



AUDIT AND STANDARDS COMMITTEE AGENDA

Tuesday, 26 July 2022 at 4.00 pm in the Whickham Room - Civic Centre

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 28 June 2022 (attached)

3 Declarations of Interest

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

4 Annual Report to Cabinet and Council 2021/22 (Pages 11 - 20)

Report of the Strategic Director, Resources and Digital

5 Corporate Risk Management 2022/23 - Quarter 1 Update (Pages 21 - 24)

Report of the Strategic Director, Resources and Digital

6 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.

7 Internal Audit Plan 2022/23 Quarterly Monitoring Report to 30 June 2022
(Pages 25 - 32)

Report of the Strategic Director, Resources and Digital

8 Date and time of next meeting

TBA

Contact: Helen Wade Tel: 0191 433 3993 - Email: helenwade@gateshead.gov.uk

Date: Monday, 18 July 2022

GATESHEAD METROPOLITAN BOROUGH COUNCIL
AUDIT AND STANDARDS COMMITTEE MEETING

Tuesday, 28 June 2022

PRESENT: Councillor L Kirton (Chair)
Councillor(s): L Green, J McElroy, R Mullen and C Ord
Independent Member(s): I Dormer and L Bowler

APOLOGIES: Councillor(s): R Beadle, H Kelly and Mr Stuart Bell
(Independent Member)

ASC388 MINUTES

The minutes of the last meeting held on 25 April 2022 were approved as a correct record.

ASC389 CONSTITUTION

The Constitution of the Committee for municipal year 2022-2023 was noted and agreed.

ASC390 DECLARATIONS OF INTEREST

There were no declarations of interest.

ASC391 TREASURY ANNUAL REPORT 2021/22

The Committee received a report requesting to review the proposed Treasury Annual Report prior to consideration by Cabinet.

In line with what the Government define as best practice and the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management, the Council must consider a Treasury Annual Report each year.

The Committee were asked to review the Treasury Annual Report which was attached at Appendices 2, 3 and 4 to ensure that the Council fully complies with the requirements of good financial practice in Treasury Management and submit the comments to Cabinet.

The Committee noted and agreed that the Treasury Annual Report be submitted to Cabinet for approval.

RESOLVED – The Committee noted and agreed that the Treasury Annual Report be submitted to Cabinet for approval.

ASC392 OVERSIGHT OF MANAGEMENT PROCESSES 2021/22

The Committee received a report detailing how the Audit and Standards Committee exercises oversight of management processes in certain areas of governance in order to provide assurance to the external auditors.

The areas of governance under consideration, together with an explanation of how oversight is exercised by the Audit and Standards Committee was detailed and attached at Appendix 1.

- RESOLVED -
- i) That the information be noted
 - ii) The Committee agreed that on the basis of information provided an effective level of oversight is in place

ASC393 MEMBERS' ASSURANCE STATEMENTS 2021/22

The Committee received a report informing them of the opinion of Members of the Cabinet on the effectiveness of the Council's governance arrangements to feed into the Annual Governance Statement.

Assurance was sought from Councillors who served in the Cabinet during 2021/22, in the form of a self-assessment statement, on the effectiveness of the Council's corporate governance arrangements.

All Cabinet Members considered that governance arrangements are effective.

Based on the evidence identified in the assurance statements from Members of Cabinet, governance arrangements are considered to be effective.

- RESOLVED -
- i) That the information be noted
 - ii) The Committee noted the assurances of Members of Cabinet and the evidence on oversight and endorsed the opinion that the Council's governance arrangements are effective

ASC394 MANAGERS' ASSURANCE STATEMENTS 2021/22

The Committee received a report informing them of the assurance which Service Directors have placed on their control systems to feed into the Annual Governance Statement.

The Audit and Standards Committee agreed on 7 March 2022 an assurance framework which would provide evidence for the completion of the Annual Governance Statement. Assurances from senior managers on the effectiveness of controls they have in place are fundamental within the framework.

Service Directors were asked to complete self-assessments which took the form of a questionnaire covering the processes in place to manage their key control and governance processes. This included a requirement to state whether they agreed or

disagreed that the processes they had in place provided an effective level of assurance in 18 key areas, with a requirement to detail the evidence to support their assessment.

- RESOLVED -
- i) That the information be noted
 - ii) That the assurances provided by senior managers be noted

ASC395 REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT 2021/22

The Committee were asked to review the effectiveness of internal audit within the Council for 2021/22.

The Accounts and Audit Regulations 2015 require all authorities to 'conduct an annual review of the effectiveness of internal audit and for a committee of the body to consider its findings' and that this process should be part of the annual review of the effectiveness of the system of internal control, which results in the production of the Annual Governance Statement.

Best practice highlights that 'internal audit', in this context, includes not only the Internal Audit Service but also the Audit and Standards Committee in 2021/22.

The review ensures that the opinion of the Chief Internal Auditor given in the Internal Audit Annual Report, included as a separate report on this agenda, can be relied upon as a key source of evidence in the Annual Governance Statement.

The review of the effectiveness of the system of Internal Audit for 2021/22 has been undertaken by the Council's Internal Control Group, which includes the Strategic Director of Resources and Digital and Corporate Services and Governance. The Committee were advised that the basis of the review was as follows:

- Self-assessment against Public Sector Internal Audit Standards (PSIAS)
- Self-assessment against the CIPFA Statement on the Role of the Head of Internal Audit
- Reliance placed upon Internal Audit by the Council's external auditor
- Assessment of the effectiveness of the Audit and Standards Committee
- Relevant performance information

Performance monitoring of the work carried out by the Internal Audit Service provides further assurance that the system of Internal Audit is operating effectively and adding value to the Council as a whole. During 2021/22 the following key performance indicators are relevant:

- 97% of audits were completed within budgeted time against a target of 90%.
- Productive or chargeable time was recorded at 66% of overall time against an annual target of 73% of overall time.
- The average score of the customer satisfaction questionnaires returned is 3.82 (96%) against a target of 3.4 (85%)
- The target for implementation of audit recommendations was 100% for high priority recommendations and 90% for medium priority and best practice

recommendations. The rate of implementation of all recommendations was 99% with 100% of all medium and high priority recommendations having been implemented.

The Committee were advised that due to the ongoing pandemic, benchmarking exercises have been suspended by CIPFA since 2020/21. As previously reported to the Audit and Standards Committee on 28 October 2019, benchmarking for 2019/20 highlighted the Internal Audit Service as being low cost with high productivity in comparison with other local authorities. The service has continued to be low cost and high productivity demonstrating that the Council is receiving value for money from its Internal Audit Service.

Therefore based on the review detailed above the Council's Internal Control Group concluded that the Council's System of internal audit is operating effectively.

- RESOLVED -
- i) That the information be noted
 - ii) The Committee considered and endorsed the opinion that the Council's system of internal audit is operating effectively

ASC396 CORPORATE RISK MANAGEMENT ANNUAL REPORT 2021/22

The Committee received a report which outlined the arrangements that exist within the Council for managing risk, the impact that these have had and the plans for further development of risk management arrangements.

- RESOLVED -
- i) That the information be noted
 - ii) The Committee noted the Corporate Risk Management Annual Report 2021/22 as shown in Appendix 1 and agreed that the Council has effective risk management arrangements in place

ASC397 EXCLUSION OF THE PRESS AND PUBLIC

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

ASC398 ANNUAL COUNTER FRAUD UPDATE 2021/22

The Committee received a report outlining the arrangements that exist within the Council for countering fraud and provided an update on activity undertaken since 1 April 2021 by the Internal Audit and Risk Service in relation to work of the Corporate Fraud Team.

The Committee received details of counter fraud awareness and some of the awareness initiatives carried out in 2021/22 were;

- An Employee Bulletin, intranet update and social media posts were issued in

- September 2021 to raise the profile of the Corporate Fraud team
- Regular alerts and warning are received from the National Anti-Fraud Network (NAFN) regarding a range of frauds and scams against Council's and schools. All warnings are monitored by the Corporate Fraud Officers and communicated to the related service areas. Relevant warnings are added to the Corporate Fraud section on the intranet and staff are alerted via the weekly team brief.
- Participation in National Fraud Awareness Week in November 2021.
- Participation in a regional Tenancy Fraud Awareness Week in February 2022.

Committee also received updates on monitoring and reporting cases of potential fraud and irregularity as well as performance/outturn and proactive counter fraud work.

Committee were advised that there are currently three ongoing investigations into Right to Buy and updates on these investigations will be reported to a future meeting of the Committee.

But as a result of the work conducted by the team specifically in relation to Right to Buy fraud it has generated an overall saving of £386,940 during 2021/22.

The Committee received details of exempt disposals, DWP joint working and the Fraud Case Management System and National Fraud Initiative (NFI).

- RESOLVED -
- i) That the information be noted
 - ii) The Committee noted the counter fraud activity undertaken during the year and agreed that the Council has effective counter fraud arrangements in place

ASC399 INTERNAL AUDIT ANNUAL REPORT 2021/22

The Committee received a report informing them about work undertaken by the Internal Audit and Risk Service during 2021/22 and give an overall assessment of the adequacy of the Council's internal control systems and governance arrangements to inform the Annual Governance Statement and to provide a summary of the main audit findings.

The Committee received details of the quality assurance framework and the main audit findings and overall assessment. Based on evidence arising from the planned internal audit activity during 2021/22, the Council's internal control systems and governance arrangements are considered to be effective.

This opinion is based on all audit activity throughout the year, which has been reported to the Audit and Standards Committee on a quarterly basis. This opinion is based on internal audit work undertake and completed.

Attached at Appendix A was a summary of the audit activity for the year.

For 2021/22, 64 audits (88%) concluded that systems and procedures in place were operating well or satisfactory. 9 audits (12%) concluded that systems and procedures had significant weaknesses. This audit work has not resulted in any areas for inclusion as future actions for improvements in the Annual Governance Statement for 2021/22.

- RESOLVED -
- i) That the information be noted
 - ii) The Committee noted the audit opinion that the Council's internal control systems and governance arrangements are considered to be effective

ASC400 RE-ADMITTANCE OF THE PRESS AND PUBLIC

- RESOLVED - That the press and public be re-admitted for the remainder of the meeting

ASC401 ANNUAL GOVERNANCE STATEMENT 2021/22

The Committee received a report and were asked to review the evidence of assurances provided on the Council's internal controls, risk management and governance arrangements, and approved the Annual Governance Statement (AGS) 2021/22, attached at Appendix A.

The Accounts and Audit Regulations 2015 require Council's to produce an Annual Governance Statement giving an assessment of governance arrangements and their effectiveness. This accompanies the Annual Statement of Accounts and is signed by the Leader of the Council and the Chief Executive.

Based on the review of the Council's governance arrangements during 2021/22 including the internal control and risk management environment environments, the opinion is that the Council's governance arrangements continue to be regarded as fit for purpose.

Based on the review of the arrangements introduced to strengthen governance to support the Council's response to the COVID-19 emergency, the opinion is that the Council's governance arrangements continued to be fit for purpose during that period.

The Annual Governance Statement therefore reflects this opinion and gives details of the evidence obtained to achieve it, actions taken to improve governance following the previous Annual Governance Statement, and an action plan for the next year.

- RESOLVED -
- i) That the information be noted
 - ii) The Committee approved the Annual Governance Statement to accompany the Statement of Accounts 2021/22 prior to it being passed to the Leader of the Council and Chief Executive for signature.

ASC402 DATE AND TIME OF NEXT MEETING

The next meeting of the Committee will be held on Tuesday 26 July 2022 at 4.00 pm

Chair.....

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Title of Report: Annual Report to Cabinet and Council: 2021/22

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

Purpose of the Report

1. The Committee's terms of reference require it to submit an annual report to the Cabinet and Council, and further reports and recommendations as it sees fit. The Committee is asked to consider the issues discussed during 2021/22 for inclusion in a report to Cabinet and Council.

Background

2. The Annual Report to Cabinet and Council 2021/22 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.

Contents of the Report

3. Appendix 1 includes the details of activity which the Committee has covered over the last year for consideration for inclusion in the report to Cabinet and Council.
4. The Audit and Standards Committee has received reports in the following areas:
 - Internal Audit planning, performance and activity;
 - External Audit planning, performance and activity;
 - Corporate Risk Management and Resilience activity;
 - Counter Fraud Updates;
 - Standards Updates;
 - Annual Governance Statement Assurance Framework;
 - The Annual Governance Statement and supporting evidence;

- Achievement of Going Concern Status;
 - Audit Completion Report and Council's Statement of Accounts;
 - Treasury Management Policy & Strategy and mid-year update.;
 - Local Code of Governance Update;
 - Review of Internal Audit Charter;
 - External Auditor Appointments Beyond 1 April 2023; and
 - Grant of Dispensations
5. Based on the evidence presented during the year and at the meeting of the Committee on 28 June 2022 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 2021/22, which accompanies the Statement of Accounts.

Recommendation

6. The Committee is asked to agree the draft report to Cabinet and Council at Appendix 1.

Contact name: Craig Oakes Ext. - 3711

Contents of the Report to Cabinet and Council – 2021/22

1. The areas of activity considered by the Audit and Standards Committee during 2021/22 are set out below.

Internal Audit planning, performance and activity

2. As at 31 March 2022 87% of the Internal Audit Plan was completed, which resulted in 73 audit reports. Of these reports 64 (88%) found systems to be operating well or satisfactory, with 9 (12%) reporting systems having significant weaknesses, of which one was in relation to schools.
3. All recommendations are followed-up as part of the Internal Audit process and the Audit and Standards Committee will monitor the outcomes.
4. Based on this evidence arising from Internal Audit activity during 2021/22, the Council's internal control systems and governance and risk management arrangements are considered to be effective.
5. The Internal Audit Service has also co-ordinated the Council's National Fraud Initiative (NFI) work and has supported Council managers with irregularity, e-mail, internet and other disciplinary investigations on an ongoing basis during 2021/22, with quarterly updates to Audit and Standards Committee.
6. The Audit and Standards Committee also approved the Audit Strategy and Plan and will continue to monitor Internal Audit's progress on a quarterly basis against the 2022/23 Audit Plan.

External Audit planning, performance and activity

7. The following external audit report has been reviewed over the year:
 - Audit Strategy Memorandum Year Ending 31 March 2022.
8. The Committee was also asked to consider how it exercises oversight of certain key management processes in relation to some specific areas of governance with a potential to impact upon the financial statements during 2021/22. This was a requirement to satisfy the external auditors that such oversight was in place in order to comply with International Auditing Standards. The Committee agreed that an effective level of oversight was in place.

Corporate Risk Management and Resilience activity

9. The Committee received quarterly reports on the assurance derived from risk management. These reports make Councillors aware of the arrangements that exist within the Council for managing risk, the impact that these have had and the plans for further development of risk management arrangements.

Counter Fraud Update

10. The Committee received a report every six months updating on activity undertaken in relation to the work of the Corporate Fraud Team summarising performance against the Counter Fraud and Corruption Strategy and the effectiveness of the Strategy. Conclusions also form part of the Annual Governance Statement.

Standards Update

11. The Committee received quarterly reports which highlighted national and local standards issues, raised Member awareness of national reviews and consultations which may be relevant to their role and identified whether further Member training was required.

Annual Governance Statement Assurance Framework

12. The Committee received a report providing an overview of the work to be undertaken to produce the Annual Governance Statement (AGS) for 2021/22 which demonstrates the level of assurance that can be given by the Council's control systems and governance arrangements, the Assurance Framework.

The Annual Governance Statement and supporting evidence

13. The Annual Governance Statement for 2021/22 concluded that the Council's system of internal control, risk management and governance framework is effective.
14. The Audit and Standards Committee approved the Annual Governance Statement for 2021/22 at its meeting on 28 June 2022, following a review of the evidence detailed below in paragraphs 15-32, and evidence seen by the Committee during the year.

Cabinet Members

15. Assurance was sought from Members of the Cabinet on the effectiveness they felt could be placed on the Council's corporate governance arrangements. They concluded that effective governance arrangements are in place.

Senior Managers

16. Service Directors completed self-assessment assurance statements detailing the level of assurance obtained from their key control processes. The conclusion of this exercise found that senior managers agreed that effective control systems were in place overall. These areas will be examined as part of the 2022/23 Audit Plan and the outcomes reported to the Audit and Standards Committee in October 2022.

Internal Audit

17. The Internal Audit Service has undertaken audit work throughout the year based on the risk-based audit plan. In addition, the Council has a framework of assurance available to satisfy it that risks have been properly identified and are being managed by controls that are adequately designed and effective in operation. This includes assurance from a variety of sources other than the Internal Audit Service. These other audit systems have been assessed, as part of the Audit Plan.
18. Based on this audit activity the overall opinion of the Chief Internal Auditor for the year 2021/22 was that internal control systems and risk management and governance arrangements are effective.

Risk Management

19. Risk management is embedded in the Council through a Corporate Risk Management Policy which includes the requirement to identify strategic and operational risks, assess those risks for likelihood and impact, identify mitigating controls and allocate responsibility for those controls. The Council maintains and reviews a register of its business risks, linking them to strategic business objectives and assigning ownership for each risk.
20. The Strategic Director, Resources and Digital reported that risk management arrangements during the year were effective.

Counter Fraud

21. The Council has a zero-tolerance approach to fraud and corruption. A counter fraud communications and awareness plan is in place to enable and evidence communication requirements to promote and raise awareness of the Council's counter fraud arrangements, including the publicising of any proven fraud cases and media handling. The plan details the key stakeholders and the methods and frequency of any communications during the year. The plan also details how the outcomes of any successful prosecutions would be handled.
22. The Strategic Director, Resources and Digital reported that counter fraud arrangements during the year were effective.

Performance Management and Data Quality

23. The Council has a corporate suite of strategic performance indicator to enable effective monitoring of the Council's strategic approach through which quality of service is measured via strategic outcome indicators. The monitoring of performance takes place at key performance points as identified in the framework including quarterly performance reported to Group Management Teams and Corporate Senior Officer meetings.
24. In addition, performance is also monitored, measured, challenged and scrutinised on a six-monthly basis at Cabinet and respective Overview and Scrutiny Committees.
25. The Corporate Data Management Group is overseeing the development of an approach to improving how the performance information is presented so that this is accessible to all stakeholders. Performance reports to Overview and Scrutiny are published on the Council's website
26. Based on evidence arising from the performance management framework process for 2021/22, effective controls are in place.

Views of the External Auditor and other External Inspectors

27. Mazars, the Council's external auditor, issued an Annual Report covering the financial year 2020/21, which was presented to the Committee in March 2022. This comprised of two elements: the audit of the Council's financial statements and an assessment of the Council's arrangements to achieve value for money in its use of resources. An unqualified opinion was given on the financial statements, and no significant weaknesses were identified in the Value for Money arrangements.
28. Other external inspectorates' reports have been issued from time to time on management and governance arrangements to the Council.

The Legal and Regulatory Framework

29. Assurance has been obtained from the Strategic Director, Corporate Services and Governance as the Monitoring Officer who has a legal duty to ensure the lawfulness and fairness of decision-making within the Council. The Council has a Constitution in place and compliance with established policies, procedures, laws and regulations is ensured by the requirement to give the Strategic Director, Corporate Services and Governance the opportunity to comment on every report submitted to a decision-making body.

Financial Controls

30. Assurance has been obtained from the Strategic Director, Resources and Digital, who is designated as the responsible officer for the administration of the Council's financial affairs under Section 151 of the

Local Government Act 1972, that financial controls are effective. Systems in place include Financial Regulations, the opportunity to comment on the financial implications of committee reports, monitoring meetings and evidence from internal and external audit.

Partnerships

31. Service Directors review partnerships within their service plans on an annual basis. As partners are key to the delivery of the Council's objectives assurance of their control and governance systems is required. Service Directors have also been required to provide assurance on governance arrangements through their self-assessment statements and all Services are required to identify, through their business plans, where delivery of activity could impact on partnership working.
32. Based on evidence arising from partnerships for 2021/22 effective controls are in place.

Other Reports

Achievement of Going Concern Status

33. The Committee received a report considering the Council's status as a going concern.
34. Authorities are required by Section 32 of the Local Government Finance Act 1992 to set a balanced budget. However, financial pressures within the local government sector mean that there continues to be a risk that the Chief Finance Officer (Section 151 officer) may need to consider whether action is required under Section 114 of the 1988 Act, where the Section 151 officer must report, following consultation with the council's monitoring officer, to all authority's members if they believe expenditure is likely to exceed incoming resources in the current or in any future year.
35. The report outlined the assessment of the Council's status as a going concern as this is now considered best practice in the current challenging local government financial climate.
36. Based on the assessment undertaken, the Council's Chief Finance Officer (Section 151 officer) view was that the Council is fully 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 2020/21 Statement of Accounts should be prepared on that basis.

Audit Completion Report and Council's Statement of Accounts

37. The outcome and findings of the audit of the Council's Statement of Accounts 2020/21 by the Council's external auditor, Mazars, along with

the audited Statement of Accounts, were reported to the Audit and Standards Committee 27 September 2021. At the time of issuing the report, and subject to satisfactory conclusion of the remaining audit work, Mazars anticipated issuing an unqualified opinion on the financial statements, and no significant weaknesses in arrangements to report in relation to the arrangements that the Council has in place to secure economy, efficiency and effectiveness in its use of resources. The Committee noted the contents of the report and any update reports and that the Accounts Committee be advised that they had no issues to raise on the outcomes and findings of the Council's Statement of Accounts 2020/21 by Mazars.

Treasury Management Policy & Strategy and Six-Monthly Update

38. In line with CIPFA's Code of Practice on Treasury Management the Annual Treasury Policy and Strategy are reviewed by the Audit and Standards Committee prior to being reported to Cabinet and Council. A six-monthly position is also reported through the Audit and Standards Committee to highlight progress on investment performance and borrowing.

Local Code of Governance Update

39. The Council has a local code of governance which was originally presented to the Audit Committee in April 2007. In line with good practice the document should be reviewed regularly, and the Audit and Standards Committee were asked to consider and approve an updated version on 31 January 2022, based on the CIPFA Delivering Good Governance in Local Government: Framework. The Code defines how the Council complies with the principles of good governance laid down by the Independent Commission on Good Governance in Public Services and forms an integral part of the Councils' Annual Governance Statement, which is a legal requirement to demonstrate the level of assurance that can be given by the Council's control systems and governance arrangements.

Review of Internal Audit Charter

40. The Internal Audit Charter is reviewed annually, and the outcome is reported to the Audit and Standards Committee to seek comments and approval in line with Best Practice. The Chief Internal Auditor carried out the annual review and confirmed that it continues to reflect best practice and no amendments were required.

External Auditor Appointments Beyond 1 April 2023

41. A report was presented to the Committee of the optional arrangements for the appointment of external auditors for the financial year beginning on 1 April 2023, and sought agreement to accept the PSAA invitation to opt into the national sector-led option for the appointment of external

auditors for five years commencing 1 April 2023, and submit any comments to Cabinet.

Grant of Dispensations

42. A report was presented to the Committee asking for dispensations to be granted to all Councillors who:
- May have a prejudicial interest in any matter arising from consideration of reports dealing with outside bodies of which they are a member through appointment by the Council;
 - May have a prejudicial interest in any matter arising from consideration at Cabinet or Council, of reports dealing with:
 - The budget, including council tax precepts;
 - Fees and charges;
 - Capital and revenue monitoring; and
 - The medium term financial strategy.
43. In accordance with the Localism Act 2011 and the Council's Code for Conduct for Members, Councillors who have a registrable or non-registrable interest in a matter arising at a meeting which is 'prejudicial' must declare the interest, not participate in a debate or vote, and leave the room while the matter is discussed.
44. The Act allows councils to grant dispensations for specified period, not exceeding four years, in certain circumstances. On 31 May 2012 the Council delegated power to grant dispensations under the following grounds to the Audit and Standards Committee:
- The granting of a dispensation is in the interests of persons living in the Authority; and
 - It is otherwise appropriate to grant a dispensation.
45. The Committee has previously granted dispensations to all Councillors as set out above in paragraph 40 for a period of four years until 17 June 2022, and agreed the recommendation to extend the dispensations for a four year period from 17 June 2022 to allow Councillors to participate in making decisions in the best interests of the people of Gateshead.

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Title of Report: Corporate Risk Management 2022/23 - Quarter 1 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 April 2022 to 30 June 2022.

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 minor structural changes and roles in that time, it remains relevant and fit for purpose.
3. The report covers progress against the Corporate Risk Management Developmental Objectives for 2022/23, as cited in the Corporate Risk Management Annual Report 2021/22, 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.
5. There have been no changes to the Strategic Risk Register in the first quarter 2022/23. The current Strategic Risk Register is attached for information in Appendix 1.

Operational Risk Management

6. Operational risks identified within the Council are recorded on the operational risk register. Work continues to ensure operational risk management activity within services continues to align with service objectives, including those risks specific to operational objectives.
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 have been reviewed bi-annually during the pandemic period from March 2020 with the most recent review in May 2022. This was to continue to identify threats to critical activities and potential increased demand on Council Services following a further wave of infections or incidents such as Storm Arwen. Business Continuity Plans were 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 is used to assess which activities might require additional support to strengthen resilience and estimated the officer numbers and skills that might be needed.
10. Quarterly audit and risk reports are provided to Group Management Teams to highlight the activities for which services have developed continuity plans.

Recommendation

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

Contact: Craig Oakes Ext. 3711

Strategic Risk Register as at 30 June 2022

Ref	Risk	Risk owner	Gross	Current risk		
				Likelihood	Impact	Score
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	Moderate	High	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
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	Moderate	Medium	9
6	Failure to address workforce planning and resourcing requirements impacting on service delivery.	CMT	16	Moderate	Low	6
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	Moderate	Low	6
8	The implications of EU Exit potentially affecting the availability of Council's resources to deliver services which may impact on communities.	CMT	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
10	Failure to comply with the housing regulatory standards applicable to Local Authorities.	Sandra Watson, Service Director, Housing Compliance	20	Moderate	Medium	9

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