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Dear Members

Audit and Accounts Committee

A meeting of the Audit and Accounts Committee will be held in the **Craddock Room, Civic Centre, Riverside, Stafford on Tuesday 26 July 2022 at 6.30pm** to deal with the business as set out on the agenda.

Please note that this meeting will be recorded.

Members are reminded that contact officers are shown in each report and members are welcome to raise questions etc in advance of the meeting with the appropriate officer.

A handwritten signature in black ink, appearing to read "I. Curran".

Head of Law and Administration

**AUDIT AND ACCOUNTS COMMITTEE -
26 JULY 2022**

Chair - Councillor A M Loughran

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Membership

Chair - Councillor A M Loughran

M G Dodson
I D Fordham
R A James

P W Jones
A M Loughran
A Nixon

ITEM NO 3(a)

ITEM NO 3(a)

Report of:	Head of Governance
Contact Officer:	Stephen Baddeley
Telephone No:	01543 464415
Ward Interest:	Nil
Report Track:	Cabinet 07/07/2022 Audit and Accounts 26/07/2022

AUDIT AND ACCOUNTS COMMITTEE

26 JULY 2022

Strategic Risk Register

The following matter was considered by Cabinet at its meeting held on 7 July 2022 and is submitted to Committee as required.

1 Purpose of Report

1.1 To set out details of the Council's Strategic Risk Register as at 1 April 2022

2 Recommendation

2.1 That the Committee note the draft Strategic Risk Register and considers the progress made in the identification and management of the strategic risks.

3 Key Issues and Reasons for Recommendation

3.1 All Strategic Risks and associated action plans have been reviewed and the Council's current risk profile is summarised in the table below:-

Risk Status	Number of Risks 30 September 2021	Number of Risks 1 April 2022
Red (High)	3	3
Amber (Medium)	6	5
Green (Low)	0	0
TOTAL	9	8

4 Relationship to Corporate Business Objectives

4.1 This report supports the Council's Corporate Priorities as follows:-

- (a) Risk management is a systematic process by which key business risks/opportunities are identified, prioritised and controlled so as to contribute towards the achievement of the Council's aims and objectives.
- (b) The strategic risks set out in the Appendices have been categorised against the Council's priorities.

5 Report Detail

5.1 The Accounts and Audit Regulations 2015 state that:-

"A relevant body must ensure that it has a sound system of internal control which:-

- (a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;
- (b) ensures that the financial and operational management of the authority is effective; and
- (c) includes effective arrangements for the management of risk."

5.2 Risk can be defined as uncertainty of outcome (whether positive opportunity or negative threat). Risk is ever present and some amount of risk-taking is inevitable if the council is to achieve its objectives. The aim of risk management is to ensure that the council makes cost-effective use of a risk process that has a series of well-defined steps to support better decision making through good understanding of risks and their likely impact.

Management of Strategic Risks/Opportunities

5.3 The Council's approach to risk management (including its risk appetite) is set out in the Risk Management Policy and Strategy (March 2016).

5.4 Central to the risk management process is the identification, prioritisation and management of strategic risks/opportunities. Strategic Risks are those that could have a significant impact on the Council's ability to deliver its Corporate Business Plan Objectives.

5.5 The risk register has been updated as at 1 April 2022 and a summary is attached as **APPENDIX 1**.

5.6 The risk summary illustrates the risks/opportunities using the “traffic light” method ie:-

RED risk score 12 and above (action plan required to reduce risk and/or regular monitoring)

AMBER risk score 5 to 10 (action plan required to reduce risk)

GREEN risk score below 5 (risk tolerable, no action plan required)

5.7 As part of this review -

- One Risk has been deleted - C3 “*The failure to manage the changes to town centres as a result of changes arising from the local and national restrictions*”. This is due to the fact that the Covid restrictions have now all been removed and the risk is no longer relevant.
- One risk C1 - “*The funding available to the Council from central Government resulting from changes to Business Rates, New Homes Bonus etc. will not be known until the autumn at the earliest. This together with increases in inflation and interest rates makes accurate budget planning difficult, resulting in a risk of over commitment of financial resources or inappropriate use of reserves*” has had the risk score reduced from 20 (Red) to 12 (Red) to reflect reduction in the financial uncertainties faced.
- Risk C1 has been amended to better describe the risk. This has changed from “*The Council’s financial stability is adversely affected in the short and medium term*” to “*The funding available to the Council from central Government resulting from changes to Business Rates, New Homes Bonus etc. will not be known until the autumn at the earliest. This together with increases in inflation and interest rates makes accurate budget planning difficult, resulting in a risk of over commitment of financial resources or inappropriate use of reserves.*”
- Risk C4 has been reworded slightly to expand the focus of risk and remove a specific reference to Covid-19. The risk was “*Failure to work in partnership to sustain support to vulnerable residents post Covid-19*” and is now “*Failure to work in partnership to sustain support to vulnerable residents*”
- Risk C6 has been reworded to remove specific reference to Covid-19 and to widen the risk to focus on delivery of the Council’s objectives. The risk was “*Reduced Organisational resilience will lead to insufficient resources to support the Council’s transformation and recovery agenda in dealing*”

with the implications of Covid-19” and is now “Reduced Organisational resilience may lead to reduced resources to support Council’s service delivery and transformation in the aftermath of the pandemic”.

5.8 The detailed actions plans for each risk are set out in the full strategic risk register attached at **APPENDIX 2**. This includes a progress update.

6 Implications

6.1	Financial	Nil
	Legal	Nil
	Human Resources	Nil
	Human Rights Act	Nil
	Data Protection	Nil
	Risk Management	As set out in report and Appendices

6.2	Community Impact Assessment Recommendations	Impact on Public Sector Equality Duty: None Wider Community Impact: None
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Previous Consideration – Cabinet- 7 July 2022 – Minute No CAB6/22
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Background Papers - File available in Internal Audit and Risk Section
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Stafford Borough Council
Summary of the Strategic Risk Register as at 1 April 2022

Risk No.	Risk Description	Risk Impact / Consequences	Risk Date	Gross Risk Score	Residual (Net) Risk Score Sept 2021	Residual (Net) Risk Score April 2022	Direction of Travel
RED RISKS							
C1	The funding available to the Council from central Government resulting from changes to Business Rates, New Homes Bonus etc. will not be known until the autumn at the earliest. This together with increases in inflation and interest rates makes accurate budget planning difficult, resulting in a risk of over commitment of financial resources or inappropriate use of reserves.	This could result in the Council being unable to achieve the objectives and priorities of the Council, to provide desired levels of service and have an impact on major redevelopment proposals	May 2020	20 RED	20 RED	12 RED	↓
C2	The economy of the Borough is adversely impacted limiting the ability to deliver the Economic Growth Strategy for the Borough	This could potentially lead to business failure or inability to grow; failure to secure investment in infrastructure and major projects; adverse impacts on the rural economy;	May 2020	15 RED	15 RED	15 RED	↔

Risk No.	Risk Description	Risk Impact / Consequences	Risk Date	Gross Risk Score	Residual (Net) Risk Score Sept 2021	Residual (Net) Risk Score April 2022	Direction of Travel
		unemployment; and adverse impacts on town centres and the wider visitor economy					
C5	The Council's key contractors remain sustainable and continue to provide value for money	This could result in additional cost to the Council and may limit the delivery of the services	May 2020	20 RED	15 RED	15 RED	↔
AMBER RISKS							
C4	Failure to work in partnership to sustain support to vulnerable residents.	Existing service provision may not meet the need because of the increases in the range of vulnerabilities that people are experiencing.	May 2020	12 RED	9 AMBER	9 AMBER	↔
C6	Reduced Organisational resilience may lead to reduced resources to support Council's service delivery and transformation in the aftermath of the pandemic	This could result in projects being delayed or not delivered. There is also a risk to employees' health & wellbeing.	May 2020	20 RED	9 AMBER	9 AMBER	↔

Risk No.	Risk Description	Risk Impact / Consequences	Risk Date	Gross Risk Score	Residual (Net) Risk Score Sept 2021	Residual (Net) Risk Score April 2022	Direction of Travel
C7	Failure to repel or recover from a Cyber-attack including targeted ransomware, malware, and Distributed Denial of Service (DDoS) attacks. The move to home working has increased the vulnerability to malware issues.	This could result in the Council not being able to deliver services	May 2020	20 RED	9 AMBER	9 AMBER	↔
38b	Failure to minimise the impact on the environment from the construction and operation of HS2	This could result in a reduction in the air quality, excessive noise/vibration from the construction activities which may have an impact on people's health and wellbeing	2014	15 RED	10 AMBER	10 AMBER	↔
40b	Failure to deliver Westbridge Park Open Space transformation	This could affect the Council's ability to deliver its Health and Wellbeing agenda, which may impact on people's health.	2016	20 RED	6 AMBER	6 AMBER	↔

GREEN RISKS

There are no current Green Risks

DELETED RISKS

Risk No.	Risk Description	Risk Impact / Consequences	Risk Date
C3	The failure to manage the changes to town centres as a result of changes arising from the local and national restrictions	Lack of community confidence in accessing retail, leisure and other services within the town centre may reduce spending and add to the decline of the northern town area. This in turn will affect the amount of Business Rates collected.	May 2020

↓	Risk has decreased	↔	Risk level unchanged	↑	Risk has increased
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STAFFORD BOROUGH COUNCIL - STRATEGIC RISK REGISTER AS AT 1 APRIL 2022

Ref No: C1	Risk: The funding available to the Council from central Government resulting from changes to Business Rates, New Homes Bonus etc. will not be known until the autumn at the earliest. This together with increases in inflation and interest rates makes accurate budget planning difficult, resulting in a risk of over commitment of financial resources or inappropriate use of reserves.
Risk Owner: Head of Finance	Cabinet Member: Cllr Smith

Gross Risk Score (i.e. without controls)	Likelihood: 4	Impact: 5	Total Score: 20 - RED
Residual/Net Risk Score (i.e. with controls in place)	Likelihood: 4	Impact: 3	Total Score 12 - RED

Overall Progress Summary:

The medium-term financial stability of the Council is dependent upon its ability to set a 2023-24 budget that does not draw upon reserves, and the impact of changes arising from the future funding regime for local government. Details in relation to the implementation of 50% Business Rates Retention and Fair Funding and Business Rates Reset are still awaited.

The funding available to the Council from central Government resulting from changes to Business Rates, New Homes Bonus etc. will not be known until the autumn at the earliest. This together with increases in inflation and interest rates makes accurate budget planning difficult, resulting in a risk of over commitment of financial resources or inappropriate use of reserves.

A consultation document in relation to the Future of New Homes Bonus was published in February 2021 (a response from the Council was submitted in advance of the closing date). The Council is awaiting details of the financial Settlement for 2023-24, including New Homes Bonus, to be provided by Central Government, likely in the Autumn.

It is therefore clear that the Government’s plans for reviews of Business Rates, New Homes Bonus and Fair Funding have a potentially significant impact on the Budget and Medium Term Financial Strategy (MTFS); and currently there is little information as to outcomes. This uncertainty creates financial risk for the Council. This could result in savings being delivered, in anticipation of a poor Settlement, that are not required; or conversely, sub-optimal decisions taken in haste to balance the Budget if the Settlement is worse than expected.

In addition to Government policy, there are additional risks related to inflation and interest rates, both of which have risen since the last financial plan, with predictions they will be more persistent than previously thought by economists. The Council’s ability to increase its income in line with rising expenditure is restricted, even if it is willing to do so. Therefore this places a further potential burden on the Budget and MTFS.

A paper on Good Financial Management was agreed in March, to reinforce budgetary control. A paper on Financial Planning 2022-26 has been discussed informally with Cabinet, designed to start implementing measures required to set a balanced 2023-24 Budget.

As at April 22

STAFFORD BOROUGH COUNCIL - STRATEGIC RISK REGISTER AS AT 1 APRIL 2022

Actions Planned	Timescale/ Person Responsible	Progress/Comments
Update Financial Plan in relation to the deferral of 50% Business Rates Retention and Fair Funding by a year	Head of Finance	Reflected in Financial Plan reported to Cabinet and Council. Scenarios developed reflecting potential treatment of growth and levy Details awaited of new timescale for implementation
Refresh Medium Term Financial Plan based upon alternative scenarios of short /medium- and long-term impact of in relation to external funding sources	Head of Finance	Ongoing Financial planning paper 2022-26 to be considered internally in June 2022. Updated high-level Financial Plan 2023-26 to be drafted for Cabinet in September 2022.
Lobby Ministry of Housing, Communities and Local Government (MHCLG) via MP/ District Councils Network (DCN) and Local Government Association (LGA) re financial impact of proposals on SBC	Chief Executive / Head of Finance and Leader	Ongoing contact with M.P.s, DCN, West Midland Chief Executives, LGA and directly with ministers.
Determine feasibility of extending Business Rates Pool into 2023-24 Liaise with Staffordshire & Stoke-on-Trent Business Rate Pool Members re options to maintain viable pool for 2023-24 Include Pool proposals in Financial Plan 2023-26	Head of Finance	Pool Established for 2022-23. Future Pooling is dependent on Government proposals in its review of Business Rates.

As at April 22

STAFFORD BOROUGH COUNCIL - STRATEGIC RISK REGISTER AS AT 1 APRIL 2022

Actions Planned	Timescale/ Person Responsible	Progress/Comments
Determine impact of Government proposals for key funding regime changes for 2022/23	Head of Finance	Completed
Draft a plan for budget savings to ensure that resources are aligned to the Council's priorities and are operating as efficiently as they can be	Chief Executive / Head of Finance	To be implemented in 2022-23 to form part of 2023-24 Budget Process

Ref No: C1

Risk: The funding available to the Council from central Government resulting from changes to Business Rates, New Homes Bonus etc. will not be known until the autumn at the earliest. This together with increases in inflation and interest rates makes accurate budget planning difficult, resulting in a risk of over commitment of financial resources or inappropriate use of reserves.

Consequences of Risk:

- Unable to provide desired levels of service
- Short term action necessary to deliver savings that require the suspension or termination of services and priorities
- Diminished reserves that enforce risk aversion and failure to invest

Links to Corporate Business Plan – Objective 4

- To be a well-run, financially sustainable, and ambitious organisation, responsive to the needs of our customers and communities and focussed on delivering our objectives

Key Controls in Place:

- Medium term financial plan in place
- Annual Financial Plan and Medium Term Financial Strategy 2022-25 in place
- The Revenue Budget for 2022-23 was approved and financial planning for 2023-26 has begun
- Working Balances maintained, with tentative proposals to increase over the medium term
- Savings plan being undertaken to re-align resources to Corporate Plan
- Corporate Budget Monitoring in place, with approval of the paper on Good Financial Management
- Evaluation of consultations on changes to government funding regimes

STAFFORD BOROUGH COUNCIL - STRATEGIC RISK REGISTER AS AT 1 APRIL 2022

Ref No:C2	Risk: The economy of the Borough is adversely impacted limiting the ability to deliver the Economic Growth Strategy for the Borough
Risk Owner: Head of Development	Cabinet Member: Cllr Beatty

Gross Risk Score (i.e. without controls)	Likelihood: 3	Impact: 5	Total Score: 15 - Red
Residual/Net Risk Score (i.e. with controls in place)	Likelihood: 3	Impact: 5	Total Score: 15 - Red

Actions Planned	Timescale/Person Responsible	Progress/Comments
Deliver the opportunities for growth through the new Local Plan process	2022-23 Strategic Planning and Placemaking Manager	The first stage of the new Local Plan was consulted upon in February and March 2020. An updated timetable was published in November 2021 for the Local Plan process, with key elements of the evidence base for the preferred option stage now completed, subject to landowner consideration. The implications of recent and potential on-going Government policy changes for the Plan will be assessed
Continue with major projects as programmed, review detail to see if need to change in context of Covid 19	In accordance with individual project plans Economic Growth and Strategic Projects Manager	Scheduled works under review to identify potential delays. Emerging issues with supply chain for construction – being kept under review and considered within procurements. Internal and external stakeholders engaged early to minimise delays as programmes progress.

As at April 22

STAFFORD BOROUGH COUNCIL - STRATEGIC RISK REGISTER AS AT 1 APRIL 2022

Actions Planned	Timescale/Person Responsible	Progress/Comments
Future High Street Fund programme to be delivered	2021-2024 Economic Growth and Strategic Projects Manager	Programme governance in place and inception meetings took place April 2021. Ongoing programme monitoring taking place via the Programme Delivery Team and Project Board
Implementation of a discretionary financial support grant scheme (funded by Government) to mitigate the impacts of Covid 19	Until March 2022 Economic Growth and Strategic Projects Manager	The Additional Restrictions Grant allocations paid out in full, completed by March 2022.

Overall Progress Summary:

Immediate and longer terms interventions identified and being implemented; minor disruption to major projects and Future High Streets Fund bid updated to reflect impact of Covid-19. Local Plan progression under regular review.

Ref No: C2	Risk: The economy of the Borough is adversely impacted limiting our ability to deliver the Economic Growth Strategy for the Borough
Consequences Of Risk:	<ul style="list-style-type: none"> The Council's ability to deliver the objectives as set out in the Economic Growth Strategy is adversely impacted potentially leading to business failure or inability to grow; failure to secure investment in infrastructure and major projects; adverse impacts on the rural economy; unemployment; and, adverse impacts on town centres and the wider visitor economy; Adverse impact on growth in revenue from Business Rates and Council Tax Failure to maximise the economic benefits associated with HS2 related development Increase in demand on Housing and Revenues services
Links to Corporate Business Plan – Objective:	<ul style="list-style-type: none"> 1, 2, 3

STAFFORD BOROUGH COUNCIL - STRATEGIC RISK REGISTER AS AT 1 APRIL 2022

<p>Ref No: C2</p>	<p>Risk: The economy of the Borough is adversely impacted limiting our ability to deliver the Economic Growth Strategy for the Borough</p>
<p>Key Controls in Place:</p>	<ul style="list-style-type: none"> • Project plans and governance arrangements for the Garden Community, Stafford Town Centre Transformation and Stafford Station Gateway projects • SGRIP group well established and key stakeholders are represented in the Economic Recovery work stream • Visitor Economy Strategy being developed by the Staffordshire Destination Management Partnership hosted by Staffordshire County Council • The Economic Growth and Strategic Projects Team has a dedicated Enterprise Growth Manager working directly with the private sector and dedicated Project Managers to implement the major schemes • Homes England are fully appraised of emerging development schemes that will require additional Government funding to attract private investment and tackle viability issues • The new Local Plan remains ambitious and will act as a portfolio for development; key evidence base studies are being updated to reflect recent economic changes

STAFFORD BOROUGH COUNCIL - STRATEGIC RISK REGISTER AS AT 1 APRIL 2022

Ref No: C4	Risk: Failure to work in partnership to sustain support to vulnerable residents
Risk Owner: Head of Development/ Interim Head of Corporate Business and Partnerships	Cabinet Member: Jeremy Pert

Gross Risk Score (i.e. without controls)	Likelihood: 4	Impact: 3	Total Score: 12 - RED
Residual/Net Risk Score (i.e. with controls in place)	Likelihood: 3	Impact: 3	Total Score: 9 - AMBER

Actions Planned	Timescale/Person Responsible	Progress/Comments
Economic Recovery group meets monthly	Completed Economic Growth and Strategic Projects Manager	The group interrogates local and national data to identify priority areas for intervention, including the prioritisation of funding applications. Group has fulfilled its purpose

STAFFORD BOROUGH COUNCIL - STRATEGIC RISK REGISTER AS AT 1 APRIL 2022

Actions Planned	Timescale/Person Responsible	Progress/Comments
Community Wellbeing Partnership in place that meets on a bimonthly basis	Ongoing Corporate Partnerships Officer	<p>The partnership has recently received the community safety strategic assessment refresh that includes a number of recommendations for consideration. Work is underway to look at what services are required to support this utilising the Locality Deal Funding allocated to the council from the Staffordshire Commissioner.</p> <p>Locality Deal Funding from the Staffordshire Commissioner extended from 12 months to 3 years commencing April 2022 this will provide sustainability in terms of commissioning.</p>
Extend commissioned services that provide lower level support to individuals experiencing drugs and alcohol use and mental health; outreach support for anti-social behaviour; and sanctuary provision for domestic abuse	June 2021 Interim Head of Corporate Business and Partnerships	Completed Contracts recommissioned

As at April 22

STAFFORD BOROUGH COUNCIL - STRATEGIC RISK REGISTER AS AT 1 APRIL 2022

Actions Planned	Timescale/Person Responsible	Progress/Comments
Multi-agency Vulnerability HUB is in place and meets on a weekly basis.	On-going Community Safety Lead	The HUB receives referrals that relate to a broad range of vulnerabilities that are being experienced by individuals and provides the opportunity for partners to discuss the issues and to identify appropriate support and action.
Service Level Agreements in place that support six voluntary sector organisations and also two additional schemes in place that provide funding to community groups.	On-going Corporate Business Officer	Service Level Agreements monitored on a quarterly basis. Panels set up and in place for sports grants and the small grants scheme.

STAFFORD BOROUGH COUNCIL - STRATEGIC RISK REGISTER AS AT 1 APRIL 2022

Actions Planned	Timescale/Person Responsible	Progress/Comments
<p>Housing Options prepared for increase in demand as evictions restart and support measures to mitigate impact of the pandemic are withdrawn (for example furlough).</p>	<p>September 2020 onwards Health and Housing Manager</p>	<p>Early options support for households who have been identified as being in rent arrears prior to action being taken. Enhanced training of options officers with partner agencies to ensure they are prepared to deal with the changing caseload (for example repossessions). Additional support for Citizens Advice around housing debt and representation at possession proceedings. Staff undertaking mediation training to ensure greatest chance of keeping people in their properties.</p>

STAFFORD BOROUGH COUNCIL - STRATEGIC RISK REGISTER AS AT 1 APRIL 2022

Actions Planned	Timescale/Person Responsible	Progress/Comments
<p>Warmer Homes Stafford (WHS) commissioned service to be prepared for increased demand as economic impact of the pandemic, combined with spiralling costs in the energy market for home heating and as temperatures decline with the onset of winter create additional challenges for vulnerable residents living in cold homes.</p>	<p>Ongoing Health and Housing Manager</p>	<p>WHS delivery partner and fuel poverty charity Beat the Cold are commissioned until 30 June 2022. They have increased their staff numbers to manage the significant upturn in enquiries made to the service and have been central to the distribution of fuel and food vouchers via COVID-19 Winter Heating Support. Procurement underway for the service to continue from 01 July 2022.</p>

Overall Progress Summary:

- Good progress is being made in relation to the community recovery work.
- The Community Wellbeing Partnership and other organisations including parish councils and community groups continue to support vulnerable residents in the borough and services commissioned have been sustained.
- Council webpages continue to be updated and they now encompass a broad range of signposting information for residents under the 'Talk to Us' pages and also information for community groups and parish councils.
- A comprehensive evaluation of activities has been conducted which has informed response activities during the lockdown. Meetings are taking place with partner organisations including parish councils and community groups – who continue to support vulnerable residents in the borough.

STAFFORD BOROUGH COUNCIL - STRATEGIC RISK REGISTER AS AT 1 APRIL 2022

- The council assumed the role of anchor organisation for the borough and are signposted vulnerable residents to local provision, this support will continued until the end of March 2022. Council webpages have been updated and now encompass a broad range of signposting information for residents under the ‘Talk to Us’ pages and also information for community groups and parish councils.
- Webinars have been specifically designed for community groups, parish councillors and elected members based on their feedback received during the evaluation of the Community HUB; these remain available on line to watch again.
- There is an open invitation to parish councils to ask for support from SBC when they are developing their resources. The Stepping Stones programme supports people in regaining their confidence to exercise at home, increase strength and mobility and independently leave the house to go on a short walk, with encouragement to share and engage with others online and in person. Involvement with parish councils with setting up walks in their local area and published walk guides are being prepared.

<p>Ref No: C4</p> <p>Risk: Failure to work in partnership to sustain support to vulnerable residents</p>
<p>Consequences Of Risk:</p> <ul style="list-style-type: none"> • Potential of core support services being withdrawn, for example, substance misuse services, domestic abuse, mental health, impacting on a person’s health and wellbeing and potentially on their housing situation. • Vulnerable people at risk of not receiving help and support therefore increasing issues such as poverty, poor housing conditions, homelessness, rough sleeping, family breakdown, loneliness and isolation, suicide, safeguarding issues relating to child abuse, domestic abuse, exploitation, mental health, drugs and alcohol, self-medicating, anti-social behaviour • Relationships with partners at risk because of failure to deliver services because of financial and resource difficulties therefore affecting community confidence and resilience • Socio- economic impact in terms of job losses, closure of premises and the level of funding available for community groups may impact on reductions in service provision, increases in support needs, tenancies not being sustained, increases in hazards for health
<p>Links to Corporate Business Plan – Objective : 1 and 2</p> <ul style="list-style-type: none"> • To deliver sustainable economic and housing growth to provide income and jobs • To improve the quality of life of local people by providing a safe, clean, attractive place to live and work and encouraging people to be engaged in developing strong communities that promote health and wellbeing.

STAFFORD BOROUGH COUNCIL - STRATEGIC RISK REGISTER AS AT 1 APRIL 2022

Ref No: C4**Risk: Failure to work in partnership to sustain support to vulnerable residents**

Key Controls in Place:

- Community Wellbeing Partnership in place that can escalate any issues to Local Strategic Partnership
- Locality Deal Funding allocation in place for a three year period
- Commissioned services in place to support with mental health and substance misuse, antisocial behaviour and domestic abuse.
- Service level agreements in place with voluntary sector organisations.
- Representation at County, Regional and National level multi-agency partnership meetings in respect of Voluntary Sector, Parish Councils, Community Safety, Economic Growth, Housing, DFG's, Rough Sleeping and Homelessness, Anti-social Behaviour, Earned Autonomy, Food Bank Forum, Domestic Abuse;
- Needs assessments in place for health, community safety, homelessness that identify areas of concern in the Borough to enable the targeting of resources
- Multi-agency place based model of support in place in Doxey, Rising Brook and Highfields
- Multi-agency Vulnerability HUB in place
- Parish Council Forum in place
- Continued financial support for businesses in place until March 2022 and ongoing involvement in County-wide redundancy task force
- VCSE organisations such as Rising Brook Baptist Church and Stone Community HUB supporting residents with food parcels and prescriptions.
- Food schemes and food banks in place, foodbank forum meets on a regular basis
- Additional support for DFG delivery being put in place.
- Proactive work to identify those at risk of eviction, when ban is fully lifted.
- Additional units of refuge accommodation operational
- Multi-agency strategies in place for Community Safety and Wellbeing, Economic Growth

STAFFORD BOROUGH COUNCIL - STRATEGIC RISK REGISTER AS AT 1 APRIL 2022

Ref No: C5	Risk: The Council's key contractors remain sustainable and continue to provide value for money
Risk Owner: Head of Operations	Cabinet Member: Cllr Smith

Gross Risk Score (i.e. without controls)	Likelihood: 4	Impact: 5	Total Score: 20 - RED
Residual/Net Risk Score (i.e. with controls in place)	Likelihood: 3	Impact: 5	Total Score: 15 - RED

Actions Planned	Timescale/Person Responsible	Progress/Comments
All contracts being monitored by appropriate Head of Service/Service Manager.	Monthly/Quarterly Contract meetings take place between Council officers and representatives of major contractors Heads of Service Service Managers Contracts and Procurement Manager	Regular virtual meetings with contractors. Contracts exhibiting greatest risk are additionally being monitored by the Council's Contract and Procurement Manager
Assistance with financial management being offered by the Council to individual contractors	On-going open book process with Freedom Leisure Chief Executive Head of Finance Head of Operation Chief Accountant	Management payments being made in advance to assist with cash flow. Additional payments may be made subject to an "Open book" process to assist cashflow.
Information sharing with other Councils and Local Government Association	Responses given when requested to Government Departments and network partners Heads of Service Contracts and Procurement Manager	Contact with other Councils that have contracts with SBC contractors

As at April 22

STAFFORD BOROUGH COUNCIL - STRATEGIC RISK REGISTER AS AT 1 APRIL 2022

Actions Planned	Timescale/Person Responsible	Progress/Comments
Lobbying of Department for Levelling Up, Housing and Communities (DLUHC) via Members of Parliament, District Council Network and Local Government Association re financial impact of COVID 19 on SBC	Completed Chief Executive Head of Finance	Information provided regarding the financial impact of Covid 19 on contracted services
Ensuring timely applications are submitted for any available Government Grant funding	Completed Heads of Service Head of Finance Service Managers Contracts and Procurement Manager Chief Accountant	<p>A successful application was made by our Leisure and Culture Contractor for an Arts Council grant of £250,000 for the Gatehouse Theatre to cover some of the losses incurred and to make building adaptations to ensure Covid-19 compliance.</p> <p>The Council has been successful in its application for a maximum amount of £260,000 from the National Leisure Relief Fund to cover losses that Freedom Leisure have incurred over Stafford Leisure Centre, Stone Leisure Centre and Rowley Park. Additionally, the Council has also been awarded a “top up” sum of £17,851.</p> <p>Freedom Leisure have recently be awarded additional funding for the Stafford Gatehouse Theatre of £124,950 from the second round of the Government’s Culture Recovery Fund. The second round of awards made today will help organisations to look ahead to the spring and summer and plan for reopening and recovery. After</p>

As at April 22

STAFFORD BOROUGH COUNCIL - STRATEGIC RISK REGISTER AS AT 1 APRIL 2022

Actions Planned	Timescale/Person Responsible	Progress/Comments
		months of closures and cancellations to contain the virus and save lives, this funding will be a much needed helping hand for organisations transitioning back to normal in the months ahead The Cabinet on 4 March 2021 considered a confidential report on Financial Support to Freedom Leisure which was scrutinised by a special Resources Scrutiny Committee on the 25 March 2021. Financial support given to Freedom Leisure to assist cashflow in line with Cabinet decision.
Evaluation of Government guidance on Covid 19 on service that can be delivered	Completed Heads of Service Service Managers Contracts and Procurement Manager	Services have been reintroduced as Government restrictions have been lifted. Recovery plans continue to be evaluated, revisited and further developed by Contractors in consultation with the Council as services delivered.

Overall Progress Summary:

- Risk is not at the same level with all contractors.
- We are concentrating on the monitoring and financial support to the Leisure contractor which currently carries the highest risk.
- Services being re-introduced following the lifting of Government restrictions/return of work force.
- Prioritisation of service reintroduction on “open book” process.

Management of this risk is largely outside the control of the Council as it is a national issue and depends on the Government’s plans for easing lockdown and support to businesses. However, the Council is working with its contractors to support them during lockdown and in implementing their recovery plans in accordance with Cabinet Office Action Note PPN04/20 Procurement Policy Note - Recovery and transition from COVID -19.

As at April 22

STAFFORD BOROUGH COUNCIL - STRATEGIC RISK REGISTER AS AT 1 APRIL 2022

<p>Ref No: C5</p> <p>Risk: The Council’s key contractors remain sustainable and continue to provide value for money</p>
<p>Consequences of Risk:</p> <ul style="list-style-type: none"> • Varying degree of risk dependant on contract • Potential for an individual contract failure resulting in a defined Council service not being delivered • Financial loss • Reputational damage locally and nationally
<p>Links to Corporate Business Plan – Objective 4:</p> <p>To be a well-run, financially sustainable, and ambitious organisation, responsive to the needs of our customers and communities and focussed on delivering our objectives</p>
<p>Key Controls in Place:</p> <ul style="list-style-type: none"> • Regular contact with key personnel associated with each contractor • Regular discussion at Leadership Team and Cabinet level • “Open book” financial monitoring introduced on selected contracts • Corporate Budget Monitoring • Contract monitoring • Sharing of information with other authorities who have same contractors

STAFFORD BOROUGH COUNCIL - STRATEGIC RISK REGISTER AS AT 1 APRIL 2022

Ref No: C6	Risk: Reduced Organisational resilience may lead to reduced resources to support Council's service delivery and transformation in the aftermath of the pandemic
Risk Owner: Chief Executive	Cabinet Member: Cllr Smith

Gross Risk Score (i.e. without controls)	Likelihood: 3	Impact: 5	Total Score: 15- RED
Residual/Net Risk Score (i.e. with controls in place)	Likelihood: 3	Impact: 3	Total Score 9- Amber

Actions Planned	Timescale/Person Responsible	Progress/Comments
Monitor the performance and delivery of the Corporate Business Plan	Interim Head of Corporate Business and Partnerships Ongoing	Delivery Plans are being monitored by Leadership Team, Cabinet and the three Scrutiny Committees. In addition there is an organisation business flow in place that is discussed at Leadership Team on a regular basis.
Continued monitoring of impact of health and wellbeing of staff both in general and linked to COVID-19 specific illnesses.	Group HR and Payroll Manager – on-going	O This activity remains a priority. n-going absence and well-being reporting via Managers/HR Services

As at April 22

STAFFORD BOROUGH COUNCIL - STRATEGIC RISK REGISTER AS AT 1 APRIL 2022

Actions Planned	Timescale/Person Responsible	Progress/Comments
Develop joint Hybrid Working policy across shared service arrangements	Chief Executive Deputy Chief Executive Head of Human Resources/ Interim Head of Corporate Business and Partnerships March 2023	Draft policy agreed by both Leaderships in April 2022. Trial of working arrangements and employee worker types to be implemented in line with Accommodation priorities
Consult with employees and Trade Unions to provide “buy-in” to a joined-up approach to future ways of working	Chief Executive Head of HR and PS	On-going as required

Overall Progress Summary:

The majority of the Council’s workforce continue to work remotely in order to continue to provide effective services although the number of employees returning to the office has increased based on the service delivery effectiveness. Although Government COVID regulation has been withdrawn and employers are encouraged to deal with COVID as another respiratory illness as an employer the local authority continues to provide a working environment that prioritises employee health, safety and welfare. Joint working with CCDC continues in order to finalise formal Hybrid working arrangements for the future together with prioritising the potential financial benefit of the Council’s accommodation asset.

Ref No: C6

Risk: Reduced Organisational resilience may lead to reduced resources to support Council’s service delivery and transformation in the aftermath of the pandemic

Consequences Of Risk:

This could result in the following:-

- Service delivery/Projects impacted by delays, reduced quality of delivery or projects not delivered
- Increased costs due to delays and project inertia
- Customer expectation not met and satisfaction levels with service delivery reduced
- Increased risk to employees’ health, safety and wellbeing due to changes in working arrangements
- Failure to meet health and safety standards could lead to prosecution.
- Failure to embed legacy of efficiency gains from pandemic working practices

As at April 22

STAFFORD BOROUGH COUNCIL - STRATEGIC RISK REGISTER AS AT 1 APRIL 2022

Links to Corporate Business Plan – Objective 4:

- To be a well-run, financially sustainable and ambitious organisation, responsive to the needs of our customers and communities and focussed on delivering our objectives

Key Controls in Place:

- Continuing Sickness Absence and Welfare Monitoring by Managers in line with Council Policies
- Co-ordinated support and guidance to managers and employees by Human Resources
- Use of Occupational Health, external Counselling support services and on-line employee assistance programme
- Regular discussion at Leadership Team & Management meetings.
- Delivery Plan in place for each of the corporate business objectives.
- Regular performance reports submitted to scrutiny.
- Organisation business flow in place, discussed at Leadership Team.
- Health and Safety controls (including risk assessment) in place in line as required.
- Organisational Recovery Group – High Level Action/Implementation Plan in place and under regular review
- Government Guidance as and when published
- Health and Safety Advice provided through H&S shared service arrangements – inbuilt resilience

STAFFORD BOROUGH COUNCIL - STRATEGIC RISK REGISTER AS AT 1 APRIL 2022

Ref No: C7	Risk: Failure to repel or recover from cyber-attack including targeted ransomware, malware and DDoS attacks		
Risk Owner: Head of Technology	Cabinet Member: Cllr Smith		
Gross Risk Score (i.e. without controls)	Likelihood: 4	Impact: 5	Total Score: 20 - RED
Residual/Net Risk Score (i.e. with controls in place)	Likelihood: 3	Impact: 3	Total Score 9 - AMBER

Actions Planned	Timescale/Person Responsible	Progress/Comments
Cyber Security Group being created	June 2022 Head of Technology	
Information Risk Management- Continuous review and work on our information risk management regime	Ongoing/ Head of Technology	Policies under review.
Monitoring – External and Internal checks. Threat and vulnerability assessment and remediation including Annual IT Health Check by CLAS approved consultant with remedial work carried out	Ongoing/ Head of Technology	Annual Health check completed in November 2021. Follow-up check is planned for November 2022.
Application Security Assessment and Remediation action taken	Annually Head of Technology	The health check will produce an action plan to feed into this.
Limit the access to critical systems and data by non-corporate devices.	Head of Technology	Almost all remote connections to the network are now via corporate laptops.
Exploring options to improve security for sharing information with external partners	Ongoing Head of Technology	Further use of Teams to provide secure access to data for our partners.
The move to home working has increased the vulnerability to malware issues. The use of cloud technology has reduced the likelihood due to the data being segregated across systems and devices.	On-going Head of Technology	Email mailboxes are now held in the cloud. Data files will also be moved during 2022/23
Require one-time passwords for all email connections.	Systems Manager	Complete
Laptops and servers will use Protective Domain Name Service.	Dec 22 Systems Manager	Complete - for internal laptops In progress - for remote

As at April 22

STAFFORD BOROUGH COUNCIL - STRATEGIC RISK REGISTER AS AT 1 APRIL 2022

Overall Progress Summary:
 Work has been completed and actions are in progress. However, the environment means that new risks and challenges are always developing and attacks are becoming more sophisticated.
 The Technology Infrastructure Team has achieved Cyber Essentials Plus. About Cyber Essentials - NCSC.GOV.UK

<p>Ref No: C7</p> <p>Risk: Failure to repel or recover from cyber-attack including targeted ransomware, malware and DDoS attacks</p>
<p>Consequences Of Risk:</p> <ul style="list-style-type: none"> • Data, Systems and Applications inaccessible • Inability to deliver Council services • Cybercrime/ Fraud/ Ransom demands/ Financial harm • Reputational damage locally and nationally • Data Loss and breach of Data Protection Act (DPA) • Financial Loss
<p>Links to Corporate Business Plan – Objective 4: To be a well-run, financially sustainable and ambitious organisation, responsive to the needs of our customers and communities and focussed on delivering our objectives</p>
<p>Key Controls in Place:</p> <ul style="list-style-type: none"> • Information Risk Management Regime – Assess the risks to our information assets, effective governance structure, Leadership Team engagement with cyber risk, produce supporting information management policies. • Secure configuration – Corporate policies and processes to develop secure baseline builds • Network Security – Protection and secured perimeter of external security threats and untrusted networks • Managing user privileges – All users of ICT systems provided with privileges suitable for their role • User education and awareness – Security policies that describe acceptable and secure use of ICT assets • Incident management – Incident response and disaster recovery capabilities that address the full range of incidents that can occur • Malware prevention – Produce policies that directly address the business processes (such as email, web browsing, removable media and personally owned devices)

As at April 22

STAFFORD BOROUGH COUNCIL - STRATEGIC RISK REGISTER AS AT 1 APRIL 2022

Ref No: C7**Risk: Failure to repel or recover from cyber-attack including targeted ransomware, malware and DDoS attacks**

- Monitoring – Established monitoring taking into account previous security incidents and attacks. Annual IT Health Check and penetration testing conducted by a Council of Registered Ethical Security Tester (CREST)/Communications-Electronics Security Group (CESEG) Listed Advisor Scheme (CLAS) - accredited Government Communication Headquarters (GCHQ) approved consultants.
- Removable media controls – Produce removable media policies that control the use of removable media for the import and export of information
- Home and mobile working – Assess the risks to all types of mobile working including remote working and develop appropriate security policies

STAFFORD BOROUGH COUNCIL - STRATEGIC RISK REGISTER AS AT 1 APRIL 2022

Ref No: 38b	Risk: Failure to minimise the impact on the environment from the construction and operation of HS2		
Risk Owner: Head of Operations	Cabinet Member: Environment		
Gross Risk Score (i.e. without controls)	Likelihood: 3	Impact: 5	Total Score: 15 - RED
Residual/Net Risk Score (i.e. with controls in place)	Likelihood: 2	Impact: 5	Total Score 10 - AMBER
Actions Planned	Timescale/Person Responsible		Progress/Comments
Continued participation in HS2a Environmental Health Sub-Group covering Noise, Air Quality and land contamination implications	Attendance at Quarterly meetings Regulatory Services Manager		Have attended and participated in all scheduled meetings
As we receive Section 61 Notices the Council has provided a response and approval	Section 61 notices are received on an on-going basis Regulatory Services Manager		All section 61 notices received have been reviewed and approved following negotiation with the applicant
Overall Progress Summary:			
<p>Information obtained by officer's participation in HS2 working groups to address noise, environmental, air quality and planning elements of the route alignment, during construction and subsequent operation, has assisted them in providing an input into the Council's petitioning document. Continued liaison between the Council's Development Manager and Regulatory Services Manager has enabled better shared understanding of the issues/risks; and the use of appropriate mechanisms to try and address the areas of concern.</p> <p>The hybrid bill has received Royal Assent</p> <p>Officers are now working closely with HS2 on the mechanism associated with section 61 notices under the Control of Pollution Act 1974 which require contractors to state mitigation measures for adverse effects of the construction phase.</p> <p>Section 61 notices have been received by Officers and reviewed, negotiated and subsequently approved.</p>			

As at April 22

STAFFORD BOROUGH COUNCIL - STRATEGIC RISK REGISTER AS AT 1 APRIL 2022

<p>Ref No: 38b</p> <p>Risk: Failure to minimise the impact on the environment from the construction and operation of HS2</p>
<p>Consequences of Risk:</p> <ul style="list-style-type: none"> • A reduction in the air quality from the construction activities. This could arise directly from the construction sites and indirectly from changes in the volume, composition, and location of traffic on the highway network. • Excessive levels of Noise and vibration from construction and operation activities could lead to a significant effect on the residential amenity to domestic premises close to the proposed line. • The negative effects associated with the off-site disposal to landfill of solid waste that will be generated by the construction and operation of the proposed scheme. • The adverse effect of contaminant mobilisation.
<p>Links to Corporate Business Plan – Objective 2:</p> <ul style="list-style-type: none"> • To improve the quality of life of local people by providing a safe, clean, attractive place to live and work and encouraging people to be engaged in developing strong communities that promote health and wellbeing
<p>Key Controls in Place:</p> <ul style="list-style-type: none"> • Lead officer nominated • Close working relationship with Staffordshire County Council and other District Council's in Staffordshire on the route • Partnership in forums and working groups to maintain influence with major construction leads

STAFFORD BOROUGH COUNCIL - STRATEGIC RISK REGISTER AS AT 1 APRIL 2022

Ref No: 40b	Risk: Failure to deliver Westbridge Park Open Space transformation		
Risk Owner: Head of Development	Cabinet Member: Leisure		
Gross Risk Score (ie without controls)	Likelihood: 4	Impact: 3	Total Score: 12 - RED
Residual/Net Risk Score (ie with controls in place)	Likelihood: 2	Impact: 3	Total Score: 6 - AMBER

Actions Planned	Timescale/Person Responsible	Progress/Comments
Following development of the Masterplan for Westbridge Park detailed designs and a funding strategy to be developed for Phase 2 of the Stone Leisure Strategy.	Q4 2020-21 to Q3 2022-23 Head of Development/Leisure Projects Manager	Progressing with main works tendering process ahead of commissioning of contractor and delivery. Tender submissions are required to be submitted by 12.5.22. A separate commission is being progressed on the Wheeled Sports element of the scheme with responses from bidders required by the 31.5.22
Discussions to be had with Alleynes school about support available following their failed bid for Department of Education funding to decommission the swimming pool and alternative use for the space.	Q1-2 / Head of Development & Chief Executive	The Council and the School are in discussion concerning the future use of the former pool building and other facilities.

Overall Progress Summary:

Sale of Tilling Drive completed. Planning permission granted for Tilling Drive and development under construction. Works on compensatory sporting provision are complete and balance of sale receipt now received and forms part of Stone Leisure budget. Conversations are ongoing with Alleynes School.

STAFFORD BOROUGH COUNCIL - STRATEGIC RISK REGISTER AS AT 1 APRIL 2022

<p>Ref No: 40b</p> <p>Risk: Failure to deliver Westbridge Park Open Space transformation.</p>
<p>Consequences Of Risk:</p> <ul style="list-style-type: none"> • Reputational damage • Impact on delivery of Health and Wellbeing agenda. • Unable to deliver corporate plan objectives
<p>Links to Corporate Business Plan – Objective 2:</p> <ul style="list-style-type: none"> • To improve the quality of life of local people by providing a safe, clean, attractive place to live and work and encouraging people to be engaged in developing strong communities that promote health and wellbeing.
<p>Key Controls in Place:</p> <ul style="list-style-type: none"> • Programme Board in operation which manages financial and legal controls • Project Plan – currently being reviewed. • Professional experts brought in as required (Consultants) • A detailed consultation exercise has been completed on the future play and leisure needs for Stone and a Masterplan for Westbridge Park developed. Cabinet approved the revised Stone Leisure Strategy in October 2021 with work on the detailed designs now to commence.

ITEM NO 3(b)

ITEM NO 3(b)

Report of:	Chief Internal Auditor and Risk Manager
Contact Officer:	Stephen Baddeley
Telephone No:	01543 464415
Ward Interest:	Nil
Report Track:	Audit and Accounts 26/07/2022 (Only)

AUDIT AND ACCOUNTS COMMITTEE
26 JULY 2022
Internal Audit Annual Report 2021-22

1 Purpose of Report

1.1 To present the Internal Audit Annual Report for 2021-22.

2 Recommendation

2.1 That the Committee note the Internal Audit Annual Report for 2021-22.

3 Key Issues and Reasons for Recommendation

3.1 Based on the work undertaken during the year and the implementation by management of the audit recommendations, Internal Audit can provide Partial assurance that the Council's governance arrangements including systems of internal control were operating adequately.

4 Relationship to Corporate Business Objectives

4.1 The system of internal control is a key element of the Council's corporate governance arrangements which cuts across all corporate priorities.

5 Report Detail

5.1 Management are responsible for the control environment and should set in place policies and procedures to help ensure that the system is functioning correctly. Internal Audit review, appraise and report on the effectiveness of the system of internal control.

5.2 The Internal Audit Annual Report (attached as **APPENDIX 2**) is the culmination of the work of the Section during the course of the year and seeks to:-

- provide an opinion on the adequacy of the control environment;
- comment on the nature and extent of significant risks; and
- report the incidence of significant control failings or weaknesses

5.3 The report is a snapshot view of the areas at the time that they were reviewed and does not necessarily reflect the actions that have been or are being taken by managers to address the weaknesses identified. The inclusion or comment on any area or function in this report does not indicate that the matters are being escalated to Members for further action. Internal Audit routinely follow-up the recommendations that have been made and will bring to the attention of the committee any relevant areas where significant weaknesses have not been addressed by managers.

5.4 Whilst the number of Audits completed is lower than the target outturn there has been sufficient coverage to provide an appropriate Annual Opinion particularly when the other work of the section and knowledge of the organisation is taken into account.

5.5 The Annual Report contains a summary of the outcome of the Review of Internal Audit and the associated action plan.

5.6 Work completed in Quarter 4 has not previously been presented to committee; information for work completed in Quarter 4 is attached as **APPENDIX 1**.

5.7 The Internal Audit Annual Report is one of the sources of assurance that is used to support the Council's Annual Governance Statement.

6	Implications
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6.1	Financial	None Identified
	Legal	None Identified
	Human Resources	None Identified
	Human Rights Act	None Identified
	Data Protection	None Identified
	Risk Management	None Identified

6.2	Community Impact Assessment Recommendations	Impact on Public Sector Equality Duty: None Wider Community Impact: None
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Previous Consideration - Nil

Background Papers - File available from the Chief Internal Auditor

APPENDIX 1 - Summary of Significant Findings Quarter 4 Audits

APPENDIX 2 - Internal Audit Annual Report for 2021-22

APPENDIX 1

Summary of Significant Findings for Audits Issued in Quarter 4

Audit Reports Issued in Quarter 4

Audit	Head of Service	Number of High/Medium Recommendations	Assurance	Comments and Key Issues
Treasury Management	Financial Management	1	Partial ▲	Whilst no issues were identified in relation to treasury management transactions it was noted that some reporting to Members had slipped due to the impact of the pandemic and workloads in the Finance function.
IT Asset Management	Technology	2	Partial ▲	<ul style="list-style-type: none"> There is no documented IT Asset Management Policy There is no programme of regular disposal of Assets leading to items being stored for long periods before disposal.
Community Support Framework	Corporate Business and Partnerships	0	Substantial ✓	
Planning for the future (Corporate Plan and Capacity)	Corporate Business and Partnerships	0	Substantial ✓	

Audit	Head of Service	Number of High/Medium Recommendations	Assurance	Comments and Key Issues
Economic Development Projects - Future High Street Fund, Station Gateway, Meecebrook	Development	0	Substantial ✓	
Disabled Facility Grants, Warmer Homes grants etc	Development	0	Substantial ✓	
Housing Benefits	Financial Management	0	Substantial ✓	
Payroll	HR	0	Substantial ✓	

Audit Follow-ups Completed in Quarters 4

Audit	Head of Service	Original Assurance	High/Medium Risk Recommendations				Revised Assurance	Comments and Key Outstanding Recommendations
			Implemented	In Progress	Not Implemented	Total		
Critical Information Systems not Supported by IT	Technology	Limited !	2	1	0	3	Partial ▲	Work was required to produce an updated IT Strategy to give the overarching direction and principles for the operation of IT Systems
Leisure Open Book and recovery	Operations	Partial ▲	0	1	0	0	Partial ▲	No finance meetings have taken place as no information or claims for support have been received from the contractor
Tree Management (2 nd Follow-up)	Operations	Partial ▲	0	1	0	0	Partial ▲	Work has been progressing and most work from the 2015 survey has been completed although 6 trees identified for felling are still awaiting work to be completed.
IT Capacity Management and Resilience	Technology	Partial ▲	3	0	0	3	Substantial ✓	

Stafford Borough Council Internal Audit Annual Report 2021-22

July 2022



working together

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APPENDIX

**Audits Planned and Completed in 2021-22
by Classification:-**

1a	Limited	9
1b	Partial	11
1c	Substantial	12
2	Follow-Ups	13
3	Improvement Plan for Internal Audit	14

1 INTRODUCTION

1.1 The Internal Audit Service is a shared service with Cannock Chase District Council. This report highlights the work carried out by Internal Audit to deliver the Annual Audit Opinion for Stafford Borough Council.

The Annual Reporting Process

1.2 Internal Audit is an assurance function that primarily provides an independent and objective opinion to the Council on its governance arrangements comprising of risk management and internal control. Internal Audit objectively examines, evaluates and reports on the adequacy of the Council's governance arrangements as a contribution to the proper, economic, efficient and effective use of resources. Responsibility for governance rests fully with Managers, who should establish and maintain an adequate system of internal control to enable them to discharge their responsibilities and to ensure that the Council's resources are properly applied in the manner and on the activities intended.

1.3 This report is the culmination of the work of the Internal Audit Section during the course of the year and seeks to:

- provide an opinion on the adequacy of the control environment;
- comment on the nature and extent of significant risks; and
- report the incidence of significant control failings or weaknesses.

1.4 It provides a summary of the work of the Section throughout 2021-22. As such it presents a snapshot picture of the areas at the time that they were reviewed and does not necessarily reflect the actions that have been or are being taken by Managers to address the weaknesses identified. The inclusion or comment on any area or function in this report does not indicate that the matters are being escalated to Members for further action. Internal Audit routinely follow-up the recommendations that have been made and will bring any relevant areas where significant weaknesses have not been addressed by managers to the attention of the Audit and Accounts Committee if and when it is deemed appropriate.

1.5 Internal Audit has adopted an exception based reporting methodology, as such only those areas where weaknesses have been identified are reported on.

Requirement for Internal Audit

1.6 The requirement for an Internal Audit function derives from local government legislation, including section 151 of the Local Government Act 1972 which requires authorities to "make arrangements for the proper administration of their financial affairs". Proper administration is interpreted in this legislation to include Internal Audit. More specific requirements are detailed in the Accounts and Audit Regulations 2015, in that a relevant body must "undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal audit standards or guidance".

Review of Internal Audit

- 1.7 A review of the Internal Audit has been undertaken within the year as part of the Quality Assurance and Improvement Programme as required by the Public Sector Internal Audit Standards.
- 1.8 There were two key elements to the review this year:-
- i. the Chief Internal Auditor has conducted a self-assessment of the section in relation to compliance with the Public Sector Internal Audit Standards (PSIAS) and the Local Government Application Note (LGAN); and
 - ii. reference to the External Quality Assessment (EQA) carried out by Cipfa in November 2016. The outcome of this review was presented to the Audit Committee in March 2017. The next EQA is due to be completed in the Autumn of 2022
- 1.9 The review concluded that Internal Audit is effective and conforms sufficiently with the requirements of PSIAS/LGAN to ensure that the opinion given in this Annual Report can be relied upon for assurance purposes. Where actions have been identified these are attached in Appendix 3 at the end of this report.
- 1.10 One area of significant non-conformance with the standards was identified and this relates to PSIAS 1110 Organisational Independence. The standards require the “Chief Audit Executive” to report functionally to the Board and indicate that this includes the Audit Committee Chair and Chief Executive commenting on the Performance Development Review and the Audit Committee setting remuneration for the “Chief Audit Executive”.
- 1.11 This is not a common practice in Local Government where Members do not routinely get involved in detailed employment matters. It is felt that sufficient other safeguards to the independence of Internal Audit are currently in place within the Council such as allowing the Chief Internal Auditor the unfettered right of access to the Audit Committee Chair and Chief Executive to raise any concerns. It is therefore felt that this area of non-conformance does not compromise the effectiveness of Internal Audit although PSIAS/LGAN requires it to be disclosed in the Annual Audit Report.
- 1.12 In order to ensure the quality of each audit, the Senior Auditor, the Principal Auditor or the Chief Internal Auditor carries out a file review for each audit prior to the reports being issued. The Chief Internal Auditor also reviews and signs-off every report before it is issued. These processes form part of the internal quality assurance process and helps to provide a consistent approach between the auditors.

2 REVIEW OF CONTROL ENVIRONMENT

How the Control Environment is Reviewed

- 2.1 Internal Audit operates to a risk based audit plan. The audit plan is risk assessed each year to ensure that suitable audit time and resources are devoted to reviewing the more significant areas of risk.
- 2.2 This risk based approach to audit planning results in a comprehensive range of audits being undertaken during the course of the year to support the overall opinion on the control environment.
- 2.3 The Audit Plan for 2021-22 took into account the impact from the Covid Pandemic alongside the changes that the Council was implementing to recover. In addition the shift in focus away from a plan based on the Audit Universe to a totally risk focused plan was retained. It is believed that sufficient work has been undertaken on which to provide an opinion.

Internal Audit Opinion for 2021-22 and the Annual Governance Statement (AGS)

- 2.4 Regulation 3 of the Accounts and Audit Regulations require that the Council:-
“must ensure that it has a sound system of internal control which—
(a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;
(b) ensures that the financial and operational management of the authority is effective; and
(c) includes effective arrangements for the management of risk.
- 2.5 In addition regulation 6 of the Accounts and Audit Regulations 2015 requires that the Council:-
“must, each financial year—
(a) conduct a review of the effectiveness of the system of internal control required by regulation 3; and
(b) prepare an annual governance statement;”
- 2.6 Internal Audit has a responsibility to provide assurance from the work they undertake during the year in respect of the control environment operating within the Council to feed into this review.
- 2.7 Alongside the traditional audit work undertaken, the opinion this year has also placed reliance on observations and awareness of the Council’s processes from work undertaken by the Internal Audit Team to offer advice and guidance to services in revising processes to deal with the recovery from the pandemic and the changes to the working practices including hybrid working.

2.8 Based on the work undertaken during the year and the implementation by management of the audit recommendations, Internal Audit can provide **partial assurance** that the Council’s governance arrangements including risk management and systems of internal control were operating adequately and there were no instances where any breakdown of control resulted in a material discrepancy.



2.9 No Audits were given Limited or No Assurance in the year.

2.10 No system of control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance. This statement is intended to provide reasonable assurance that there is an ongoing process for identifying, evaluating and managing the key risks. These risks are reflected in the audit plan and are the subject of separate reports during the course of the year.

3 SIGNIFICANT ISSUES ARISING 2021-22

3.1 Each system/area audited is given a level of assurance based on the presence and effectiveness of the controls in place. Four levels of assurance are currently used and the definitions for each are contained in appendices 1a to 1d.

3.2 A summary of the level of assurance given to each audit is given in the table below.

	Assurance				
	Substantial	Partial	Limited	No Assurance	No Opinion
Number of Audits	10	6	0	0	1
Reference for further information	See APPENDIX 1D	See APPENDIX 1C	See APPENDIX 1B	See APPENDIX 1A	See paragraph 3.3

3.3 One area was reviewed but the nature of the work meant that it was not appropriate to issue a formal opinion on the level of assurance. This was the Customer Transformation Audit.

3.4 The Internal Audit Section did not identify any significant weaknesses in relation to any of the Council’s key financial systems and core governance processes which were examined in 2021-22.

3.5 In addition to the main audit work the section also followed-up the progress made in relation to Audit Recommendations where the audit was not issued with a Substantial opinion. Follow-ups are generally undertaken around 6 months after the report has been finalised.

3.6 Five follow-ups were completed for four audit areas. After the follow-up had been completed

- One area had improved from Limited to Partial Assurance
- One area had improved from Partial to Substantial Assurance
- The other areas all remained as Partial Assurance.

3.7 In total 11 recommendations were followed-up all were at least in the process of being implemented. The breakdown of status of recommendations is:

- 6 recommendations (55%) had been implemented;
- 5 recommendations (45%) were in progress at the time of the follow-up;

3.8 More details on the follow-ups can be found in **APPENDIX 2**.

4 AUDIT PERFORMANCE

4.1 The table below indicates the Section’s performance against the audit plan for 2021-22.

	2021-22				2020-21
	Planned	Actual	Actual %	Target %	Actual
Audit Plan	23	17	74%	90%	89%

4.2 Seventeen audits were completed in the year out of the twenty-three planned for in the 2021-22 Audit Plan.

4.3 A further ten audits had commenced but not been completed in the year. Seven of these have been substantially completed just awaiting final clarification of a few points and production and agreement of reports. If these 7 audits were included in the number of audits completed the performance of the section would be increased to 24 audits against an original plan of 23 (104%) the overachievement of the plan takes into account the completion of audits originally in the 2020-21 plan but completed in 2021-22.

4.4 The substantially completed audits are:

- Business Grants
- Council Tax
- National Non-Domestic Rates
- Development Management
- IT Records and Document Retention
- Change Control
- Garden Waste and Blue Bag Scheme

- 4.5 The delays in completion of the audits are down to 2 main factors:
- Staffing and scheduling issues of the contractor due to sickness and delays in chasing outstanding requests with departments when the audits are substantially complete
 - Delays in departments answering queries and supplying information to auditors due to ongoing workloads and pressures.
- 4.6 The final three areas in progress which required significantly more work to complete are:
- IT Healthcheck/ Assurance/ Vulnerability Scanning
 - IT Third Party Supplier Management and External Data Sharing
 - S106 Monitoring and Delivery
- 4.7 Two audits planned for the year had not commenced at the end of the year, Asset Management/Future Accommodations requirements and New finance System. These will be rolled-over to 2022-23 audit year.
- 4.8 Included in the completed audits figure above are five audits which were originally part of the 2020-21 audit plan but were not completed in that year. The audits completed this year from the 2020-21 Audit Plan were:
- Tree Management
 - Covid Response review
 - Staff Expenses
 - Cloud Strategy and Security
 - IT Asset Management
- 4.9 In addition to the audit plan the Section has also carried out a number of other pieces of ad hoc work and consultancy exercises during the year, these included advice on system changes and new systems.

New Finance System - Due to ongoing issues in the roll-out of the software a full audit has not been completed but the Internal Audit Section has participated in several pieces of work to assist and advise Finance on the revised procedures needed.

5 FRAUD AND IRREGULARITY WORK

Pro-active Fraud work

5.1 The Internal Audit section takes a proactive approach to the prevention / detection of fraud and corruption, however it is noted that there are limited resources to devote to fraud risks in the team. During the year it has:-

- Founding Member of the Staffordshire Counter Fraud Partnership
- Continued membership of the Midlands Fraud Sub Group, and sharing of information at Internal Audit Management Groups;
- Carried out Verification work of Covid Grants and followed up on a number of alleged fraudulent applications.
- Been alert to fraud risks in the audits carried out in the year

Fraud/Irregularity Investigations

5.2 The team has not been involved in any special investigations relating to fraud or irregularities in the year relating to Cannock Chase District Council. Although some input has been provided into other investigations relating to the conduct of employees.

5.3 No allegations have been received via Confidential Reporting or Ant-Fraud and Corruption policies.

National Fraud Initiative Datamatching

5.4 The Council is a statutory participant in the Cabinet Office's National Fraud Initiative (NFI) exercise which is carried out every 2 years. The 2020-21 matches were released in January 2021 and have been reviewed. No significant issues have been identified from the work carried out.

APPENDIX 1A

Audits Planned and Completed in 2021-22 by Assurance Level

No Assurance

Definition

One or more High (Red) risks are lacking appropriate controls and/or controls are not operating effectively to manage the risks.



Immediate action is required by management to address the weaknesses identified in accordance with the agreed action plan

There were no audits which were classified as No Assurance in the year.

Limited Assurance Audits

Definition



One or more Medium (Amber) risks are lacking appropriate controls and/or controls are not operating effectively to manage the risks. The residual risk score for the affected Medium risks are 9 or higher.

Prompt action is required by management to address the weaknesses identified in accordance with the agreed action plan.

There were no audits which were classified as Limited Assurance in the year.

Partial Assurance Audits


Definition One or more Medium (Amber) risks are lacking appropriate controls and/or controls are not operating effectively to manage the risks.



Prompt action is required by management to address the weaknesses identified in accordance with the agreed action plan.

Audit Area	Service Lead Officer	No of High/Medium Recommendations
Treasury Management	Financial Mangement	1
Leisure Open Book and recovery arrangements	Operations	1
Tree Management	Operations	2
Staff Expenses	HR	5
Cloud Strategy and Security	Technology	2
IT Asset Management	Technology	2

Substantial Assurance Audits

	<p>Definition All High (Red) and Medium (Amber) risks have appropriate controls in place and these controls are operating effectively.</p> <p>No action is required by management.</p>
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Audit Area	Service Lead Officer
Housing Benefits	Financial Management
Cannock Chase SAC (SBC Accountable Body)	Development
Economic Growth Strategy	Development
Climate Change	Corporate Business and Partnerships
Community Support Framework	Corporate Business and Partnerships
Economic Development Projects - Future High Street Fund, Station Gateway, Meecebrook	Development
Planning for the future (Corporate Plan and Capacity)	Corporate Business and Partnerships
Payroll	HR
Disabled Facility Grants, Warmer Homes grants etc	Development
Covid Response review	Corporate Business and Partnerships

APPENDIX 2

Results of Follow-ups Undertaken in the Year By Assurance Level

This table shows the assurance level at the end of the year. Where a more than one follow-up of the same audit has been carried out only the assurance level at the end of the latest follow-up is shown.

Audit	Head of Service	Original Assurance	High/Medium Risk Recommendations				Revised Assurance
			Implemented	In Progress	Not Implemented	Total	
Critical Information Systems not Supported by IT	Technology	Limited !	2	1	0	3	Partial ▲
Tree Management (2 nd Follow-up)	Operations	Partial ▲	0	1	0	0	Partial ▲
Leisure Open Book and Recovery	Operations	Partial ▲	0	1	0	1	Partial ▲
IT Capacity Management and Resilience	Technology	Partial ▲	3	0	0	3	Substantial ✓

APPENDIX 3

IMPROVEMENT PLAN FOR INTERNAL AUDIT – 2021-22

Source	Actions	Person Responsible for Implementation	Timescale
Annual Review	Internal Audit will look at progressing some mapping of Assurance provided by others and how this can be taken into account	Chief Internal Auditor and Risk Manager	Ongoing
Annual Review	Internal Audit will continue to explore ways of utilise Computer Assisted Audit Techniques into their work	Chief Internal Auditor and Risk Manager	Ongoing
Annual Review	A review against the recent Cipfa Report “Internal Audit Untapped Potential” will be carried out and reported to Leadership Team and Audit Committee	Chief Internal Auditor and Risk Manager	December 2022
Annual Review	An External Quality Assurance Review will be carried out and reported to Audit Committee.	Chief Internal Auditor and Risk Manager	December 2022
Annual Review	Work will be undertaken to progress the procurement of a Working Paper and Audit Management System for the team.	Chief Internal Auditor and Risk Manager	March 2023

ITEM NO 3(c)

ITEM NO 3(c)

Report of:	Head of Governance
Contact Officer:	Judith Aupers
Telephone No:	01543 464411
Ward Interest:	Nil
Report Track:	Audit and Accounts 26/07/2022 (Only)

AUDIT AND ACCOUNTS COMMITTEE
26 JULY 2022
Annual Governance Statement 2021-22

1 Purpose of Report

1.1 To set out the Annual Governance Statement for the year 2021-22.

2 Recommendation

2.1 That the Committee approve the Annual Governance Statement for 2021-22.

3 Key Issues and Reasons for Recommendation

- 3.1 The Accounts and Audit Regulations 2015 require the Council to review the effectiveness of its system of internal control and to prepare an Annual Governance Statement (AGS).
- 3.2 The Council's draft Annual Governance Statement (AGS) for 2021-22 (which is current up to July 2022) is attached as **APPENDIX 1**.
- 3.3 The draft AGS has been compiled by the Leadership Team. The AGS has been drafted using various sources of assurance which together form the review of the Council's governance arrangements. The key sources of assurance are:
- (i) assurances from Leadership Team;
 - (ii) assurances from the 3 statutory officers;
 - (iii) the risk management reports;
 - (iv) the annual internal audit report / opinion; and
 - (v) external assurance reports.

3.4 The review of the Council's governance arrangements has identified areas for improvement and these are set out in the action plan contained within the AGS at **APPENDIX 1**.

3.5 An update on the progress in actioning the issues from the 2020-21 AGS is attached at **APPENDIX 2**. In summary, of the 11 items:

- 5 items have been completed or are on target to be completed; and
- 5 items are in progress; and
- work has not commenced on 1 item.

A number of these issues are ongoing and have also been included in the AGS for 2021-22.

4 Relationship to Corporate Business Objectives

4.1 The Council's corporate governance arrangements and internal control framework cuts across all corporate priorities.

5 Report Detail

5.1 The Council's Code of Governance was updated in June 2017 to reflect the latest guidance from CIPFA/SOLACE. A copy of the full Code of Governance can be found on the Council's website. A diagram illustrating the Council's Governance Framework is appended to the AGS.

5.2 The preparation and publication of an annual governance statement is necessary to meet the statutory requirement set out in the Audit and Accounts Regulations 2015 which requires authorities to "conduct a review of the effectiveness of system of internal control" and to "prepare an annual governance statement".

5.3 Following approval of the Annual Governance Statement it will be signed by the Chair of the Audit and Accounts Committee, the Leader and the Chief Executive.

5.4 The Annual Governance Statement has been prepared using information from the sources of assurance outlined in 3.3. The Leadership Team has been consulted on the draft AGS to ensure that:

- all of the significant issues have been identified and included, so far as is reasonably possible; and
- all of the issues included are considered to be significant.

5.5 It is not possible to give a single definition as to what constitutes a "significant governance issue" and judgement has to be exercised. Cipfa/SOLACE has not provided guidance on this in their new Framework so reference continues to be made to the guidance given in the previous framework.

Factors used in making such judgements include:

- the issue has or could seriously prejudice or prevent achievement of a principal objective;
- the issue has or could result in a need to seek additional funding to allow it to be resolved, or has/could result in significant diversion of resources from another service area;
- the issue has or could lead to a material impact on the accounts;
- the Chief Internal Auditor has reported on it as significant, for this purpose, in the Internal Audit Annual Report;
- the issue, or its impact, has or could attract significant public interest or seriously damage the reputation of the Council;
- the issue has resulted in formal action being taken by the Chief Financial Officer and/or the Monitoring Officer.

5.6 Progress in addressing the significant issues identified in the Annual Governance Statement will be monitored through reports presented to the Audit and Accounts Committee.

6 Implications	
6.1 Financial	Nil
Legal	Nil
Human Resources	Nil
Human Rights Act	Nil
Data Protection	Nil
Risk Management	As set out in report and Appendices
6.2 Community Impact Assessment Recommendations	<p>The Borough Council considers the effect of its actions on all sections of our community and has addressed all of the following Equality Strands in the production of this report, as appropriate:-</p> <p>Age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation.</p>
Previous Consideration - Nil	
Background Papers – Annual Internal Audit Report 2020-21, Strategic Risk Register	
7 Appendices to the Report	
APPENDIX 1 – Annual Governance Statement 2021-22	
APPENDIX 2 - Progress Report for AGS 2020-21	

AUDIT AND ACCOUNTS COMMITTEE**26 JULY 2022****STAFFORD BOROUGH COUNCIL
ANNUAL GOVERNANCE STATEMENT FOR 2021-22****1 Scope of Responsibility**

- 1.1 Stafford Borough Council (the Council) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.
- 1.3 The Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. This statement explains how the Council has complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2015, regulation 6(1)(b), which require all relevant authorities to prepare an annual governance statement.

2 The Purpose of the Governance Framework

- 2.1 The governance framework comprises the systems and processes, culture and values by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

- 2.3 The governance framework has been in place at the Council for the year ended 31 March 2022 and up to the date of approval of the Annual Governance Statement.
- 2.4 At the point that the first national lockdown came into effect, the Council had to make a number of changes to its normal governance arrangements and many of these have remained in place since that time. The modified arrangements have adequate controls in place and have been kept under review.

3 The Governance Framework

- 3.1 The Council has adopted a local Code of Governance, which can be found on the Council's website. The Code is comprised of 6 key principles:
1. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
 2. Ensuring openness and comprehensive stakeholder engagement.
 3. Defining the vision and outcomes for the local area and determining the actions necessary to achieve the intended outcomes.
 4. Developing the entity's capacity, including the capability of its leadership and the individuals within it.
 5. Managing risks and performance through robust internal control and strong public financial management.
 6. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.
- 3.2 A key element of the Council's governance arrangements concerns safeguarding. Stafford Borough Council has both a moral and legal obligation to ensure a duty of care for children and vulnerable adults across its services. We are committed to ensuring that all children and vulnerable adults are protected and kept safe from harm whilst engaged in services organised and provided by the Council. We do this by:
- Completion of the statutory annual Section II Audit
 - Having a Child and Adult Protection Policy and procedure in place endorsed by the Staffordshire Safeguarding Children Board and Staffordshire and Stoke Adult Safeguarding Partnership
 - Having child and adult protection processes which give clear, step-by-step guidance if abuse is identified
 - Safeguarding training programme in place for staff and members
 - Carrying out the appropriate level of DBS checks on staff and volunteers
 - Working closely with Staffordshire Safeguarding Children Board and Staffordshire and Stoke-on-Trent Adult Safeguarding Partnership

4 Review of effectiveness

- 4.1 The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is led by the Head of Governance who has responsibility for the development and maintenance of the Code of Governance. The review is informed by the work of Members, the senior officers within the Council and also by comments made by the External Auditors and other review agencies and inspectorates. The process that has been applied in maintaining and reviewing the effectiveness of the governance framework is set out below.
- 4.2 **The Authority** - the Head of Governance and the Monitoring Officer, on behalf of the Council, undertake periodic reviews of the Council's governance arrangements on an ongoing basis. Work to support this includes a self-assessment review against the Code of Governance, reviews of the Constitution, Financial Regulations, the Scheme of Delegation and policies, processes and practices throughout the year. No new issues have been identified in 2021/22.
- 4.3 **The Executive** - the Cabinet monitors the effectiveness of the governance framework through the consideration of regular performance, financial and strategic risk management reports. Individual Cabinet members receive regular feedback from senior officers on the delivery of services and the achievement of objectives and targets. Issues of strategic and corporate importance are referred to the Cabinet.
- 4.4 **Overview and Scrutiny Committees** - the Council has 3 Scrutiny Committees. The Scrutiny Committees review decisions made by Cabinet and areas of concern. They can "call-in" a decision that has been made by the Cabinet when they consider the decision is not in accordance with the Council's Constitution. The Scrutiny Committees:
- (i) determine their own work programme at the beginning of each year and this includes the provision of updates, briefings and reviews of services/activities; and
 - (ii) consider regular performance management information from senior management.
- 4.5 **The Audit and Accounts Committee** - is responsible for overseeing the Council's governance arrangements. The Committee monitors the effectiveness of risk management, reviews corporate governance issues, the work of Internal Audit and the anti fraud and corruption arrangements throughout the year. The Audit and Accounts Committee receives quarterly reports on:
- the work of internal audit in reviewing the systems and processes to ensure that they are adequate; and
 - updates on the management of the Council's strategic risks. A strategic risk register is in place, which identifies and evaluates the risks faced by the Council in delivering its objectives. Work is ongoing to review and address these risks and update the risk register accordingly

- 4.6 **The Standards Committee** - is responsible for the ethical framework of the Council. The Committee works closely with the Monitoring Officer in dealing with complaints about Members conduct and promoting high standards of conduct.
- 4.7 **Internal Audit** – is responsible for reviewing the effectiveness of the Council’s governance arrangements, including the system of internal control, and reporting on its adequacy. Internal Audit is a key source of assurance for the Annual Governance Statement and operates in accordance with the Public Sector Internal Audit Standards. Internal Audit reviews the internal control system following an audit plan based on an assessment of the potential risks for the various systems and procedures. The work on the Audit Plan for 2021-22 has been used to provide an independent view on the adequacy of the governance framework.

In the annual report to the Audit and Governance Committee, the Chief Internal Auditor has independently assessed the Council’s internal control environment and given a “**partial assurance**” opinion that the Council’s governance arrangements were operating adequately and there were no instances where any breakdown of control resulted in a material discrepancy. No significant governance issues have been identified for inclusion in the Annual Governance Statement. Where deficiencies in internal control were identified during reviews, assurance was provided that these had been or would be resolved in an appropriate manner. Such cases will continue to be followed-up as part of the routine operation of the Internal Audit function.

- 4.8 **Risk Management** - during 2021-22 the Audit and Accounts Committee received regular progress reports regarding the management of strategic risks. The strategic risks facing the Council were reviewed as at 1 April 2022 and as there are currently 3 red risks for inclusion as significant governance issues:
- The funding available to the Council from central Government resulting from changes to Business Rates, New Homes Bonus etc. will not be known until the autumn at the earliest. This together with increases in inflation and interest rates makes accurate budget planning difficult, resulting in a risk of over commitment of financial resources or inappropriate use of reserves.
 - The economy of the Borough is adversely impacted limiting the ability to deliver the Economic Growth Strategy for the Borough
 - The Council’s key contractors remain sustainable and continue to provide value for money

- 4.9 **Assurance from the Statutory Officers** - assurances have been sought, through discussions with the Head of Paid Service (Chief Executive), the Monitoring Officer (Head of Law and Administration) and the s151 Officer (Head of Finance) with regard to their responsibilities for governance.
- The Head of Paid Service has overall responsibility for the organisation, appointment and management of staff
 - The Chief Financial Officer (s151 Officer) has overall responsibility for the financial management of the Council. Throughout the year the s151 Officer ensures that the financial position of the Council is monitored, that consideration is given to financial implications when taking decisions and with the support of internal audit that financial processes are complied with
 - The Monitoring Officer has overall responsibility for:
 1. reporting on matters he/she believes are, or are likely to be, illegal or amount to maladministration;
 2. matters relating to the conduct of Members and officers; and
 3. the operation of the Council's constitution.

The Statutory Officers have identified the following as significant governance issues:

- Ongoing financial pressures;
- Capacity issues in sustaining delivery of essential services and key projects;
- The potential further sharing of services, including the Chief Executive, with Cannock Chase District Council; and
- Implementation of the new Finance system.

- 4.10 **External Audit / Other Review Agencies** - during the year the Council received the following key reports:
- (i) Audit Findings (dated April 2022 and reported to Audit and Accounts Committee 21 April 2022.

The report offered an unqualified opinion on the Council's financial statements. No significant concerns were identified.

- 4.11 **Leadership Team** – in addition to the Statutory Officers assurances, the members of Leadership Team have been consulted on the draft annual governance statement and the significant governance issues that should be included within it.

5 **Opinion on the Governance Framework**

- 5.1 The review of the effectiveness of the governance framework show that the arrangements continue to be fit for purpose and **reasonable assurance** can be given that the framework is operating adequately in practice.
- 5.2 No review can provide absolute assurance; this statement is intended to provide reasonable assurance that there is an ongoing process for reviewing the governance framework and its operation in practice.

5.3 Whilst the governance framework is considered to be adequate a number of issues have been identified that need to be addressed to further enhance the Council’s governance arrangements. These are outlined in section 6 together with the actions to be taken.

5.4 The Audit and Accounts Committee will have responsibility for ensuring the delivery of the actions needed to improve the Council’s governance framework.

6 Significant Governance Issues

6.1 The Council’s key governance issues are outlined in the action plan below.

ISSUE AND ACTION	OFFICER RESPONSIBLE	TARGET DATE
<p>Financial Stability</p> <p>The Council incurred both additional expenditure and a material loss of income from fees and charges etc. as a result of the pandemic, offset by grant funding. The Council’s finances began to stabilise which enabled a budget to be set in February 2022, but the newly arising challenges of inflation and interest rates will place a burden on this year’s budget and the medium term outlook. These factors will have an impact on expenditure, as direct costs (including pay) will rise, as well as on residents and businesses, which will place greater demands on Council services and potentially reduce income. Over the medium term, there remains significant uncertainty regarding the direction of Government policy for local government finance.</p> <p>This has been/ will be addressed by:</p> <p>Approval of the 2022-23 budget;</p> <p>Reinforcement of good financial management at senior officer level;</p>	<p>s151 Officer</p> <p>Leadership Team</p>	<p>Complete</p> <p>Complete</p>
<ul style="list-style-type: none"> Monitoring reserves over the medium term and setting a Medium Term Financial Strategy that does not reduce unallocated reserves; 	<p>s151 Officer</p>	<p>January 2023</p>

ISSUE AND ACTION	OFFICER RESPONSIBLE	TARGET DATE
<ul style="list-style-type: none"> • Implementing a savings plan to help bridge the budget gap for 2023-24; • Refreshing the Medium Term Financial Strategy. 	s151 Officer	October 2022
	s151 Officer	January 2023
<p>The economy of the Borough and delivery of the Economic Growth Strategy</p> <p>Economic activity has increased after the pandemic however there are legacy issues in terms of the global supply chain and inflation impacting on business, individuals and communities. Particular sectors like that of retail continue to suffer as a consequence of online shopping and changes in consumer lifestyle habits. It will be important for the Council to keep under review its economic strategy and related actions to ensure they remain relevant and capable of protecting the local economy and allowing it to grow where possible to meet the needs of the area.</p> <p>Key actions for 2022/23 include:</p> <ul style="list-style-type: none"> • Delivery of the Stafford Town Centre Transformation Programme, including the year 2 delivery of the Future High Street Funds Projects • Phase 2 work on Stafford Station Gateway • Bid for LUF 2 monies to assist in bringing forward the Stafford Station Gateway project • Submission of Investment Plan to draw down the £4.6m allocation made by government under the UK Shared Prosperity Fund. • Local Plan allocation, technical Studies and delivery model developed for Meecebrook Garden Community 	Interim Head of Development	
The Council's Key Contractors	Interim Head of Operations	Ongoing

ISSUE AND ACTION	OFFICER RESPONSIBLE	TARGET DATE
<p>The Council's key contractors have encountered significant challenges arising from the successive lockdowns.</p> <p>The Council is continuing to work to support them by providing any justifiable financial assistance and in implementing their recovery / improvement plans.</p> <p>Discussions are also ongoing in relation to the implications arising from other external factors which may require actions to minimise the risk of adverse impact in 2022/23.</p>		
<p>Officer Capacity</p> <p>Resources continue to be stretched between the delivery of essential services, key projects and the introduction of new services/responsibilities upon the Council. Priorities have been kept under review during 2021-22 and additional resources brought in where required.</p> <p>The Chief Executive is currently being shared with Cannock Chase District Council pending consideration of wider sharing of services.</p> <p>2 senior officers retired early in 2022/23 and interim arrangements have been put in place to cover these posts and the long term absence of another.</p> <p>Capacity will continue to be kept under review and managed during 2022-23</p>	<p>Chief Executive</p> <p>Leadership Team</p>	<p>Completed</p> <p>Ongoing</p>
<p>Shared Services</p> <p>The Council has been sharing a number of services with Stafford Borough Council since April 2011. The Chief Executive is currently being shared pending the development of a business case to assess the potential for the further sharing of services between the two Councils.</p> <p>The first stage of the business case has been completed and both Councils have approved proceeding to developing the 2nd stage of the business case.</p>		

ISSUE AND ACTION	OFFICER RESPONSIBLE	TARGET DATE
The key action is to complete the 2 nd stage of the business case for consideration by both Councils	Chief Executive	November 2022
<p>Cyber Security</p> <p>There is an ongoing risk of cyber attacks. Arrangements have been enhanced during 2021/22 and additional work is planned during 2022/23 including:</p> <ul style="list-style-type: none"> • Access to the network to be limited to corporate devices only 	Head of Technology	August 2022
<p>New Finance System</p> <p>The new Finance system went live on 1 April 2021. The core external elements of the system in terms of payments to creditors and income collection were up and running from day one. However, teething troubles have been experienced; some of these have been addressed and others are ongoing. The Finance Team are currently completing the first closure of the accounts on the new system. The following actions have been undertaken/are planned:</p> <ul style="list-style-type: none"> • Ongoing project management • Testing and checking that the system is operating as expected • User training. • Post implementation review 	Head of Finance	Ongoing
<p>Employees' Code of Conduct</p> <p>The review of the Employees' Code of Conduct has been completed but approval by Council was deferred due to other priorities during the pandemic. It was intended to complete this during 2021/22 but has been deferred due to other changes being made to working arrangements which will have an impact on the Code. This primarily relates to the development of a hybrid working model which is being trialled during 2022/23. The Code of Conduct will be revised in 2023</p>	Head of Human Resources, Head of Law and Administration and Head of Governance	2023/24

ISSUE AND ACTION	OFFICER RESPONSIBLE	TARGET DATE
once the hybrid working trial has been concluded and reviewed.		
<p>Information Governance</p> <p>The draft Information Governance Framework needs to be finalised and approved by Leadership Team.</p>	Head of Governance and Corporate Services	December 2022

Signed:

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Chair of the Audit and Accounts Committee

Date

.....

Leader of the Council

Date

.....

Chief Executive



Date


on behalf of Stafford Borough Council

AUDIT AND ACCOUNTS COMMITTEE



26 JULY 2022


Annual Governance Statement for 2020-21 - Progress Report as at 30 June 2022


No.	Issue / Action	Lead Officer and Timescale	Progress/Comments	Status
1	<p>Response and Recovery from the Coronavirus Pandemic</p> <p>A Recovery Strategy was prepared to deal with the effects of COVID-19 on the Borough and considerable progress has been made in implementing this. Those residual actions which have not yet been completed in full have now been incorporated into the new Corporate Business Plan which sets out the Council's priorities for the next 3 years</p>	<p>Leadership Team</p> <p>Ongoing</p>	<p>Completed.</p>	
2	<p>Financial Stability</p> <p>The Council has incurred both additional expenditure and a material loss of income from fees and charges etc. Despite receiving some additional grant funding, the pandemic has had a significant impact on the Council's finances during 2020-21 and this is continuing into 2021-22 as a result of the impact on the Local Economy.</p> <p>This compounds the ongoing financial uncertainty regarding the future funding regime for local government.</p> <p>This has been / will continue to be addressed by:</p>	<p>Chief Executive / Head of Finance</p> <p>Ongoing</p>	<p>All actions completed</p>	



No.	Issue / Action	Lead Officer and Timescale	Progress/Comments	Status
	<ul style="list-style-type: none"> Monitoring the Financial Impact of COVID-19 			
	<ul style="list-style-type: none"> Implementing an Interim Financial strategy 			
	<ul style="list-style-type: none"> Determining a Financial Recovery Strategy 			
	<ul style="list-style-type: none"> Refreshing the Medium-Term Financial Plan 			
3	<p>The economy of the Borough and delivery of the Economic Growth Strategy</p> <p>The pandemic is having a considerable impact on the economy of the Borough and the Council's plans have been reviewed to reflect this. An Economic Recovery Strategy has been prepared and is being delivered. The Economic Growth Strategy Delivery Plan has been reviewed and amended and progress on delivery is monitored regularly by SBC and Partners at the Stafford Growth, Regeneration and Infrastructure Partnership</p> <p>Work continues to be delivered on the key major projects being progressed by the Council including investment in Stafford Town Centre through the successful Future High Streets Fund bid, continued development of Stafford Station Gateway and the potential Garden Community at Meecebrook. Supporting local businesses affected by the pandemic through the delivery of the Additional Restrictions Grant support remained a key priority</p>	Head of Development	<p>The Council and partners are progressing a number of key projects aimed at consolidating and strengthening the role of Stafford as the county town and key to attracting sustainable growth across the borough.</p> <p>Details are given below:</p>	


No.	Issue / Action	Lead Officer and Timescale	Progress/Comments	Status
	<p>Key actions for 2021/22 include:</p> <ul style="list-style-type: none"> <li data-bbox="286 300 904 427">• Delivery of the Stafford Town Centre Transformation Programme, including the year 1 delivery of the Future High Street Funds Projects <li data-bbox="286 603 904 635">• Phase 2 work on Stafford Station Gateway <li data-bbox="286 975 846 1038">• Feasibility studies for potential Garden Community 	<p>Ongoing</p> <p>Ongoing</p> <p>December 2021</p>	<p>The two public realm projects centred on the approach to Stafford Station and the Market Square are progressing with detailed designs for both areas nearing completion. Discussions surrounding key land and property acquisitions have not progressed as well and have held up delivery. Alternative projects may well have to be looked at if resolutions cannot be found.</p> <p>Work has progressed with a Strategic Regeneration Framework prepared and due to be considered by members shortly prior to going out for public consultation. Various other work streams including in respect of detailed technical studies and land assembly are currently or have been carried out. LEP monies have been secured to assist moving the project forward and a bid to the Levelling Up Fund Round 2 is presently being prepared to support aspects of scheme delivery.</p> <p>Various studies have been or are taking place to support the Garden Community project. These include in respect of water capacity/constraints, transport modelling, rail access, visioning, planning strategy and masterplanning. Funding has been provided by the Government to help facilitate this work and continues to be made available.</p>	


No.	Issue / Action	Lead Officer and Timescale	Progress/Comments	Status
4	<p>The Council's Key Contractors</p> <p>The Council's key contractors have been adversely affected by the successive lockdowns.</p> <p>The Council is continuing to work to support them by providing financial assistance and in implementing their recovery plans.</p>	<p>Head of Operations</p> <p>Ongoing</p>	<p>With regard to both Waste Management and Leisure, officers have continued to meet with the contractors' representatives on a quarterly basis to assess financial and performance information.</p> <p>In both cases the contractors have been implementing recovery / action plans to address under-performance. With regard to the Leisure contract officers have now ratified the accounts for 2020/21 and agreed upon the level of financial assistance (which was within the approved level of provision) via the open book process. Accounts and the level of financial assistance to be requested for 2021/22 is currently being finalised. Discussions are ongoing with regard to required actions to minimise the forecast deficit for 2022/23.</p>	
5	<p>Officer Capacity</p> <p>Officer capacity has been stretched during the pandemic with the delivery of essential services, key projects and work on response and recovery.</p> <p>This has been managed throughout and accounted for in the new Corporate Business Plan for the next 3 years.</p>	<p>Chief Executive</p> <p>Ongoing</p>	<p>Capacity has been an ongoing issue throughout 2021-22. Interim arrangements were put into place in December 21 to cover the shared Head of Finance post and a recruitment process has commenced. More recently interim arrangements have been put in place to cover the long term absence of the Head of Development and the retirements of the Head of Operations and Head of Human Resources and Property Services.</p>	

No.	Issue / Action	Lead Officer and Timescale	Progress/Comments	Status
	<p>The Operational Recovery work stream is continuing to provide a co-ordinated approach to operational and transformational recovery taking into account service delivery priorities, timescale and capacity to deliver. The development of the shared service business case will also take into consideration capacity and resilience</p>		<p>The Council has continued to pick up new/additional duties during 2021-22 including the payment of energy rebates, supporting Ukrainian refugees and this has impacted on capacity.</p> <p>The Chief Executive and Leadership Team, working with Cabinet, continue to prioritise work and projects to match the resources available. Where essential additional resources are brought in.</p>	
<p>6</p>	<p>Decision Making Meetings During the Pandemic</p> <p>The first lockdown during the pandemic affected the normal committee meeting cycle, with a number of meetings cancelled/postponed. The introduction of virtual meetings allowed for a settled calendar of meetings to be re-instated. However, since May 2021 the need for the physical attendance of Members at decision making meetings has been re-introduced.</p> <p>This presents a number of challenges to ensure that democratic processes can take place and safely.</p> <p>Risk assessments are being undertaken for each venue used. Virtual attendance is being considered where it is lawful to do so. Delegated authorities are kept up to date.</p>	<p>Chief Executive and Monitoring Officer</p> <p>Being kept under review</p>	<p>Meetings have been held in person during 2021-22 following the relevant guidance in place at the time. Covid restrictions have now been lifted and meetings are now back to “business as usual”</p> <p>Where appropriate and convenient to do so, virtual meetings are still being used for non-decision making meetings and training.</p>	




No.	Issue / Action	Lead Officer and Timescale	Progress/Comments	Status
7	<p>Shared Services</p> <p>The Council's Financial Recovery Plan and Medium Term Financial Strategy includes the potential for savings arising from further shared services. In particular the recommendations arising from the Environmental Services review are due to be reassessed by both Cannock Chase Council and the Borough.</p> <p>As a result of the resignation of the Managing Director at Cannock Chase District Council the Chief Executive is to be shared with Cannock Chase District Council pending the development of a business case to assess the potential for an extension to the existing sharing of services between the two Councils. The sharing arrangement is for a 14 month period wef 1 June 2021, including a handover period of 2 months, the development and consideration of a business case within a further 6 months, and then either confirmation of the ongoing sharing arrangements or a six month cover period whereby CCDC determine their own arrangements for the Head of Paid service role. The business Case will include a review of the governance arrangements that would be needed to support the sharing of a Chief Executive and further services. The key actions are:</p> <ul style="list-style-type: none"> • Development of the business case • Review of governance arrangements • Business case to be submitted to both Councils for consideration 	<p>Shared Services Board</p> <p>January 2022</p>	<p>The first stage of the business case has been prepared and submitted to both Councils. It has been agreed to proceed to the second stage and this will be reported to Council in November 22.</p>	

No.	Issue / Action	Lead Officer and Timescale	Progress/Comments	Status
8	<p>Cyber Security</p> <p>There is an increasing risk of cyber attacks. Work is planned to further enhance the Council's security arrangements and this includes:</p> <ul style="list-style-type: none"> • A Cyber Security group to be formed. • Access to the network to be limited to corporate devices only. • a checklist of Cyber specific action to be added to the Technology Major Incident process for response in the event of an incident. • Cyber Awareness training made compulsory. • Protective Domain Name Servers used on all corporate devices. 	<p>Head of Technology</p> <p>November 2021</p>	<p>All actions have been completed except for:</p> <ul style="list-style-type: none"> • limiting access to the network to corporate devices only. <p>This item is in progress with an expected completion date of August 2022.</p>	
9	<p>New Finance System</p> <p>The Council has procured a new Finance system. The implementation timetable has been impacted by the pandemic and a phased implementation introduced. The main system went live on 1 April 2021 but other elements will be implemented over the coming months.</p> <p>Contingency plans were put in place to maintain the existing financial system for a 12 month period.</p> <p>The core external elements of the system in terms of payments to creditors, etc and income collection were up and running from day one.</p>	<p>Head of Finance</p> <p>Ongoing</p>	<p>Problems with the new finance system have been ongoing throughout 2021-22. These have been exacerbated by capacity issues created by vacancies/staff turnover.</p> <p>Additional support has been bought in from the software supplier to resolve issues and progress is being made.</p> <p>Despite the issues with the new system, budgets have been set for 2022-23.</p>	

No.	Issue / Action	Lead Officer and Timescale	Progress/Comments	Status
	<p>Teething troubles are being experienced with the new internal accounting elements of the system and the following actions are planned:</p> <ul style="list-style-type: none"> • Ongoing project management • Testing and checking that the system is operating as expected • User training. • Post implementation review <p>The Council's financial accounts for 2020-21 are being closed down on the old system.</p>		<p>The Finance Team are currently closing the accounts for the first time using the new system and it is expected that this will also highlight issues with the operation of the system.</p>	
10	<p>Employees' Code of Conduct (deferred in 2020-21 due to pandemic)</p> <p>The review of the Employees' Code of Conduct has been completed. The revised Code has been agreed with Leadership Team. Managers and the Trade Unions need to be consulted before the Code is passed to Council for approval.</p> <p>The Code will be reviewed in light of the impact of COVID-19 to see if any changes need to be made before it is consulted on and passed to Council for approval.</p>	<p>Head of Human Resources, Head of Law and Administration and Head of Governance</p> <p>December 2021</p>	<p>The review of the Employees' Code of Conduct has been deferred pending a formal 6 month trial of a new hybrid working model. The hybrid model will have implications for a number of HR policies and guidance, including the Code of Conduct for Employees. This work will be scheduled once the outcome of the trial is known.</p>	

No.	Issue / Action	Lead Officer and Timescale	Progress/Comments	Status
11	<p>Information Governance (deferred in 2020-21 due to pandemic)</p> <p>An Information Governance Framework has been drafted to complement the existing policy documents. The next stage is for this to be considered by Leadership Team.</p> <p>The revision of the Retention of Documents Schedule needs to be completed and all employees made aware of it.</p>	<p>Head of Law and Administration December 2021</p>	<p>The Information Governance Framework has not yet been to Leadership Team but the intention is to move this forward in July.</p> <p>The Retention of Documents schedule has been updated.</p>	

KEY TO STATUS INDICATORS:

STATUS	DESCRIPTION
	The action is making significant progress towards completion or has been completed
	The action is making some progress towards being completed
	Work has not commenced on the action

ITEM NO 3(d)

ITEM NO 3(d)

Report of:	Head of Finance
Contact Officer:	Emma Fullagar
Telephone No:	01543 464334
Ward Interest:	Nil
Report Track:	Audit and Accounts 26/07/2022 Cabinet 04/08/2022 Council 13/09/2022

AUDIT AND ACCOUNTS COMMITTEE

26 JULY 2022

Treasury Management Report - Increase in Money Market Funds

1 Purpose of Report

- 1.1 To update members on treasury management activity and to request an increase to the monetary limits with MMFs (Money Market Funds) from £6m to £9m.

2 Recommendation

- 2.1 To increase monetary limits with MMFs from £6m to £9m.

3 Key Issues and Reasons for Recommendations

- 3.1 As the cash balances are increasing, increasing the limits on the MMF's will allow greater cashflow management and avoid any breaches to the Treasury Management Strategy Statement (TMSS).

4 Relationship to Corporate Priorities

- 4.1 Treasury management and investment activity link in with all of the Council's priorities and their spending plans.

5 Report Detail

Proposal

- 5.1 In order to allow the Council to maintain and deliver an effective and well managed Treasury service, we are recommending that we increase the monetary limit from £6,000,000 to £9,000,000 per Money Market Fund (MMF).

Background

- 5.2 The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before considering optimising investment return.
- 5.3 Due to the increased cash balances that the Council has built up over the past few years and the decline in counterparties available with a strong credit rating, the Council needs to increase its monetary limits through its current counterparty list. The Covid 19 pandemic and major capital projects means we are holding higher cash balances than projected. Government grants have also contributed to higher cash balances in the short term to medium term. It should be noted that none of this larger cash balance relates to additional budget, as all the cash is committed to future spending.
- 5.4 In order to mitigate this issue, avoid any breaches to the TMSS and to keep the level of credit risk low a prudent approach to this would be to increase monetary limits of the MMF's.
- 5.5 A review of the current investments and options was conducted with the Council's external treasury advisor Link Asset Services. They agreed that this option presented the most feasible solution to deal with the high cash balances. The reasoning is detailed below:
- AAA rated MMFs are among the lowest-volatility types of investments with a key objective to provide investors with security of capital and daily liquidity together with an investment return which is comparable to normal sterling denominated money market interest rates
 - MMFs are appropriate investment assets for liquidity management due to their enhanced diversification, short maturities and minimal credit risk.
- 5.6 The current investment list is detailed below as of 14 July 2022.

Counterparty	Start Date	Maturity	Value (£)	Rate (%)
National Westminster Bank Plc	04/11/2021	04/08/2022	4,000,000	0.58
Al Rayan Bank Plc	21/02/2022	22/08/2022	6,000,000	1.12
Skipton B/S	20/06/2022	19/12/2022	3,000,000	1.50
Nationwide B/S	19/04/2022	19/10/2022	6,000,000	0.88
National Westminster Bank Plc	19/04/2022	19/10/2022	2,000,000	1.30
Skipton B/S	06/05/2022	04/11/2022	3,000,000	0.75
Helaba Bank	19/05/2022	19/12/2022	5,000,000	1.40
National Bank of Kuwait	19/05/2022	19/09/2022	6,000,000	1.35
Bank of Scotland	06/06/2022	06/12/2022	6,000,000	0.40
*Deutsche		*MMF	5,000,000	1.16
***Handelsbanken		***Call	6,000,000	0.25
*Morgan Stanley		*MMF	6,000,000	1.16
*Federated Prime Fund Class 3		*MMF	6,000,000	1.26
*Aberdeen GBP Liquidity Fund		*MMF	5,000,000	1.19
*Invesco STIC Global Sterling		*MMF	6,000,000	1.20
**Santander UK		**Call180	6,000,000	0.87
			81,000,000	

*MMF - Money Market Fund (instant access)

**Call 180 day notice account

***Call account no notice

6 Implications	
6.1 Financial	Included in the report
Legal	Nil
Human Resources	Nil
Human Rights Act	Nil
Data Protection	Nil
Risk Management	The Council regards security of the sums it invests to be the key objective of its treasury management activity. Close management of counterparty risk is therefore a key element of day to day management of treasury activity. The practices designed to ensure that risks are managed effectively are set out in the Treasury Management Practices available on the Council's website.

6.2 Community Impact Assessment Recommendations	The Borough Council considers the effect of its actions on all sections of our community and has addressed all of the following Equality Strands in the production of this report, as appropriate:- Age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation.
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Previous Consideration - Nil

Background Papers - Available in Financial Services