

AUDIT AND STANDARDS COMMITTEE AGENDA

Monday, 27 January 2020 at 10.00 am in the Blaydon Room - Civic Centre

From the Chief Executive, Sheena Ramsey

Item	Business
1	Apologies for Absence
2	Minutes (Pages 3 - 8) The Committee is asked to approve, as a correct record, the minutes of the meeting held on 28 October 2019 (attached)
3	Declarations of Interest Members of the Committee are invited to declare interests in any agenda items.
4	Quarterly Standards Update (Pages 9 - 12) Report of the Strategic Director, Corporate Services and Governance
5	Local Code of Governance (Pages 13 - 26) Report of the Strategic Director, Corporate Services and Governance
6	Work Programme (Pages 27 - 28) Report of the Strategic Director, Corporate Services and Governance
7	External Auditor: Audit Progress Report (Pages 29 - 40) Report of the Strategic Director Resources and Digital
8	Corporate Risk Management 2019/20: Quarterly Report to 31 December 2019 (Pages 41 - 44) Report of the Strategic Director Resources and Digital
9	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.

10 | **Internal Audit Plan 2019/20 Quarterly Monitoring Report to 31 December 2019** (Pages 45 - 52)

Report of the Strategic Director Resources and Digital

11 | **Date and time of next meeting**

Monday 9 March 2020 at 10.00 am in the Blaydon Room

GATESHEAD METROPOLITAN BOROUGH COUNCIL
AUDIT AND STANDARDS COMMITTEE MEETING

Monday, 28 October 2019

- PRESENT:** Councillor M Charlton (Chair)
- Councillors: L Green, S Green and J McElroy
Mr G Clark
- APOLOGIES:** Councillors: D Burnett, J McClurey and N Weatherley,
Mr Stuart Bell and Mr B Jones

ASC235 MINUTES

The minutes of the last meeting held on 22 July 2019 were approved as a correct record.

With regard to minute ASC228, the Committee was advised that its request for the font for security warnings on all Council PCs to be enlarged was being progressed as part of the upgrade to Windows 10.

ASC236 DECLARATIONS OF INTEREST

There were no declarations of interest.

ASC237 AUDIT AND STANDARDS COMMITTEE WORK PROGRAMME 2019-20

RESOLVED - That the Committee's work programme for 2019/20 be noted.

ASC238 TRAINING AND DEVELOPMENT REQUIREMENTS

Consideration has been given to a suggested development plan to meet the Committee's training needs. In addition, members were given an update on the training carried out to date in 2019.

- RESOLVED -
- (i) That the update be noted.
 - (ii) That the development plan set out in the report be approved.

ASC239 QUARTERLY STANDARDS UPDATE

Consideration has been given to the quarterly update highlighting national and local standards issues.

Members expressed concern at the proposals for voter ID and asked for these to be brought to the attention of the Council's Elections Team.

RESOLVED - That the update be noted.

ASC240 EXTERNAL AUDITOR: ANNUAL AUDIT LETTER 2018/19

Consideration has been given to the external auditor's Annual Audit Letter 2018/19.

The letter provides a summary of the external auditor's work and findings for 2018/19 in respect of the following:

- Audit of the financial statements
- Value for money conclusion
- Other reporting responsibilities
- Fees
- Forward look

RESOLVED - That the content of the external auditor's Annual Audit Letter 2018/19 be noted.

ASC241 EXTERNAL AUDITOR: 2018/19 AUDIT - ADDITIONAL FEE

The consolidation of Gateshead Housing Company into the Council's group accounts for 2018/19 necessitated additional external work in order for the opinion on the accounts to be given by the deadline of 31 July 2019.

The Council received a letter from the external auditor advising that the additional work had resulted in an additional fee of £9,724.

RESOLVED - That the contents of the letter from the external auditor be noted.

ASC242 RESULTS OF 2018/19 CIPFA AUDIT BENCHMARKING

The Internal Audit Service is required to objectively examine, evaluate and report upon the adequacy of the control environment as a contribution to the proper economic, efficient and effective use of the Council's resources. Benchmarking data allows the comparison of the Internal Audit Service with ten other local authorities.

A summary report of the 2018/19 benchmarking results has been presented. Overall this continues the trend from previous years and highlights the Council's Internal Audit Service as being low cost with high productivity in comparison with other local authorities in the benchmarking data. The information is based upon 2018/19 actual results taken from the financial ledger and the internal audit management system.

RESOLVED - That the information be noted.

ASC243 CORPORATE RISK MANAGEMENT 2019/20 - QUARTERLY REPORT TO 30 SEPTEMBER 2019

Consideration has been given to developments in Corporate Risk Management during the period 1 July to 30 September 2019 in compliance with requirements of

good corporate governance.

With regard to the Strategic Risk Register, a new risk in relation to climate change is being discussed with responsible officers. The Council is carrying out a strategy refresh to establish targets and actions to ensure achievement of its' climate objectives by 2030 and an initial report is anticipated in January 2020. This report will enable the strategic risks to be drafted along with the necessary mitigations to manage the risk, which will be presented to the Committee for consideration.

Updates have also been given on operational risk, business continuity, critical IT systems and the work of the Risk and Resilience Group.

The work on the risks associated with climate change were welcomed but it was pointed out that this may have implications for the cost of future schemes and initiatives. The Committee was advised that climate change is one of the key priorities for the Council and a fundamental part of the setting of capital and revenue budgets. The risks were being addressed as part of the strategy refresh.

A member asked how the Council ensured the effectiveness of its risk management arrangements. The Committee was informed that the risk management champions for all services were on the Risk and Resilience Group which ensured the effectiveness of the arrangements. The Committee was also responsible for monitoring the arrangements. In addition, risk management training was provided to services and the effectiveness was also addressed as part of the benchmarking arrangements.

- RESOLVED -
- (i) That the information be noted.
 - (ii) That the Council's risk management arrangements be confirmed as being effective.

ASC244 TREASURY MANAGEMENT - PERFORMANCE TO 30 SEPTEMBER 2019

The Committee has reviewed the treasury management performance for the six months to 30 September 2019 covering investments and borrowing, in line with approved performance management arrangements.

The report covers:

- Investment performance
- Rate of return
- Brexit and the Economy
- Borrowing
- PWLB Government Intervention

The projected net impact of investment and borrowing activity on the revenue budget in 2019/20 is an underspend of £2.107m, comprising £1.678m General Fund and £0.429m HRA.

Investment returns are likely to remain relatively low during 2019/20 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.

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 is significantly outweighed by the savings achieved from avoiding external borrowing. The additional element of interest rate risk will continue to be monitored.

The Committee expressed concern at the possible impact of the Government's recent changes to the PWLB loans. The Committee was advised that these may potentially have an impact on the HRA and on some schemes and initiatives in the Borough. There was concern that the Government may do something similar again and this would have to be factored in.

RESOLVED - That the treasury management performance to 30 September 2019 be noted, prior to its submission to the Cabinet.

ASC245 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.

ASC246 MID YEAR COUNTER FRAUD UPDATE 2019/20

Consideration has been given to activity undertaken since 1 April 2019 by the Internal Audit and Risk Service in relation to the work of the Corporate Fraud Team. This includes action taken to raise awareness of the risk of fraud and corruption, details of the cases of potential fraud and irregularity, and 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.

ASC247 INTERNAL AUDIT PLAN 2019/20 - QUARTERLY MONITORING REPORT TO 30 SEPTEMBER 2019

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

From the reviews carried out to 30 September 2019 audit work was found to be complying with the Public Sector Internal Audit Standards and the Audit Manual.

Performance information for the year to date is as follows:

- 94% of audits were completed within budgeted time against a target of 90%.
- Productive or chargeable time was recorded at 72% of overall time against an annual target of 73% of overall time.
- The average score of the customer satisfaction questionnaires returned is 3.91 against a target of 3.4.
- The target for implementation of audit recommendations due is 100% for high priority recommendations and 90% for medium priority recommendations. The current rate of implementation of all recommendations due is 95.6%, with 100% of all high priority and 91.6% of all medium priority recommendations having been implemented.

RESOLVED - That the information be noted.

ASC248 DATE AND TIME OF NEXT MEETING

The next meeting of the Committee will be held on Monday 27 January 2020 at 10.00am in the Blaydon Room.

Chair.....

This page is intentionally left blank

TITLE OF REPORT: Quarterly Standards Update

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

Purpose of the Report

1. To provide a quarterly update to the Audit and Standards Committee highlighting national and local standards issues.
 2. To ensure Members are aware of national reviews and consultations which may be relevant to their role.
 3. To identify whether further training is required for Members.
-

Committee on Standards in Public Life

Intimidation in Public Life - review of political parties' codes of conduct

1. In 2019 the Committee undertook a review of political parties' codes of conduct, resulting in the publication of their review in October. It was hoped this would bring parties together to agree a common approach to tackling intimidation and abuse during election campaigns.
2. The report provides a foundation for creating a Joint Standard owned by the political parties holding seats in Parliament, which will contain a shared understanding of the minimum standards of behaviour expected from all party members. This builds upon one of the Committee's recommendations from the 2019 report on Intimidation in Public Life.
3. The intention is that behaviour that breaches the unacceptable behaviour described in the Joint Standard will constitute grounds for disciplinary action under each party's disciplinary framework.
4. The headlines within the report cover:
 - a. Prohibiting intimidation, harassment and abusive behaviour
 - b. Protecting the debate
 - c. Treating people with fairness, respect and dignity
 - d. Responsibility for challenging unacceptable behaviour
 - e. Linking with existing party disciplinary process – being clear about the repercussions
 - f. Reporting illegal behaviour to the police
5. The 4 page report can be found at:
<https://www.gov.uk/government/publications/intimidation-in-public-life-review-of-political-parties-codes-of-conduct>

6. In November 2019 the Committee published a letter sent to candidates from all political parties ahead of the general election. This was undertaken jointly with the Jo Cox Foundation.
7. The letter highlighted the Joint Standard document referred to above, noting the minimum standards of behaviour expected from all political party members, sitting alongside existing political parties' codes of conduct.
8. The letter can be viewed at:
<https://www.gov.uk/government/publications/intimidation-in-public-life-letter-to-political-parties-on-election-pledge>

Webcast

9. The Committee has issued a short video (1:36m) explaining their role, which can be viewed at:
<https://www.youtube.com/watch?v=1QX1AcgRURs>

Minutes of Committee meetings:

10. Transparency data; Committee on Standards in Public Life 270th meeting on Thursday 19 September 2019: agenda and minutes:
<https://www.gov.uk/government/publications/committee-on-standards-in-public-life-270th-meeting-on-thursday-19-september-2019-agenda-and-minutes>

Cabinet Office

11. On 5 November 2019 Oliver Dowden MP provided a written Ministerial Statement to parliament providing an update on the Government's actions to tackle intimidation in public life, further to the Committee's report published last year.
12. Prosecution guidance has been published which sets out the wide range of areas in which intimidation can be prosecuted under existing law, complemented by guidance to the police from the National Police Chiefs Council.
13. The CPS guidance can be found at:
Responding to intimidating behaviour: [Information for Parliamentarians](#).
The National Police Chiefs Council (NPCC), CPS, College of Policing and Electoral Commission have also issued [Joint Guidance for Candidates in Elections](#), which is distributed by the Electoral Commission.
14. The Minister also highlighted the legislative change whereby candidates in local government elections are no longer required to publish their address on ballot papers.
15. The Ministerial Statement can be viewed at:
<https://www.gov.uk/government/speeches/update-on-tackling-intimidation-in-public-life>

Local Government Association

16. The LGA is working closely with a number of other organisations to co-ordinate a programme of work entitled "Civility in Public Life", aimed at:
 - articulating good standards for anyone engaging in public and political discourse

- understand the scale and impact of intimidation and abusive behaviour on our membership organisations, and develop recommendations for achieving positive debate and public decision-making on a local level
 - to support our members and all democratically elected local representatives in addressing intimidation and abuse, so they deliver the best on behalf of their communities
17. The LGA together with the Welsh LGA has published a guide detailing practical steps councillors and councils can take to protect themselves as a person in a public position.
 18. The guide provides general advice on handling intimidation as well as specific situations, for example intimidation over the telephone and at ward surgeries.
 19. This 32 page guide can be found at:
https://www.local.gov.uk/sites/default/files/documents/Full%20word%20english%20version%20guide%20for%20councillors%20on%20handling%20intimidation_FINAL.pdf

Future Updates

A Standards Update will be provided on a quarterly basis to the Standards and Audit Committee.

It is noted that the content of the Update will vary depending on the local and national picture that that time.

Contact: Angela Simmons-Mather Ext: 2662

This page is intentionally left blank



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. As a result some amendments have been made to the

Local Code of Governance as follows:

- The refresh of the Workforce Strategy and Plan have been included in the actions for Principle A (sub-principle on demonstrating strong commitment to ethical values).
- The dates on the Medium Term Financial Strategy (MTFS) have been updated to reflect the current document (Principles C, D & G).
- Reference to Vision 2030 has been deleted in Principle C.
- The Leadership and Management Development Programmes have been included in the column 'We demonstrate this by' in Principle E.
- Delivery of the Leadership Development Programme and Management Development Programme during 2020 have been added to the actions in Principle E.

7. The revised Local Code of Governance is attached at Appendix 1.

Recommendation

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

Contact: Mike Aynsley

extension: 2128

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 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 Contract Procedure Rules 	<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. 		

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 councillor training 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 Council's decision making processes eg Planning 	<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. 	<p>and Development Committee</p> <ul style="list-style-type: none"> Constitution Partnership arrangements Gateshead Trading Company Risk management policy Whistleblowing policy ICT security policy Complaints procedure Counter Fraud and Bribery policy 	
<p>Principle B: Ensuring openness and comprehensive stakeholder engagement</p>		
<p>Sub principle: Openness</p>	<p>We demonstrate this by:</p>	<p>Action required:</p>
<ul style="list-style-type: none"> Ensuring an open culture through demonstrating, documenting and communicating the organisation’s commitment to openness. 	<ul style="list-style-type: none"> Transparency agenda eg FOIs, council expenditure over £500, senior officer salaries 	
<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Constitution (references meetings open to the public) Council papers, agendas and minutes (including Calendar of Meetings) 	
<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Access to information rules Customer feedback and complaints Equality impact assessments Consultation principles Viewpoint Panel 	
<ul style="list-style-type: none"> Use formal and informal consultation and engagement to determine the most appropriate and effective interventions/courses of action. 	<ul style="list-style-type: none"> 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 	
<p>Sub principle: Engaging comprehensively with institutional stakeholders</p>		

<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. 		
<p>Sub principle: Engaging stakeholders effectively, including individual citizens and service users</p>		
<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 briefing Council News Numerous public surveys held throughout the year Gateshead Now email Have your Say inbox Web feedback Reflect full range of comments in council reports Youth Assembly Corporate Parenting role Social Care Commissioning Intentions Joint Strategic Needs Assessment 	
<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. 		
<p>Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits</p>		

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 • 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
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. • 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. • Ensuring fair access to services. 	<ul style="list-style-type: none"> • Council reports include relevant implications • Medium Term Financial Strategy 2020/21-2024/25 • Capital Programme • Consultation Principles • Records of decision making • 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"> • MTFS updated at least annually • Development of an Investment Strategy • Annual review of Strategic Risk Register • Annual Review of the Council’s Constitution

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. 	<ul style="list-style-type: none"> Medium Term Financial Strategy 2020/21-2024/25 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 											
<ul style="list-style-type: none"> 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. 			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. 	<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 Budget guidance Budget consultation Budget Report Capital Programme 		<ul style="list-style-type: none"> Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered. 	<ul style="list-style-type: none"> Considering and monitoring risks facing each partner when working collaboratively including shared risks. 	<ul style="list-style-type: none"> Ensuring arrangements are flexible and agile so that the mechanisms for delivering outputs can be adapted to changing circumstances. 	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Ensuring capacity exists to generate the information required to review service quality regularly.
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. 	<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 Budget guidance Budget consultation Budget Report Capital Programme 												
<ul style="list-style-type: none"> Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered. 													
<ul style="list-style-type: none"> Considering and monitoring risks facing each partner when working collaboratively including shared risks. 													
<ul style="list-style-type: none"> Ensuring arrangements are flexible and agile so that the mechanisms for delivering outputs can be adapted to changing circumstances. 													
<ul style="list-style-type: none"> 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. 													
<ul style="list-style-type: none"> Ensuring capacity exists to generate the information required to review service quality regularly. 													
<ul style="list-style-type: none"> Preparing budgets in accordance with organisational objectives, strategies and the medium term financial plan. 													
<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 Corporate Commissioning strategy Service Business Planning 	<ul style="list-style-type: none"> Budget guidance issued annually to Leadership Team MTFS updated at least annually
<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. 	<ul style="list-style-type: none"> Roles and responsibilities of the Executive and senior officers Job descriptions for councillor roles Councillor Development framework Annual Pay policy statement Partnership arrangements Workforce Strategy and Workforce Plan 	
<ul style="list-style-type: none"> 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. 		
<ul style="list-style-type: none"> Recognising the benefits of partnerships and collaborative working where added value can be achieved. 		
<ul style="list-style-type: none"> Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources. 		
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 the relationship and that a shared understanding of roles and objectives is maintained. 	<ul style="list-style-type: none"> Councillor officer protocol Relevant job profiles Constitution – delegated decisions Induction Programme Member personal development plans (Councillor support and development group) 	<ul style="list-style-type: none"> Delivery of the Leadership Development Programme during 2020 Delivery of Management
<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"> • Workforce Strategy • Workforce Plan • Learning from Ofsted and CQC Inspections • Scrutiny framework • Staff development plans linked to Appraisal and Development 	Development Programme during 2020
<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"> • Health and Safety policy • Wellbeing at work initiatives eg health advocates and mental health first aiders • Viewpoint Residents Panel • Resident's Survey • Constitution (reference meetings open to public) • Leadership and Management Development Programmes 	
<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 	<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"> Strategic Risk Register Corporate Risk and Resilience Group 	
<ul style="list-style-type: none"> Ensuring that responsibilities for managing individual risks are clearly allocated. 	<ul style="list-style-type: none"> Audit and Standards Committee remit Business Continuity Plans Service Business Plans Corporate Risk Management Policy 	
<p>Sub principle: Managing Performance</p>		
<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 	<ul style="list-style-type: none"> Annual training update relating to Risk for members of the Audit and Standards Committee
<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"> 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"> 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). 		
<p>Sub principle: Robust internal control</p>		
<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 	<ul style="list-style-type: none"> Risk management policy to be reviewed
<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"> Corporate Risk and Resilience Group 	<ul style="list-style-type: none"> Development of a

<ul style="list-style-type: none"> Ensuring effective counter fraud and anti-corruption arrangements are in place. 	<ul style="list-style-type: none"> 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 	<p>policy relating to the prevention of the facilitation of tax evasion (Criminal Finances Act 2017)</p>
<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. 		
<ul style="list-style-type: none"> 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 Annual information Technology Health Check as part of the Council’s Public Services Network compliance submission 	<ul style="list-style-type: none"> Annual data 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. 		
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 	
<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.	<ul style="list-style-type: none"> • Strategic Risk Register • Assurance Statements • Internal and External Audit 	
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. • Ensuring members and senior management own the results. • 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). • Ensuring that the Framework is applied to jointly managed or shared service organisations as appropriate. • 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"> • Corporate performance management framework • Roles and responsibilities outlined in Constitution • Audit and Standards Committee • Cabinet agendas • Medium Term Financial Strategy 2020/21-2024/25 • Annual Governance Statement • Council’s Annual Report 	<ul style="list-style-type: none"> • Annual review of the Constitution • MTFS updated at least annually

Sub principle: Assurance and effective accountability		
<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 • Findings from internal audit programme of inspections are reported to Audit and Standards Committee. • Ofsted and CQC inspections reported through political framework • Annual governance statement • Partnership arrangements and risk register • Annual Audit Letter issued by external auditor 	<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"> • Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations. 		
<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"> • Ensuring that when working in partnership, arrangements for accountability are clear and that the need for wider public accountability has been recognised and met. 		

AUDIT AND STANDARDS COMMITTEE

WORK PROGRAMME

Committee Meeting Date and Time	Items to be considered
27 January 2020 10.00am	<ul style="list-style-type: none"> • Work Programme • Standards Update • Local Code of Governance • Mazars Audit Progress Report • Mazars – Results of Certification Work 2018/19 • Corporate Risk Management 2019/20 – Quarterly Report to 31 December 2019 • Internal Audit Plan 2018/19 – Quarterly Monitoring Report to 31 December 2019 (Exempt Item)
9 March 2020 10.00am	<ul style="list-style-type: none"> • Work Programme • Training and Induction • Treasury Policy Statement and Treasury Strategy • Annual Governance Statement (Assurance Framework) • External Quality Assessment of Internal Audit (Exempt Item)
27 April 2020 10.00am	<ul style="list-style-type: none"> • Work Programme • Standards Update • Mazars Audit Progress Report • Internal Audit Charter, Strategy Statement and Annual Plan 2020/21 • Corporate Risk Management 2019/20 Quarterly Report to 31 March 2020 • Internal Audit Plan 2019/20 Quarterly Monitoring Report to 31 March 2020 (exempt item)
June 2020	<ul style="list-style-type: none"> • Constitution • Role and Remit • Work Programme • Treasury Annual Report 2019/20 • Mazars Audit Progress Report • Oversight of Management Processes • Members' Assurance Statements 2019/20 • Managers' Assurance Statements 2019/20 • Review of the Effectiveness of Internal Audit 2019/20 • Corporate Risk Management – Annual Report 2019/20 • Internal Audit Annual Report 2019/20 (exempt item) • Annual Governance Statement 2019/20
July 2020	<ul style="list-style-type: none"> • Work Programme • Standards Update

	<ul style="list-style-type: none"> • Audit Completion Report Year Ended 31 March 2020 and Gateshead Council Statement of Accounts 2019/20 • Annual Report to Cabinet and Council 2019/20 • Corporate Risk Management 2020/21 – Quarterly Report to 30 June 2020 • Internal Governance Statement 2019/20 – Internal Audit Review of Managers’ Assurances • Internal Audit Plan 20120/21 – Quarterly Monitoring Report to 30 June 2020 (Exempt Item)
<p style="text-align: center;">October 2020</p>	<ul style="list-style-type: none"> • Work Programme • Standards Update • Results of the 2019/20 CIPFA Audit Benchmarking • External Auditor Annual Audit Letter 2019/20 • Corporate Risk Management 2020/21 - Quarterly Report to 30 September 2020 • Treasury Management – Performance to 30 September 2020 • Internal Audit Plan 2020/21 – Quarterly Monitoring Report to 30 September 2020 (Exempt Item) • Mid Year Fraud Update 2020/21 (Exempt Item)

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:
 - 2019/20 audit
 - 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.

This page is intentionally left blank

Audit progress report

Gateshead Council

January 2020





CONTENTS

- 1. Audit progress**
- 2. National publications**

This document is to be regarded as confidential to Gateshead Council. It has been prepared for the sole use of the Audit and Standards Committee. No responsibility is accepted to any other person in respect of the whole or part of its contents. Our written consent must first be obtained before this document, or any part of it, is disclosed to a third party.

1. AUDIT PROGRESS

Purpose of this report

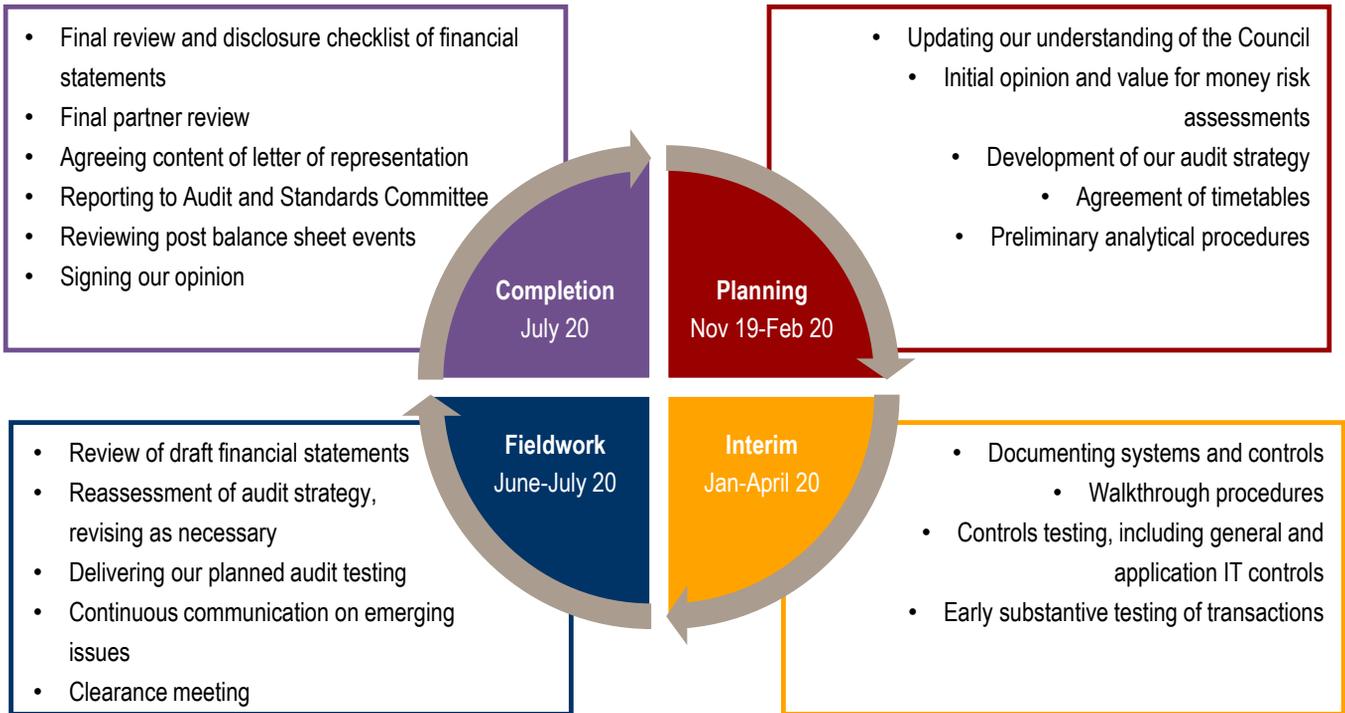
This report provides the Audit and Standards Committee with an update on progress in delivering our responsibilities as your external auditor.

Audit progress

Our key audit stages are summarised in the diagram shown below.

We are currently at the planning stage. The outcome of this work will be communicated in our Audit Strategy Memorandum. We intend to present the 2019/20 Audit Strategy Memorandum to the April 2020 Audit and Standards Committee.

There are no significant matters arising from our audit work that we are required to report to you at this stage.



1. AUDIT PROGRESS - CONTINUED

Teachers' Pension assurance

The Council engaged Mazars as Reporting Accountant to complete an agreed upon procedures engagement. The agreed fee for this work was £3,750 (plus VAT). The requirements of this work are set out in the TP05 Reporting Accountant Guidance (dated 12 June 2019) published by Teachers' Pensions. We completed the required procedures and provided our agreed upon procedures report to Teachers' Pensions ahead of the 29 November 2019 deadline.

Our reported contained only one exception. The exception noted that in all of the ten cases of prior year refunds there was no correspondence from Teachers' Pensions. However, our work identified that in all cases the circumstances involved would mean that no such correspondence would be expected, as we also pointed out in our report.

2018/19 Housing Benefits subsidy assurance

This was an 'agreed upon procedures' assurance engagement in respect of the Council's annual subsidy claim to the Department of Work and Pensions (DWP) for housing benefits. The requirements of this work are specified in guidance issued by the DWP "Housing Benefits Assurance Process" (HBAP). The Council engaged Mazars as Reporting Accountant for the 2018/19 return. The agreed fee for this work was £10,000 (plus VAT).

The purpose of the engagement is to perform the specific test requirements determined by the DWP on the defined sample basis. The relevant requirements are set out in the Modules of the HBAP reporting framework and we report the results of those procedures to the Council and the DWP. The guidance is made available on the government's website:

<https://www.gov.uk/government/publications/housing-benefit-assurance-process-hbap>

The value of the subsidy claimed as per original 2018/19 return is £65,992,299. This is split between different benefit types:

- Rent rebates - £35,369,161 (non HRA rent rebates £311,797 and HRA rent rebates £35,057,364); and
- Rent Allowance - £29,739,389;

The subsidy claimed also includes £885,392 of administration subsidy less £1,643 of prior year uncashed payments.

The work is split into:

- agreement of the subsidy claim to supporting working papers;
- initial testing (specified sample sizes);
- extended testing (described as "40+" or 'CAKE – Cumulative Knowledge and Experience' testing where there are errors arising or anticipated based on the prior year);
- checking that benefit parameters and annual allowances in HB system have been correctly updated to reflect annual uprating (Module 2);
- ensuring subsidy claim has been completed using the appropriate software (Module 5);
- testing of modified schemes (specified sample sizes); and
- reporting of results, including extrapolated errors, to DWP who then assess whether there will be any loss of subsidy.

1. AUDIT PROGRESS - CONTINUED

Matters reported

The draft assurance report issued on 20 November 2019 reported the matters detailed below:

- initial testing

Initial testing of 20 non HRA rent rebate cases identified an error in one case where the overpayment had been incorrectly classified as within the housing benefits system the overpayment had been classified as “other error” and therefore included as eligible on the assumption it would net off however because this was a change of address case where the payee differs the case would never net off so the overpayment classification should have been administrative delay overpayment. The Council has reviewed all such cases and has amended the claim accordingly. The Council reviewed all non HRA rent rebate cases where an overpayment had been classed as “other error” and where this overpayment should not been included as eligible amended the claim.

- Modified schemes

Our testing of a sample of eleven cases in cell 225 identified that in two cases the incorrect war pension was being used. Given the small population in this cell the Council tested all cases in this cell and identified that in a further 5 cases the incorrect war pension figure was being used. The claim was amended to correct for these errors.

As a result of amendments referred to above the value of the subsidy claimed was by £1,123 to £65,993,422.

We would like to express our thanks for the assistance of the Council’s Housing Benefits team during this work.

Pooling of Housing Capital Receipts Return

The Council engaged Mazars as Reporting Accountant to complete an agreed upon procedures engagement. The proposed fee for this work is £2,200 (plus VAT). The requirements of this work are set out in the Pooling of Housing Capital Receipts Guidance (dated 10 October 2019) published by The Ministry of Housing, Communities and Local Government. At the time of preparing this report we have substantially completed the required procedures. We expect to provide our agreed upon procedures report to The Ministry of Housing, Communities and Local Government ahead of the 7 February 2020 deadline.

2. NATIONAL PUBLICATIONS

	Publication/update	Key points
National Audit Office (NAO)		
1.	Consultation – new Code of Audit Practice from 2020	Second stage of consultation to take place in the second half of 2019. New Code to take effect from 2020/21.
2.	Exiting the EU: supplying the health and social care sectors	The report considers the Department of Health & Social Care's progress in implementing its Continuity of Supply Programme.
3.	Support for pupils with special educational needs and disabilities in England	This report assesses how well pupils with SEND are being supported.
Local Government Association		
4.	Spending Round 2019: on the day briefing	Briefing on the latest spending round.
5.	A Councillor's guide to digital connectivity, LGA	Key information for Councillors.
6.	Reaching out, Local Government Association	Loneliness policy context and consideration of effective local delivery models.
Housing, Communities and Local Government Select Committee		
7.	Government response to the Housing, Communities and Local Government Select Committee report 'Local Government Finance and the 2019 Spending Review'	

2. NATIONAL PUBLICATIONS

1. Consultation – new Code of Audit Practice from 2020, NAO, May 2019

Schedule 6 of the Act requires that the Code be reviewed, and revisions considered at least every five years. The current Code came into force on 1 April 2015, and the maximum five-year lifespan of the Code means it now needs to be reviewed and a new Code laid in Parliament in time for it to come in to force no later than 1 April 2020.

The consultation is taking place in two stages. The first has concluded and the second will be undertaken in the second half of 2019. The NAO plans to consult on the draft Code text during late summer/autumn and then finalise the Code by the end of 2019, ready to be laid in Parliament early in 2020. The new Code will apply from audits of local bodies' 2020/21 financial statements onwards.

The first stage of the consultation showed broad support for maintaining the principles-based nature of the Code, being the wider scope of public audit, independence and public reporting. However the responses highlighted that this should be supported by more detailed sector-specific guidance.

Value for money arrangements

The 2014 Act places a specific duty on the local auditor to be satisfied whether the body they are auditing has proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources. In the current Code, this is referred to as work on arrangements to secure value for money (VFM arrangements).

Currently, the auditor reports against a single overall criterion as to whether: "In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people."

There were three common issues identified, namely:

- financial sustainability;
- financial governance; and
- wider partnership working.

The NAO plans to consider how the auditor should report their findings on the adequacy of arrangements, and whether this should be replaced, or supplemented, by a commentary on the specified risks set out in auditor guidance.

<https://www.nao.org.uk/code-audit-practice/about-code/>

2. Exiting the EU: supplying the health and social care sectors, NAO, September 2019

In December 2018 the Department of Health & Social Care (the Department) brought all its preparations for maintaining supplies in the event of a 'no-deal' EU exit under a single Continuity of Supply Programme. The programme's objective is "to safeguard patient care and to ensure that the supply of medicines and medical products remains unhindered in a no-deal scenario". The NAO report examines the progress the Department has made in implementing the Programme.

<https://www.nao.org.uk/report/exiting-the-eu-supplying-the-health-and-social-care-sectors/>

2. NATIONAL PUBLICATIONS

3. Support for pupils with special educational needs and disabilities in England, NAO, September 2019.

This report assesses how well pupils with SEND are being supported. In particular the NAO examined:

- the system for supporting pupils with SEND and the outcomes it is achieving;
- funding, spending and financial sustainability; and
- the quality of support and experiences of pupils and parents.

One of the reports findings is that the system for supporting pupils with SEND is not, on current trends, financially sustainable. Many local authorities are failing to live within their high-needs budgets and meet the demand for support. Pressures – such as incentives for mainstream schools to be less inclusive, increased demand for special school places, growing use of independent schools and reductions in per-pupil funding – are making the system less, rather than more, sustainable. The report states the Department needs to act urgently to secure the improvements in quality and sustainability that are needed to achieve value for money.

<https://www.nao.org.uk/report/support-for-pupils-with-special-educational-needs-and-disabilities/>

4. Spending Round 2019: on the day briefing, Local Government Association, September 2019

Briefing issued by LGA in early September.

Key messages

- The 2019 Spending Round has provided councils with much of the funding certainty and stability they need for next year. The Chancellor has announced a funding package of more than £3.5 billion for vital council services. This is the biggest year on year real terms increase in spending power for local government in a decade. This funding will allow councils to meet the increase in cost and demand pressures they face in 2020/21, which we assess as amounting to £2.6 billion.
- The Government has responded to calls for new money, including £1 billion for social care and £700 million for children and young people with special educational needs and disabilities. The Chancellor confirmed that key grants to local government will also continue next year.
- With this investment councils will be better able to ensure older and disabled people can live the lives they want to lead. Councils will also be better able to support our most vulnerable young people, and to continue to improve their local areas.

<https://www.local.gov.uk/parliament/briefings-and-responses/spending-round-2019-day-briefing>

5. A Councillor's guide to digital connectivity, Local Government Association.

This guide is structured to provide councillors with key information on digital connectivity. It explores the main issues and challenges facing local area.

<https://www.local.gov.uk/councillors-guide-digital-connectivity-0>

6. Reaching out, Local Government Association.

This guide outlines the current loneliness policy context, uses a range of case studies to demonstrate effective local delivery models working in practice, and provides useful checklists and tips on how to measure and evaluate outputs.

<https://www.local.gov.uk/reaching-out>

2. NATIONAL PUBLICATIONS

7. The government's response to the report on Local Government Finance and the 2019 Spending Review, October 2019

The Government has responded to the Housing, Communities and Local Government Select Committee report on Local Government Finance and the 2019 Spending Review. In the report, the Government covers the decision to undertake a review of local government audit. The Government also responds to several other recommendations from the Select Committee's original report, including:

- developing a more consistent approach to the collection and monitoring of comparative data about councils' performance, efficiency and financial sustainability;
- the need for MHCLG, working with HM Treasury and other departments, to clearly set out what tasks are expected of local government and how much funding it requires;
- the need for increased adult social care funding;
- the need for MHCLG and HM Treasury to provide a multi-year settlement for local government which runs for one year beyond the Spending Review period – similar to the approach that is currently used for Departmental capital budgets; and
- the need for reforms and substantial changes to the business rate retention system.

<https://www.gov.uk/government/publications/local-government-finance-and-the-2019-spending-review-response-to-the-select-committee-report>

CONTACT

Partner: Cameron Waddell

Phone: 0191 383 6300

Mobile: 07813 752 053

Email: cameron.waddell@mazars.co.uk

Senior Manager: Jim Dafter

Phone: 0191 383 6300

Mobile: 07815 876 042

Email: jim.dafter@mazars.co.uk



Title of Report: Corporate Risk Management 2019/20
Quarterly Report to 31 December 2019

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

Purpose of the Report

1. This report updates the Committee on developments in Corporate Risk Management during the period 1 October to 31 December 2019 in compliance with the requirements of good corporate governance.

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, last approved by Council on 21 May 2013. This Policy is kept under review, and 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 developments within the Corporate Risk Management function and any other risk management issues emerging within the quarter under consideration.

Risk Management

4. In November 2018 Cabinet and Council approved the revised Strategic Risk Register which had been presented to Audit and Standards Committee on 1 October 2018.
5. The Register has now been adopted and will be monitored and any actions reported quarterly to Audit and Standards Committee with any significant amendments reported to Cabinet.
6. To reflect ALARM/CIPFA best practice, the internal risk management guidance will be updated to require individual risk owners to be recorded on all risk assessments.
7. Work is ongoing to ensure operational risk management activity within services continues to be aligned with service objectives.
8. 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 management response.

9. In accordance with the Council's Business Continuity Policy, all Services are required to assess the impact of their activities being disrupted and to ensure any continuity plans they have developed are cost effective and adequate.
10. As a test of the existing business continuity planning arrangements across the Council, a short questionnaire was developed and circulated to services. The information is currently being analysed and updates will be provided to Group Management Teams by way of a quarterly update or through service risk coordinators who are members on the Corporate Risk and Resilience Group as appropriate.

Benchmarking

11. To enable comparison with other public sector organisations, the Council participated in the 2019 ALARM/CIPFA Risk Management Benchmarking Club.
12. Membership of the club provides access to a performance measurement tool designed to test the organisation's performance against the major risk management standards, expectations of inspection bodies and criteria that inform the risk management element of the Annual Governance Statement.
13. The benchmarking question set is based on ALARM's National Performance Model for Risk Management in Public Services published in 2009. The model breaks down risk management activity into seven strands and aims to provide an in-depth picture of the maturity of risk management within the organisation.
14. Scores of levels 1 to 5 are awarded for each strand to identify the level of maturity that the organisation has reached with level 5 being the highest possible score. The categories are as follows:
 - 1 Awareness
 - 2 Happening
 - 3 Working
 - 4 Embedded and Integrated
 - 5 Driving
15. The benchmarking results for Gateshead over the seven strands are as follows:

• Leadership and Management	4
• Policy and Strategy	4
• People	4
• Partnerships and Resources	5
• Processes	4
• Risk Handling and Assurance	4
• Outcomes and Delivery	3
16. The Council has maintained the same scores as in the previous exercise undertaken in 2018.

17. The Risk and Resilience Group meeting on 13 January discussed:

- Reviewing the Group Terms of Reference to ensure aim, purpose, role and responsibilities remain effective and appropriate, and Group membership reflects the revised Council structure;
- Corporate Risk Management and Business Continuity update; and
- Review of the Pandemic Influenza Plan

18. It was agreed by the Group that Services would re-examine the priority risks and ensure any changes in ownership arising from the Senior Management Review are reflected in the assessments. The number and type of risks being managed within the Council was noted and the Group was informed of those activities that have been identified as critical and for which continuity planning is underway.

Recommendation

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

This page is intentionally left blank

By virtue of paragraph(s) 7 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank