuniary Interests

you must disclose the interest.

9. Where the matter affects the financial interest or well-being:
 - a. to a greater extent than it affects the financial interests of the majority of inhabitants of the ward affected by the decision and;
 - b. a reasonable member of the public knowing all the facts would believe that it would affect your view of the wider public interest

you must declare the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to declare the nature of the interest.

Table 1: Disclosable Pecuniary Interests

This table sets out the explanation of Disclosable Pecuniary Interests as set out in the [Relevant Authorities \(Disclosable Pecuniary Interests\) Regulations 2012](#).

Subject	Description
Employment, office, trade, profession or vocation	Any employment, office, trade, profession or vocation carried on for profit or gain. [Any unpaid directorship.]
Sponsorship	Any payment or provision of any other financial benefit (other than from the council) made to the councillor during the previous 12-month period for expenses incurred by him/her in carrying out his/her duties as a councillor, or towards his/her election expenses. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.
Contracts	Any contract made between the councillor or his/her spouse or civil partner or the person with whom the

	<p>councillor is living as if they were spouses/civil partners (or a firm in which such person is a partner, or an incorporated body of which such person is a director* or a body that such person has a beneficial interest in the securities of*) and the council —</p> <p>(a) under which goods or services are to be provided or works are to be executed; and</p> <p>(b) which has not been fully discharged.</p>
Land and Property	<p>Any beneficial interest in land which is within the area of the council.</p> <p>'Land' excludes an easement, servitude, interest or right in or over land which does not give the councillor or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/ civil partners (alone or jointly with another) a right to occupy or to receive income.</p>
Licences	<p>Any licence (alone or jointly with others) to occupy land in the area of the council for a month or longer</p>
Corporate tenancies	<p>Any tenancy where (to the councillor's knowledge)—</p> <p>(a) the landlord is the council; and</p> <p>(b) the tenant is a body that the councillor, or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/ civil partners is a partner of or a director* of or has a beneficial interest in the securities* of.</p>
Securities	<p>Any beneficial interest in securities* of a body where—</p> <p>(a) that body (to the councillor's knowledge) has a place of business or land in the area of the council; and</p> <p>(b) either—</p> <p>(i) the total nominal value of the securities* exceeds £25,000 or one hundredth of the total issued share capital of that body; or</p> <p>(ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the councillor, or his/ her spouse or civil partner or the person with whom the councillor is living as if they were</p>

	spouses/civil partners has a beneficial interest exceeds one hundredth of the total issued share capital of that class.
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* 'director' includes a member of the committee of management of an industrial and provident society.

* 'securities' means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 and other securities of any description, other than money deposited with a building society.

Table 2: Other Registerable Interests

Any Body of which you are a member or in a position of general control or management and to which you are appointed or nominated by the council;	
Any Body -	(a) exercising functions of a public nature;
	(b) directed to charitable purposes; or
	(c) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union)
of which you are a member or in a position of general control or management.	

Appendix C – the Committee on Standards in Public Life

The LGA has undertaken this review whilst the Government continues to consider the recommendations made by the Committee on Standards in Public Life in their report on [Local Government Ethical Standards](#). If the Government chooses to implement any of the recommendations, this could require a change to this Code.

The recommendations cover:

- Recommendations for changes to the Localism Act 2011 to clarify in law when the Code of Conduct applies
- The introduction of sanctions
- An appeals process through the Local Government Ombudsman
- Changes to the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012
- Updates to the Local Government Transparency Code
- Changes to the role and responsibilities of the Independent Person
- That the criminal offences in the Localism Act 2011 relating to Disclosable Pecuniary Interests should be abolished

The Local Government Ethical Standards report also includes Best Practice recommendations. These are:

Best practice 1: Local authorities should include prohibitions on bullying and harassment in codes of conduct. These should include a definition of bullying and harassment, supplemented with a list of examples of the sort of behaviour covered by such a definition.

Best practice 2: Councils should include provisions in their code of conduct requiring councillors to comply with any formal standards investigation and prohibiting trivial or malicious allegations by councillors.

Best practice 3: Principal authorities should review their code of conduct each year and regularly seek, where possible, the views of the public, community organisations and neighbouring authorities.

Best practice 4: An authority's code should be readily accessible to both councillors and the public, in a prominent position on a council's website and available in council premises.

Best practice 5: Local authorities should update their gifts and hospitality register at least once per quarter, and publish it in an accessible format, such as CSV.

Best practice 6: Councils should publish a clear and straightforward public interest test against which allegations are filtered.

Best practice 7: Local authorities should have access to at least two Independent Persons.

Best practice 8: An Independent Person should be consulted as to whether to undertake a formal investigation on an allegation, and should be given the option to

review and comment on allegations which the responsible officer is minded to dismiss as being without merit, vexatious, or trivial.

Best practice 9: Where a local authority makes a decision on an allegation of misconduct following a formal investigation, a decision notice should be published as soon as possible on its website, including a brief statement of facts, the provisions of the code engaged by the allegations, the view of the Independent Person, the reasoning of the decision-maker, and any sanction applied.

Best practice 10: A local authority should have straightforward and accessible guidance on its website on how to make a complaint under the code of conduct, the process for handling complaints, and estimated timescales for investigations and outcomes.

Best practice 11: Formal standards complaints about the conduct of a parish councillor towards a clerk should be made by the chair or by the parish council as a whole, rather than the clerk in all but exceptional circumstances.

Best practice 12: Monitoring Officers' roles should include providing advice, support and management of investigations and adjudications on alleged breaches to parish councils within the remit of the principal authority. They should be provided with adequate training, corporate support and resources to undertake this work.

Best practice 13: A local authority should have procedures in place to address any conflicts of interest when undertaking a standards investigation. Possible steps should include asking the Monitoring Officer from a different authority to undertake the investigation.

Best practice 14: Councils should report on separate bodies they have set up or which they own as part of their annual governance statement and give a full picture of their relationship with those bodies. Separate bodies created by local authorities should abide by the Nolan principle of openness and publish their board agendas and minutes and annual reports in an accessible place.

Best practice 15: Senior officers should meet regularly with political group leaders or group whips to discuss standards issues.

The LGA has committed to reviewing the Code on an annual basis to ensure it is still fit for purpose.



TITLE OF REPORT: Local Code of Governance

REPORT OF: Mike Barker, Strategic Director, Corporate Services and Governance

Purpose of the Report

1. This report asks the Audit and Standards Committee to consider and approve an updated version of the Local Code of Governance, based on the CIPFA Delivering Good Governance in Local Government Framework.

Background

2. The Council has prepared a local code of governance since April 2007. The Code is essentially based on the Council's existing constitution, protocols and procedures but is updated to include changes to documents and procedures in the previous year.
3. In 2016 CIPFA reviewed its framework document to ensure that it remained fit for purpose. It issued their Delivering Good Governance in Local Government: Framework along with comprehensive guidance.
4. The new approach was intended to better assist local authorities, and associated organisations and vehicles through which authorities now work, in reviewing the effectiveness of their own governance arrangements by reference to best practice and using self assessment. The principles of good governance in the framework are:
 - Behaving with integrity
 - Ensuring openness and comprehensive engagement
 - Defining sustainable outcomes
 - Determining interventions
 - Developing capacity
 - Managing risks and performance
 - Implementing good practice in transparency
5. The new Framework required a full re-drafting of the Council's Local Code of Governance. Following extension work and consultation the Committee adopted the current format for the Local Code of Governance on 29 January 2018. The Code is reviewed on an annual basis.

Proposal

6. As part of this year's annual review of the Local Code of Governance, the Council's senior management have been requested to make any necessary amendments or additions to the document. The proposed changes are highlighted in Appendix 1. The

majority of these changes relate to the Council's performance management Framework which is currently being reviewed and will be implemented later this year.

Recommendation

7. It is recommended that the Audit and Standards Committee approves the updated Local Code of Governance attached at Appendix 1.

GATESHEAD COUNCIL - LOCAL CODE OF GOVERNANCE

SELF ASSESSMENT

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law		
Sub principle: Behaving with integrity	We demonstrate this by:	Action required:
<ul style="list-style-type: none"> Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation. 	<ul style="list-style-type: none"> Code of conduct for members of the Council (consistent with Nolan’s Seven Principles of Public Life); identifying other Registerable Personal Interests Code of conduct for employees (paragraph 2 of Part 2 of the handbook of national conditions of service for local authority employees states “Employees will maintain conduct of the highest standard such that public confidence in their integrity is sustained.”) Declarations of interests at meetings Council Protocols eg Councillor/Officer relations, Development Control – protocol on Good Practice, Regulatory and Licensing Committees – protocols on Good Practice Councillor Role Descriptors Specific Professional Codes of Conduct Member Induction programme Corporate induction for employees Annual Governance Statement Gift and Hospitality register Appraisal and Development sessions Whistleblowing Policy - Arrangements for the Public Whistleblowing Policy for employees 	<ul style="list-style-type: none"> Code is updated as and when required. Annual review of the protocols Annual review of the Constitution and Governance Statement
<ul style="list-style-type: none"> Ensuring members take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood. These should build on the Seven Principles of Public Life (the Nolan Principles). 		
<ul style="list-style-type: none"> Leading by example and using these standard operating principles or values as a framework for decision making and other actions. 		
<ul style="list-style-type: none"> Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively. 		

	<ul style="list-style-type: none"> Contract Procedure Rules 	
Sub principle: Demonstrating strong commitment to ethical values		
<ul style="list-style-type: none"> Seeking to establish, monitor and maintain the organisation's ethical standards and performance. 	<ul style="list-style-type: none"> Council's strategic approach of Making Gateshead a Place Where Everyone Thrives is based on tackling inequality across the borough Code of conduct for officers and members Council Protocol 1 – Council's Corporate Values Employee competency framework Member Officer protocol Workforce Strategy & Workforce Plan Equal Opportunities Policy Councillor Development Framework includes appropriate training Strategic Commissioning framework Corporate Social Responsibility Pledge 	<ul style="list-style-type: none"> Annual review of councillors' training to reflect changes needs following changes in their roles and remit Refresh of the Workforce Strategy and Plan
<ul style="list-style-type: none"> Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation. 		
<ul style="list-style-type: none"> Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values. 		
<ul style="list-style-type: none"> Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with high ethical standards expected by the organisation. 		
Sub principle: Respecting the rule of law		
<ul style="list-style-type: none"> Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations. 	<ul style="list-style-type: none"> Monitoring officer provisions/statutory roles Financial regulations Contracts procedure rules Statement of accounts Council reports including implications from financial and legal officers Audit and Standards Committee – members assurance statements 	<ul style="list-style-type: none"> Risk management policy to be reviewed
<ul style="list-style-type: none"> Creating the conditions to ensure that the statutory officers, other key post holders and members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements. 		
<ul style="list-style-type: none"> Striving to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders. 		
<ul style="list-style-type: none"> Dealing with breaches of legal and regulatory provisions effectively. 		

<ul style="list-style-type: none"> • Ensuring corruption and misuse of power are dealt with effectively. 	<ul style="list-style-type: none"> • Council’s decision making processes eg Planning and Development Committee • Constitution • Partnership arrangements • Gateshead Trading Company governance arrangements • Risk management policy • Whistleblowing policy • ICT security policy • Complaints procedure • Counter Fraud and Bribery policy 	
Principle B: Ensuring openness and comprehensive stakeholder engagement		
Sub principle: Openness	We demonstrate this by:	Action required:
<ul style="list-style-type: none"> • Ensuring an open culture through demonstrating, documenting and communicating the organisation’s commitment to openness. • Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided. • Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear. • Use formal and informal consultation and engagement to determine the most appropriate and effective interventions/courses of action. 	<ul style="list-style-type: none"> • Transparency agenda eg FOIs, council expenditure over £500, senior officer salaries • Constitution (references meetings open to the public) • Council papers, agendas and minutes (including Calendar of Meetings) • Access to information rules • Customer feedback and complaints • Equality impact assessments • Consultation principles • Viewpoint Panel • Consultation portal • Partnership meetings • Trade Union Consultation Framework • Employee forums • Annual report • Use of social media and email eg Gateshead Now • Corporate Social Responsibility Pledge 	

Sub principle: Engaging comprehensively with institutional stakeholders		
<ul style="list-style-type: none"> Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably. 	<ul style="list-style-type: none"> Partnership arrangements/ agreements/memorandum of understanding Partnership protocol Partnership guidance for officers Partnership Risk Register 	<ul style="list-style-type: none"> Partnerships audited on annual basis Review of Corporate Communications Strategy
<ul style="list-style-type: none"> Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively. 		
<ul style="list-style-type: none"> Ensuring that partnerships are based on: <ul style="list-style-type: none"> trust a shared commitment to change a culture that promotes and accepts challenge among partners and that the added value of partnership working is explicit. 		
Sub principle: Engaging stakeholders effectively, including individual citizens and service users		
<ul style="list-style-type: none"> Establishing a clear policy on the type of issues that the organisation will meaningfully consult with or involve individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes. 	<ul style="list-style-type: none"> Consultation principles Viewpoint panel Service user involvement forums Consultation portal Communications Strategy Social media Members' briefings Council News Numerous public surveys held throughout the year Gateshead Now email Have your Say inbox Complaints page on Council's website Web feedback Reflect full range of comments in council reports Youth Assembly Corporate Parenting role 	
<ul style="list-style-type: none"> Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement. 		
<ul style="list-style-type: none"> Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs. 		
<ul style="list-style-type: none"> Implementing effective feedback mechanisms in order to demonstrate how their views have been taken into account. 		
<ul style="list-style-type: none"> Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity. 		
<ul style="list-style-type: none"> Taking account of the interests of future generations of tax payers and service users. 		

	<ul style="list-style-type: none"> • Social Care Commissioning Intentions and Market Position Statement • Joint Strategic Needs Assessment 	
Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits		
Sub principle: Defining outcomes	We demonstrate this by:	Action required:
<ul style="list-style-type: none"> • Having a clear vision which is an agreed formal statement of the organisation's purpose and intended outcomes containing appropriate performance indicators, which provides the basis for the organisation's overall strategy, planning and other decisions. • Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer. • Delivering defined outcomes on a sustainable basis within the resources that will be available. • Identifying and managing risks to the achievement of outcomes. • Managing service user expectations effectively with regard to determining priorities and making the best use of the resources available. 	<ul style="list-style-type: none"> • Corporate policy, planning framework • Making Gateshead a Place Where Everyone Thrives strategic approach • Service Business Plans • Medium Term Financial Strategy 2020/21-2024/25 2021/22 - 2025/26 • Corporate performance management framework -6 monthly performance reports • Impact assessments • Strategic and Operational Risk Registers • Budget consultation • Corporate Social Responsibility Pledge 	<ul style="list-style-type: none"> • MTFS updated at least annually • Service Business Plans reviewed annually • Operational risk registers are reviewed at least yearly • Revise and implement a new Corporate Performance Management Framework and align equalities objectives
Sub principle: Sustainable economic, social and environmental benefits		
<ul style="list-style-type: none"> • Considering and balancing the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision. • Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints. 	<ul style="list-style-type: none"> • Council reports include relevant implications • Medium Term Financial Strategy 2020/21-2024/25 2021/22 - 2025/26 • Capital Programme • Consultation Principles • Records of decision making 	<ul style="list-style-type: none"> • MTFS updated at least annually • Development of an Investment Strategy

<ul style="list-style-type: none"> • Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs. 	<ul style="list-style-type: none"> • Equal opportunities policy • Strategic Risk Register • Corporate Social Responsibility Pledge • The Council's Thrive Agenda • The Health and Wellbeing Board's remit as set out in the Council's Constitution 	<ul style="list-style-type: none"> • Annual review of Strategic Risk Register • Annual Review of the Council's Constitution
<ul style="list-style-type: none"> • Ensuring fair access to services. 		

Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes		
Sub principle: Determining interventions	We demonstrate this by:	Action required:
<ul style="list-style-type: none"> Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and including the risks associated with those options. Therefore ensuring best value is achieved however services are provided. Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts. 	<ul style="list-style-type: none"> Medium Term Financial Strategy 2020/21-2024/25 <u>2021/22- 2025/26</u> Decision making protocols Outcomes from consultations Council reports including summary of consultation, alternative options, and implications 	<ul style="list-style-type: none"> MTFS updated at least annually
Sub principle: Planning interventions		
<ul style="list-style-type: none"> Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets. Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered. Considering and monitoring risks facing each partner when working collaboratively including shared risks. Ensuring arrangements are flexible and agile so that the mechanisms for delivering outputs can be adapted to changing circumstances. Establishing appropriate key performance indicators as part of the planning process in order to identify how the performance of services and projects is to be measured. Ensuring capacity exists to generate the information required to review service quality regularly. Preparing budgets in accordance with organisational objectives, strategies and the medium term financial plan. 	<ul style="list-style-type: none"> Policy planning framework Project management Risk management policy Corporate performance management framework Project management Commissioning Strategy - monitoring mechanisms in place Medium Term Financial Strategy 2020/21-2024/25 <u>2021/22- 2025/26</u> Budget guidance Budget consultation Budget Report Capital Programme 	<ul style="list-style-type: none"> <u>Revise and implement a new Corporate Performance Management Framework</u>

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<ul style="list-style-type: none"> Informing medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy. 		
Sub principle: Optimising achievement of intended outcomes		
<ul style="list-style-type: none"> Ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints. 	<ul style="list-style-type: none"> Budget consultation framework Budget Guidance Medium Term Financial Strategy 2020/21-2024/25 <u>2021/22- 2025/26</u> Corporate Commissioning strategy Service Business Planning <u>Corporate Performance Management Framework</u> 	<ul style="list-style-type: none"> Budget guidance issued annually to Leadership Team MTFS updated at least annually <u>Revise and implement a new Corporate Performance Management Framework</u>
<ul style="list-style-type: none"> Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term. 		
<ul style="list-style-type: none"> Ensuring the medium term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage. 		
<ul style="list-style-type: none"> Ensuring the achievement of 'social value' through service planning and commissioning. 		
Principle E: Developing the Council's capacity, including the capability of its leadership and the individuals within it		
Sub principle: Developing the entity's capacity	We demonstrate this by:	Action required:
<ul style="list-style-type: none"> Reviewing operations, performance use of assets on a regular basis to ensure their continuing effectiveness. Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how the authority's resources are allocated so that outcomes are achieved effectively and efficiently. Recognising the benefits of partnerships and collaborative working where added value can be achieved. Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources. 	<ul style="list-style-type: none"> Roles and responsibilities of the Executive and senior officers Job descriptions for councillor roles <u>Councillor Role Descriptors</u> Councillor Development framework Annual Pay policy statement Partnership arrangements Workforce Strategy and Workforce Plan <u>Corporate Performance Management Framework</u> 	<ul style="list-style-type: none"> <u>Revise and implement a new Corporate Management Framework</u>
Sub principle: Developing the capability of the entity's leadership and other individuals		
<ul style="list-style-type: none"> Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in 	<ul style="list-style-type: none"> Councillor officer protocol 	<ul style="list-style-type: none"> Delivery of the Leadership

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<p>the relationship and that a shared understanding of roles and objectives is maintained.</p>	<ul style="list-style-type: none"> • Relevant job profiles • Constitution – delegated decisions • Induction Programme • Member personal development plans (Councillor support and development group) • Workforce Strategy • Workforce Plan • Learning from Ofsted and CQC Inspections • Scrutiny framework • Staff development plans linked to Appraisal and Development • Health and Safety policy • Wellbeing at work initiatives eg health advocates and mental health-wellbeing first aiders • Viewpoint Residents Panel • Resident’s Survey • Constitution (reference meetings open to public) • Leadership and Management Development Programmes 	<p>Development Programme during 2020<u>1</u></p> <ul style="list-style-type: none"> • Delivery of Management Development Programme during 2020<u>1</u>
<ul style="list-style-type: none"> • Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body. 		
<ul style="list-style-type: none"> • Ensuring the leader and the chief executive have clearly defined and distinctive leadership roles within a structure whereby the chief executive leads the authority in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and balance for each other’s authority. 		
<ul style="list-style-type: none"> • Developing the capabilities of members and senior management to achieve effective shared leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by: <ul style="list-style-type: none"> – ensuring members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged – ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis – ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external. 		
<ul style="list-style-type: none"> • Ensuring that there are structures in place to encourage public participation. 		
<ul style="list-style-type: none"> • Taking steps to consider the leadership’s own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections. 		
<ul style="list-style-type: none"> • Holding staff to account through regular performance reviews which take account of training or development needs. 		

<ul style="list-style-type: none"> Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing. 		
Principle F: Managing risks and performance through robust internal control and strong public financial management		
Sub principle: Managing Risk	We demonstrate this by:	Action required:
<ul style="list-style-type: none"> Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making. 	<ul style="list-style-type: none"> Service Operational risk register Strategic Risk Register Corporate Risk and Resilience Group Audit and Standards Committee remit Business Continuity Plans Business Impact Assessments Service Business Plans Corporate Risk Management Policy 	<ul style="list-style-type: none"> Centralisation of risk documents and tools (via the intranet) to enable easier access for councillors and employees
<ul style="list-style-type: none"> Implementing robust and integrated risk management arrangements and ensuring that they are working effectively. 		
<ul style="list-style-type: none"> Ensuring that responsibilities for managing individual risks are clearly allocated. 		
Sub principle: Managing Performance		
<ul style="list-style-type: none"> Monitoring service delivery effectively including planning, specification, execution and independent post implementation review. 	<ul style="list-style-type: none"> Council's Forward Plan/Schedule of Decisions Corporate performance management framework Member development eg scrutiny training Quarterly monitoring updates regarding revenue and capital spend Publication of agendas and minutes of meetings 	<ul style="list-style-type: none"> Annual training update relating to Risk for members of the Audit and Standards Committee Revise and implement a new Corporate Performance Management Framework
<ul style="list-style-type: none"> Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook. 		
<ul style="list-style-type: none"> Ensuring an effective scrutiny or oversight function is in place which encourages constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation's performance and that of any organisation for which it is responsible. 		
<ul style="list-style-type: none"> Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement. 		

<ul style="list-style-type: none"> Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (eg financial statements). 		
Sub principle: Robust internal control		
<ul style="list-style-type: none"> Aligning the risk management strategy and policies on internal control with achieving the objectives. 	<ul style="list-style-type: none"> Corporate Risk Management Policy Internal Audit programme Corporate Risk and Resilience Group Strategic and Operational Risk Registers Audit and Standards Committee – oversight of management processes Counter Fraud and Bribery Policy Anti-money laundering policy Local Code of Governance Internal Audit Charter and Strategy Annual governance statement Audit and Standards Committee, minutes and agendas Overview and Scrutiny Committees 	<ul style="list-style-type: none"> Risk management policy to be reviewed Development of a policy relating to the prevention of the facilitation of tax evasion (Criminal Finances Act 2017)
<ul style="list-style-type: none"> Evaluating and monitoring the authority’s risk management and internal control on a regular basis. 		
<ul style="list-style-type: none"> Ensuring effective counter fraud and anti-corruption arrangements are in place. 		
<ul style="list-style-type: none"> Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor. Ensuring an audit committee or equivalent group or function which is independent of the executive and accountable to the governing body: <ul style="list-style-type: none"> Provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment That its recommendations are listened to and acted upon. 		
Sub principle: Managing data		
<ul style="list-style-type: none"> Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including process to safeguard personal data. 	<ul style="list-style-type: none"> Constitution – Data Protection Statement Data Protection policy Information Security Strategy Provide performance information to scrutiny and senior officer group Data sharing agreements in place regarding Troubled Families programme and health data Internal audit of data quality on strategic outcome indicators 	<ul style="list-style-type: none"> Annual dData quality audit undertaken of the strategic outcome indicators
<ul style="list-style-type: none"> Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies. 		
<ul style="list-style-type: none"> Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring. 		

	<ul style="list-style-type: none"> • Annual information Technology Health Check as part of the Council’s Public Services Network compliance submission 	
Sub principle: Strong public financial management		
<ul style="list-style-type: none"> • Ensuring financial management supports both long term achievement of outcomes and short-term financial and operational performance. 	<ul style="list-style-type: none"> • Constitution - Financial regulations, Delegations, Budget and Policy Framework rules and Contracts Procedure rules • Budget monitoring reports • Strategic Risk Register • Assurance Statements • Internal and External Audit • <u>Strengthened capacity and capability giving assurance on potential fraud by the recruitment of an additional fraud officer</u> 	
<ul style="list-style-type: none"> • Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls. 		
Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability		
Sub principle: Implementing good practice in transparency	We demonstrate this by:	Action required:
<ul style="list-style-type: none"> • Writing and communicating reports for the public and other stakeholders in an understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate. • Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand. 	<ul style="list-style-type: none"> • Council’s website • Council Protocol 3 – Report Formats and Preparing Reports • Adopting Plain English standards • Comply with the local government transparency code and publish all required information in a timely manner • Access to information rules • Publication of reports on the open part of committee agenda subject to the Access to information rules 	<ul style="list-style-type: none"> • Council Protocols are reviewed on an annual basis
Sub principle: Implementing good practices in reporting		

<ul style="list-style-type: none"> • Reporting at least annually on performance, value for money and the stewardship of its resources. 	<ul style="list-style-type: none"> • Corporate performance management framework 	<ul style="list-style-type: none"> • Annual review of the Constitution
<ul style="list-style-type: none"> • Ensuring members and senior management own the results. 	<ul style="list-style-type: none"> • Roles and responsibilities outlined in Constitution 	<ul style="list-style-type: none"> • MTFS updated at least annually
<ul style="list-style-type: none"> • Ensuring robust arrangements for assessing the extent to which the principles contained in the Framework have been applied and publishing the results on this assessment including an action plan for improvement and evidence to demonstrate good governance (annual governance statement). 	<ul style="list-style-type: none"> • Audit and Standards Committee • Cabinet agendas • Medium Term Financial Strategy 2020/21-2024/25 <u>2021/22- 2025/26</u> 	<ul style="list-style-type: none"> • <u>Review of Corporate Performance Management Framework</u>
<ul style="list-style-type: none"> • Ensuring that the Framework is applied to jointly managed or shared service organisations as appropriate. 	<ul style="list-style-type: none"> • Annual Governance Statement 	
<ul style="list-style-type: none"> • Ensuring the performance information that accompanies the financial statement is prepared on a consistent and timely basis and the statements allow for comparison with other similar organisations. 	<ul style="list-style-type: none"> • Council’s Annual Report 	
<p>Sub principle: Assurance and effective accountability</p>		
<ul style="list-style-type: none"> • Ensuring that recommendations for corrective action made by external audit are acted upon. 	<ul style="list-style-type: none"> • Managed through the Audit and Standards Committee - review of the effectiveness of internal audit 	<ul style="list-style-type: none"> • Partnership arrangements and risk register is reviewed annually by Internal Audit
<ul style="list-style-type: none"> • Ensuring an effective internal audit service with direct access to members is in place which provides assurance with regard to governance arrangements and recommendations are acted upon. 	<ul style="list-style-type: none"> • Findings from internal audit programme of inspections are reported to Audit and Standards Committee. 	
<ul style="list-style-type: none"> • Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations. 	<ul style="list-style-type: none"> • Ofsted and CQC inspections reported through political framework 	
<ul style="list-style-type: none"> • Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement. 	<ul style="list-style-type: none"> • Annual governance statement • Partnership arrangements and risk register 	
<ul style="list-style-type: none"> • Ensuring that when working in partnership, arrangements for accountability are clear and that the need for wider public accountability has been recognised and met. 	<ul style="list-style-type: none"> • Annual Audit Letter issued by external auditor 	

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Title of Report: Corporate Risk Management 2020/21 - Quarter 3 Update

Report of: Darren Collins, Strategic Director, Resources & Digital

Purpose of the Report

1. This report updates the Committee on Corporate Risk Management during the period 1 October 2020 to 31 December 2020.

Background

2. Quarterly reporting to those with the responsibility for the oversight of risk management issues complies with the principles of good corporate governance. It is also embodied in the Corporate Risk Management Policy. This was last approved by Council on 21 May 2013 and is kept under review. Whilst it has been amended to reflect changes in Senior Officer titles since that time, it remains relevant and fit for purpose.
3. The report covers progress against the Corporate Risk Management Developmental Objectives for 2020/21 as cited in the Corporate Risk Management Annual Report 2019/20, and any other risk management issues emerging within the quarter under consideration.

Strategic Risk Management

4. In November 2018, Cabinet and Council approved a revised Strategic Risk Register which had been presented to Audit and Standards Committee on 1 October 2018. The Corporate Management Team has continued to ensure strategic risks are responded to in accordance with the Risk Management Policy, with risks and controls being recorded for inclusion within the Strategic Risk Register. As part of the iterative nature of the Register, risk owners are asked to provide updates as part of the quarterly reviews, which are then reported to Committee as part of the quarterly reporting.
5. There have been no changes to the Strategic Risk Register in the third quarter 2020/21. The Strategic Risk Register is attached for information at Appendix 1.

Operational Risk Management

6. Operational risks identified within the Council are recorded on the operational risk register. Work is ongoing to ensure operational risk management activity within services continues to align with service objectives, including those risks specific to

operational objectives as a consequence of the Council's response to the COVID pandemic and EU transition.

7. Service Risk Coordinators, whose role it is to support and champion risk management activity within their Services, are working with the Corporate Risk Officer to support risk owners with evaluating existing operational risk assessments. The focus of this work is on ensuring the assessments contain the required information to inform the management response.

Business Continuity Management

8. In accordance with the Council's Risk Management and Business Continuity Policies, all services are required to continuously assess the risk of their activities being disrupted and to develop cost effective business continuity plans.
9. All Business Impact Assessments were reviewed by Services in March 2020 and again in November 2020. This was to identify threats to critical activities and potential increased demand on Council Services following a second wave of infections, along with other potential pressures such as exit from the EU and seasonal events like flu and adverse weather.
10. Business Continuity Plans were also revised accordingly to mitigate, as far as possible, any threats to the delivery of key activities with a focus on activity that could not be interrupted for more than 48 hours without critical impact. This exercise was also used to assess which activities might require additional support to strengthen resilience and estimated the officer numbers and skills that might be needed.
11. Where these could not be provided by redeployment from within the Service or Group, redeployment of officers would be sought from Services that had either been stood down due to the pandemic or could be reduced in the short term without significant impact.
12. Quarterly audit and risk reports are provided to Group Management Teams to highlight the activities for which services have developed continuity plans. Issues can also be reported by services to the Corporate Risk and Resilience Group.

Corporate Risk and Resilience Group

13. The Corporate Risk and Resilience Group last met on 5 October 2020, with the following items considered:
 - COVID-19 pandemic
 - EU Transition
 - Updates from Groups and Services

Recommendation

14. It is recommended that the Committee note the report and consider the effectiveness of the Council's risk management arrangements.

CONTACT: Natalie Porthouse Ext. 3723

Strategic Risk Register as at 31 December 2020

*Ranked in order of Gross Risk

Ref	Risk	Risk owner	*Gross Risk	Current risk		
				Likelihood	Impact	Score
10	Failure to comply with the housing regulatory standards applicable to Local Authorities.	Service Director - Housing Compliance	20	Likely	High	16
8	The implications of EU Exit potentially affecting the availability of Council's resources to deliver services which may impact on communities.	Brexit Lead Officer	16	Likely	Medium	12
9	The Council is hit by a Cyber-attack that compromises the confidentiality, integrity and availability of information and systems.	CMT	16	Moderate	High	12
1	Failure to address the financial gap in the Council's budget and achieve the target within the Medium-Term Financial Strategy resulting in non-achievement of Council strategic priority of Making Gateshead a Place Where Everyone Thrives.	CMT	16	Likely	Medium	12
2	Failure to manage demand and expectations could result in the Council not achieving its Thrive agenda.	CMT	16	Moderate	Medium	9
3	Failure to safeguard vulnerable children and adults	CMT	16	Unlikely	High	8
6	Failure to address workforce planning and resourcing requirements impacting on service delivery.	CMT	16	Moderate	Low	6
4	Failure to attract inward investment and deliver sustainable economic growth.	CMT	12	Moderate	Medium	9
5	Non-compliance with statutory requirements resulting in prosecution and subsequent penalties.	CMT	12	Likely	Low	8
7	Failure to provide a response during a Major incident or business interruption affecting availability of the Council's resources and impacting on ability to deliver critical services or an impact on a community.	CMT	8	Unlikely	Medium	6



**Audit and Standards Committee
25 January 2021**

Title of Report: External Auditor: Audit Progress Report

Report of: Darren Collins, Strategic Director, Resources and Digital

Purpose of the Report

- 1 This report updates the Audit and Standards Committee on Mazars progress in delivering their responsibilities as external auditor.

Background

- 2 The report outlines:
 - Audit Progress
 - National Publications
- 3 The external auditor's report is attached at Appendix A.

Recommendation

- 4 The Committee is requested to note the contents of the external auditor's report.

CONTACT: Natalie Porthouse Ext. 3723

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Audit Progress Report

Gateshead Council

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January 2021



1. Audit Progress

2. National Publications

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01

Section 01: **Audit Progress**

Audit Progress

Purpose of this report

This report provides the Audit and Standards Committee with an update on progress in delivering our responsibilities as your external auditors.

Audit progress

2019/20 audit

We completed our external audit of the Council's 2019/20 financial statements and value for money conclusion in November 2020, signing the audit report on 30 November.

We are now undertaking the required audit work on the Council's Whole of Government Accounts (WGA) submission. This work is carried out to instructions issued by the National Audit Office and we report to the NAO our conclusions from this work. Should there be any significant findings from this work we will report these to the Audit and Standards Committee in a subsequent Audit Update Report. We expect to complete this work and report to NAO in January 2021.

As a result of increased regulatory pressures and requirements, the Covid-19 pandemic and other issues identified during the audit, we are in a position where we will be requesting additional audit fee. We will agree the additional fee with the Strategic Director, Resources and Digital and report to the Audit and Standards Committee in our 2019/20 Annual Audit Letter.

Audit Progress

2020/21 audit

We will commence our audit planning for the 2020/21 audit in January/February 2021 and will present our Audit Strategy Memorandum to a subsequent Audit and Standards Committee meeting. We have held regular discussions with the Council's Strategic Director, Resources and Digital and these help us to keep up to date with emerging issues that may impact on our external audit.

External audit work on the Council's arrangements to deliver value for money in its use of resources

We reported during 2019/20 that the National Audit Office had updated their Code of Audit Practice and that this new Code applies from 2020/21. The new Code changes the work that auditors will be required to do, and the related reporting, on Councils arrangements to deliver value for money in their use of resources.

The changes to the reporting requirements means that from 2020/21 we will no longer include a value for money conclusion in our Financial Statements Audit Report. We will report our commentary on the Council's arrangements to deliver value for money in a new Auditor's Annual Report (which replaces the Annual Audit Letter). The NAO Code requires that where auditors identify weaknesses in Council's arrangements they should report recommendations to the Council promptly through the year.

Audit Progress

External audit work on the Council's arrangements to deliver value for money in its use of resources (continued)

In carrying out our work we will comply with the NAO's guidance on value for money work, which identifies that the work must have regard to the following specific criteria:

- **Financial sustainability:** how the body plans and manages its resources to ensure it can continue to deliver its services;
- **Governance:** how the body ensures that it makes informed decisions and properly manages its risks; and
- **Improving economy, efficiency and effectiveness:** how the body uses information about its costs and performance to improve the way it manages and delivers its services.

We will keep Audit and Standards Committee up to date on our progress as we complete our audit work.

02

Section 02: **National Publications**

National Publications

	Publication/update	Key points	Page
CIPFA			
1	Code of Practice on Local Authority Accounting in the United Kingdom: Disclosure Checklist for 2020/21 Accounts	2020/21 Disclosure checklist	8
2	Code of Practice on Local Authority Accounting in the United Kingdom: Guidance Notes for 2020/21 Accounts	2020/21 Code Guidance Notes	8
3	Service Reporting Code of Practice for Local Authorities 2021/22	2020/21 SeRCOP Guidance	8
4	Guidance for Head of Internal Audit Annual Opinions 2020/21	Guidance	9
5	A Guide to Local Authority and Public Sector Asset Management	Step-by-step guide	9
6	Planning to Deliver Good Value in Demand-led Services (social care)	Good practice framework	9
National Audit Office			
7	Local auditor reporting application	Data on local auditor reporting presented through an interactive map	10
MHCLG			
8	Local authority financial reporting and external audit: government response to the Redmond review	MHCLG's response to Sir Tony Redmond's independent review	11
Financial Reporting Council			
9	Local Audit Inspections	FRC Audit Quality report	12

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NATIONAL PUBLICATIONS

CIPFA

1. Code of Practice on Local Authority Accounting in the United Kingdom: Disclosure Checklist for 2020/21 Accounts, January 2021

The 2020/21 version of the disclosure checklist has been updated to reflect the reporting requirements introduced by the 2020/21 Code of Practice. This annual publication is for finance practitioners in local authorities and external audit agencies and firms in England, Scotland and Wales.

The checklist is in the form of a series of questions. If the answer to any question is no, then a justification for departing from the Code should be given and potentially disclosed in the accounts, where the impact of departures is material.

<https://www.cipfa.org/policy-and-guidance/publications/d/disclosure-checklist-202021-print>

2. Code of Practice on Local Authority Accounting in the United Kingdom: Guidance Notes for 2020/21 Accounts, January 2021

This edition of the Guidance Notes provides detailed guidance on the key accounting changes introduced by the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) 2020/21, and includes amendments to implement amendments to accounting standards, reference to arrangements for the application of accounting standards arising as a consequence of the UK's withdrawal from the EU and legislative amendments. The example financial statements have also been updated to reflect these changes.

<https://www.cipfa.org/policy-and-guidance/publications/c/code-of-practice-guidance-notes-202021-print>

3. Service Reporting Code of Practice for Local Authorities 2021/22, January 2021

Modern local government is constantly developing and adapting to its current economic climate. Transparency initiatives, performance and best value regimes are evolving in expectation of the government becoming more sophisticated.

SeRCOP is reviewed annually to ensure that it develops in line with the needs of local government, transparency, best value and public services reform.

In England, SeRCOP is given legislative backing under the Local Government Act 2003. In Scotland SeRCOP's Service Expenditure Analysis (SEA) and guidance is used by the Scottish Government as the basis for specifying the requirements of the Local Financial Returns (LFRs).

<https://www.cipfa.org/policy-and-guidance/publications/s/service-reporting-code-of-practice-for-local-authorities-202122>

NATIONAL PUBLICATIONS

CIPFA

4. Guidance for Head of Internal Audit Annual Opinions 2020/21, November 2020

The annual opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control is a requirement of the Public Sector Internal Audit Standards (PSIAS). It is an important source of assurance that supports a local government body's annual governance statement.

If sufficient assurance is not available from internal audit work completed and other sources of assurance that the head of internal audit may seek to place reliance on then they should publish a limitation of scope to explain the position and impact on the annual opinion. The guidance sets out the steps heads of internal audit, together with the leadership team and audit committee, should take.

To further support the guidance CIPFA held a free webinar on 15 December.

<http://www.cipfa.org/policy-and-guidance/standards/guidance-for-head-of-internal-audit-annual-opinions-202021>

5. A Guide to Local Authority and Public Sector Asset Management, November 2020

This step by step guide to asset management in the public sector has been produced by CIPFA Property. It takes the reader on the asset management journey, from the development of strategic asset management policies and strategies designed to deliver corporate objectives through to the development, implementation, challenge and review of asset management practices and portfolios.

<https://www.cipfa.org/policy-and-guidance/publications/a/asset-management-in-the-public-sector-a-practitioners-guide>

6. Planning to Deliver Good Value in Demand-led Services (social care), November 2020

Several local authorities successfully deliver good value in these areas, and this publication draws on their experience and best practice. It sets out a three step framework, based on a number of essential elements that recognise the challenges involved. This framework emphasises the importance of business partnering and ensuring plans reflect reality to enable improved operational and financial resilience.

<https://www.cipfa.org/policy-and-guidance/publications/p/planning-to-deliver-good-value-in-demand-led-services-social-care>

NATIONAL PUBLICATIONS

National Audit Office

7. Local auditor reporting application, December 2020

The local auditor reporting application presents the opinions of local auditors on local public bodies' financial statements and conclusions on whether they have proper arrangements in place to secure value for money. The data is presented through an interactive map which allows users to explore auditor reporting for nine different types of local body and two different audit years. The interactive map also contains pop-ups to enable users to access further information about the body, such as the local auditor's report or annual audit letter.

<https://www.nao.org.uk/other/local-auditor-reporting-application/>

NATIONAL PUBLICATIONS

MHCLG

8. MHCLG's response to Sir Tony Redmond's independent review, December 2020

The response of the Ministry of Housing, Communities and Local Government to Sir Tony Redmond's Independent review into the oversight of local audit and the transparency of local authority financial reporting. The Redmond Review made 23 recommendations relating to the quality, timeliness and sustainability of local audit, and the transparency of local authority accounts. The department has grouped its response into 5 themes, which are summarised in Annex A to the response.

Amongst the responses MHCLG confirmed that they intend to amend existing regulations to extend the deadline for publishing audited local authority accounts from 31 July to 30 September, for a period of two years (i.e. covering the audit of the 2020/21 and 2021/22 accounting years). At the end of this period they will review whether there is a continued need to have an extended deadline.

They also confirmed that they did not intend to create an Office of Local Audit and Regulation (OLAR) stating in their response that they "do not wish to re-create the costly, bureaucratic and over-centralised Audit Commission". They added that they "will commit to explore the full range of options as to how best to deliver Sir Tony's finding that a 'system leader' is required. This will include close consideration of whether existing bodies could take on this function."

<https://www.gov.uk/government/publications/local-authority-financial-reporting-and-external-audit-government-response-to-the-redmond-review/local-authority-financial-reporting-and-external-audit-government-response-to-the-independent-review>

NATIONAL PUBLICATIONS

Financial Reporting Council

9. Major Local Audits – Audit Quality Inspection, October 2020

The framework for the inspection of local audit work

Responsibility for the inspection of local audit work is now with the Financial Reporting Council (FRC) for 'major local audits' (those with annual expenditure which exceeds £500m) and the ICAEW for those bodies which do not meet the major local audit definition. As part of their inspection of major local audits for the 2018/19 financial year, the Audit Quality Review (AQR) team of the FRC reviewed two of our major local audits and found these to require significant improvements in respect of our audit of the financial statements. The same reviews indicated that our work on value for money arrangements for those audits was of a good standard. Our non-major local audits for 2018/19 were not subject to inspection by the ICAEW.

Our response to the FRC's findings

We are committed to delivering high-quality audits to all of our clients and have responded robustly to the AQR's findings. Our Local Audit Quality Plan incorporates the risks to audit quality identified from a range of sources and identifies that actions we have put in place, or are taking, to mitigate these risks. Our Audit Quality Team is responsible for the maintenance of the plan which is also subject to oversight and scrutiny from the firm's Audit Board.

In addition, we have undertaken a detailed root cause analysis project to identify and understand the drivers of poor audit quality in some of our local audit work. This has focused on all local audits where the need for improvement or significant improvements have been identified either through external inspections or our programme of internal quality monitoring reviews.

We have taken steps to respond to the AQR's specific findings in relation to our work in the following areas of the audit:

- Testing the valuation of property assets;
- Exercising appropriate oversight of group audits, including the direction, supervision and review of the work of component auditors; and
- Document judgements made as part of the audit process, specifically those in relation to our testing of income and expenditure.

We have also strengthened our standard procedures in relation to the audit of net defined benefit pension liabilities arising from our clients' membership of local government pension schemes.

The FRC's report on its inspection findings in relation to the quality of major local audits for the year ended 31 March 2019, can be found [here](#). This also includes our detailed response to their findings on our financial statement audits.

NATIONAL PUBLICATIONS

Financial Reporting Council

9. Major Local Audits – Audit Quality Inspection, October 2020 (continued)

What this means for the Council

As outlined above, we take the weaknesses identified by the FRC extremely seriously, and our response to the improvement areas has been robust. It is clear that on areas of the audit such as the valuation of property assets (including investment properties) and the audit of defined benefit pension liabilities, we must do more to meet the regulator’s expectations. This means the time we spend on these areas of the audit will increase and the level of challenge we apply in auditing these areas will also increase. Your finance team and your experts will have seen the increase in the scope and scale of work we have undertaken in 2019/20 in terms of the granularity and depth of testing and changes to our sample sizes in a number of key areas.

Going forward, our response and the increase in the challenge we make, is likely to include the engagement of our own experts (for example, property valuation experts) to fully consider the methodologies and judgements applied by the Council’s own experts. There will be consequential effects on the fee that we are likely to request from the Council to undertake the audit.

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