Public Document Pack

AUDIT AND STANDARDS COMMITTEE

Wednesday, 15th January, 2020
6.30 pm

AUDIT AND STANDARDS COMMITTEE

BURNLEY TOWN HALL

Wednesday, 15th January, 2020 at 6.30 pm

Members are reminded that if they have detailed questions on individual reports, they are advised to contact the report authors in advance of the meeting.

Members of the public may ask a question, make a statement, or present a petition relating to any agenda item or any matter falling within the remit of the committee.

Notice in writing of the subject matter must be given to the Head of Legal & Democracy by 5.00pm on the day before the meeting. Forms can be obtained for this purpose from the reception desk at Burnley Town Hall or the Contact Centre, Parker Lane, Burnley. Forms are also available on the Council's website https://bit.ly/2BWX7d2

AGENDA

1) *Apologies*

To receive any apologies for absence.

2) *Minutes of Audit and Standards Committee* 5 - 8

To approve as a correct record the minutes of the previous meeting of Audit and Standards Committee on 18th September 2019.

3) *Additional Items of Business*

To determine whether there are any additional items of business which, by reason of special circumstances, the Chair decides should be considered as a matter of urgency.

4) *Declarations of Interest*

To receive any declarations of interest from Members relating to any item on the agenda, in accordance with the provisions of the Code of Conduct.

5) *Exclusion of the Public*

To determine during which items, if any, the public are to be excluded from the meeting.

6) *Public Question Time*

To consider questions, statements or petitions from Members of the Public.

PUBLIC ITEMS

7) *External Audit Progress Report-January 2020* 9 - 22

To consider a report on progress from the external auditors in delivering our responsibilities including
a summary of emerging national issues and developments and a number of challenge questions
in respect of these emerging issues.

8) *Final Accounts 2019/20 Arrangements* 23 - 42

To consider an update on the arrangements made to date and the implications of the changes required for the Council ahead of the closure of the 2019/20 accounts.
To consider approving the accounting policies to be used in producing the Statement of Accounts as set out in Appendix 1, and to set a date for a final accounts workshop for Audit and Standards Committee Members to allow officers to present the 2019/20 Statement of Accounts and explain the findings and issues.

9) *Annual Governance Statement 2019/20 Arrangements* 43 - 46

To consider a report on the arrangements to provide assurance for an Annual Governance Statement for the financial year 2019/20.

10) *Internal Audit Progress Q2* 47 - 54

To consider a report on the work undertaken by Internal Audit for the period 1st July to 30th September 2019.

11) *Fraud Risk Assessment 2019/20* 55 - 64

To consider a report on the current fraud trends that affects the public sector.

12) *Strategic Risk Management* 65 - 84

To consider a report on the Strategic Risk Register.

13) *Standards Complaints Update* 85 - 92

To consider an update on complaints about Members of the Council.

14) *Work Programme 2019/20* 93 - 94

To consider the Work Programme for the current year.

MEMBERSHIP OF COMMITTEE

Councillors

Councillor Paul Campbell (Chair)
Councillor Sue Graham (Vice-Chair)
Councillor Tom Commis
Councillor Shah Hussain
Councillor Wajid Khan
Councillor Margaret Lishman
Councillor Andrew Newhouse
Councillor Mark Payne
Councillor Andrew Tatchell

Co-opted Members

External Auditor

Louise Gaskell, East Lancashire Chamber of Commerce
Councillor Kathryn Haworth, Habergham Eaves Parish Council
Councillor Gill Smith, Cliviger Parish Council
Stuart Arnfield,Burnley College

Marianne Dixon, Grant Thornton - External Auditor
Mark Heap, Grant Thornton

Published: Tuesday, 7 January 2020

AUDIT AND STANDARDS COMMITTEE

BURNLEY TOWN HALL

Wednesday, 18th September, 2019 at 6.30 pm

PRESENT

MEMBERS

Councillor Paul Campbell, In the Chair.

Councillors S Graham (Vice-Chair), T Commis, S Hussain, M Lishman, A Newhouse and A Tatchell

OFFICERS

Ian Evenett – Internal Audit Manager
Iyas Ismail – Internal Auditor
Imelda Grady – Democracy Officer

CO-OPTED MEMBERS

Councillor Kathryn Haworth
Councillor Gill Smith

EXTERNAL AUDITORS Aaron Gouldman, Grant Thornton

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14. Apologies

Apologies were received from Louise Gaskell and Councillor Wajid Khan .

15. Minutes

To Minutes of the meeting held on 17th July 2019 were approved as a correct record and signed by the Chair.

16. Standards Complaints Update

Members received for information the decision of the Audit and Standards Sub Committee Hearing Panel held on the 23rd July 2019 in relation to the conduct of Councillor Hosker.

The Chair commented that all council members ought to support and co-operate with the hearing process.

IT WAS AGREED;

That the report be noted.

17. Annual Audit Letter 2018-19

The Committee received for information the Annual Audit letter for the year ending 31st March 2019. The External Auditor summarised the key findings of the audit and confirmed that the Council had in place proper arrangements to ensure economy, efficiency and effectiveness in the use of its resources and that no issues had been identified.

The External Auditors letter also thanked the Council staff for their assistance and co-operation during the audit and for the timely manner in which working papers had been provided.

IT WAS AGREED

That the report be noted.

18. Internal Audit Progress Report Q1

Members were informed of the work undertaken by Internal Audit for the period 1st April to 30th June 2019.

During the period there had been 9 audit reports produced.

The comparison between actual and planned audits showed that some had been completed and others had been started but due to timing issues would be included in future quarter statistics reports.

The report also confirmed that the Council had reviewed its arrangements for the appointment of an auditor for the Housing Benefit Assurance Process to the Department of Work and Pensions and had appointed Grant Thornton to the role for three years until 2022.

Members commented that the performance indicators relating to Liberata Property Services needed to be improved and Councillor Lishman said that she had been appraised of the issues and had asked for the PIs to be monitored on a monthly basis.

IT WAS AGREED;

That the report be noted.

19. Strategic Risk Register

The Committee received an update on the Strategic Risk Register.

The Register had been revised and the new approach had reduced the range of impact assessments from 6 to 3; that is 3 assessments with 3 possible risk impacts (High, Medium and Low) and 3 possible likelihoods (Virtually certain, Likely and Very Unlikely) which was more aligned to RAG (Red, Amber, Green) rankings of risk.

The Committee was also informed of a new risk on the Register for Environmental impact which would also be recorded in both National and Regional Risk Registers.

The report referred to the uncertainty associated with the possible impact of leaving the European Union. The Council had reviewed the advice that had been prepared by Central Government for Local Government and the appropriate sector advice had been reviewed for its various services. As such it was considered not appropriate to record this as a separate risk within the register but rather to recognise it as a potential trigger for risk.

Councillor Lishman asked if any neighbouring authorities had included leaving the EU within their risk registers. She felt that there might be some areas that the Council would need to look at in order to be as prepared as possible and to recognise the impact that leaving the EU might have on Burnley's residents.

The Internal Audit Manager said it was difficult to quantify what risks would be associated with BREXIT but that the Council's Chief Operating Officer had the responsibility of organising a response to issues relating to leaving the EU.

Councillor Graham spoke about the new risk on the register for Environmental events. She said that Climate Change Working Group might identify actions that could impact on other risks on the register and that the risks might need to be expanded to take account of this. The Internal Audit Manager said that this was the first time environment had been placed on the register and that additional triggers would be taken on board if identified by the Climate Change Working Group.

The Chair said that it would be useful for members to have a briefing on the issues around BREXIT and asked for this to be considered by officers.

IT WAS AGREED;

That the report be noted.

20. Investigation of Regulatory Powers Act - OSC Inspection and Annual Return

The Committee received an update of the authorisations issued under the Regulation of Investigatory Powers Act 2000 (RIPA) and the outcome od the latest inspections made by the Office of Surveillance Commissioners (OSC) to ensure the Council's policies and procedures were operated in a lawful manner.

The report confirmed that there had been no surveillance activity necessitating authorisation in the 2018/19 financial year.

IT WAS AGREED;

That the report be noted.

21. Work Programme

Subject to an item on the Strategic Risk Register being added to each meeting, the work programme for 2019/20 was noted.

Grant Thornton

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Audit Progress Report and Sector Update

Burnley Borough Council
Year ending 31 March 2020

6 January 2020

Contents

Introduction

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

The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you as a local authority; and
- includes a number of challenge questions in respect of these emerging issues which the Committee may wish to consider (these are a tool to use, if helpful, rather than formal questions requiring responses for audit purposes)

Members of the Audit and Standards Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications www.grantthornton.co.uk ..

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

Progress at January 2020

Financial Statements Audit

We issued our opinion on your 2018/19 Statement of Accounts on 29 July 2019.

We will begin our planning for the 2019/20 audit in January and will issue a detailed audit plan, setting out our proposed approach to the audit of the Council's 2019/20 financial statements.

We will begin our interim audit in March 2020. Our interim fieldwork includes:

- Updated review of the Council's control environment
- Updated understanding of financial systems
- Review of Internal Audit reports on core financial systems
- Early work on emerging accounting issues
- Early substantive testing

We will report our work in the Audit Findings Report and aim to give our opinion on the Statement of Accounts by 31 July 2020.

Value for Money

The scope of our work is set out in the guidance issued by the National Audit Office. The Code requires auditors to satisfy themselves that; "the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources".

The guidance confirmed the overall criterion as: "in all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people".

The three sub criteria for assessment to be able to give a conclusion overall are:

•Informed decision making

•Sustainable resource deployment

•Working with partners and other third parties

Details of our initial risk assessment to determine our approach will be included in our Audit Plan.

We will report our work in the Audit Findings Report and aim to give our Value For Money Conclusion by 31 July 2020.

The NAO is consulting on a new Code of Audit Practice from 2020 which proposes to make significant changes to Value for Money work. Please see page 9 for more details.

Progress at January 2020 (Cont.)

Other areas

Certification of claims and returns

We certify the Council's annual Housing Benefit Subsidy claim in accordance with procedures agreed with the Department for Work and Pensions. The certification work for the 2018/19 claim was completed on 28 November, in advance of the 30 November deadline.

We issued a qualified report on the Council's Housing Benefit Subsidy claim, however no amendments were required to the original submission

Additional sample of cases (40+ testing) were required to be carried out in three areas and qualification issues arose from the identification of the following errors:

- 1 case of overpayment of rent allowance due to incorrect disregard of carers allowance
- 5 cases of incorrect classification of errors as eligible overpayments due to dates being incorrectly applied.

The final fee for the certification of the claim was £9,750 which is consistent with the original planned fee.

Meetings

We meet regularly with Finance Officers and continue to be in discussion with finance staff regarding emerging developments and to ensure the audit process is smooth and effective. We also meet quarterly with your Chief Executive to discuss the Council's strategic priorities and plans. Our next meetings will be held later in January and we will have further meetings with the finance team in February following the changes to the senior finance team.

Events

We provide a range of workshops, along with network events for members and publications to support the Council. Your officers have been invited to our Financial Reporting Workshop in February, which will help to ensure that members of your Finance Team are up to date with the latest financial reporting requirements for local authority accounts.

Further details of the publications that may be of interest to the Council are set out in our Sector Update section of this report.

Audit Fees

During 2017, PSAA awarded contracts for audit for a five year period beginning on 1 April 2018. 2019/20 is the second year of that contract. Since that time, there have been a number of developments within the accounting and audit profession. Across all sectors and firms, the Financial Reporting Council (FRC) has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing.

Our work in the Local Government sector in 2018/19 has highlighted areas where financial reporting, in particular, property, plant and equipment and pensions, needs to improve. There is also an increase in the complexity of Local Government financial transactions and financial reporting. This combined with the FRC requirement that all Local Government audits are at or above the "few improvements needed" (2A) rating means that additional audit work is required.

We are currently reviewing the impact of these changes on both the cost and timing of audits. We will discuss this with your s151 Officer including any proposed variations to the Scale Fee set by PSAA Limited, before communicating fully with the Audit and Standards Committee.

As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and local government financial reporting.

Audit Deliverables

2018/19 Deliverables	Planned Date	Status
Audit Findings Report The Audit Findings Report was reported to the July Audit Committee.	July 2019	Complete
Auditors Report This is the opinion on your financial statement, annual governance statement and value for money conclusion.	July 2019	Complete
Annual Audit Letter This letter communicates the key issues arising from our work.	August 2019	Complete

2019/20 Deliverables	Planned Date	Status
Fee Letter Confirming audit fee for 2018/19.	April 2019	Complete
Accounts Audit Plan We are required to issue a detailed accounts audit plan to the Audit and Standards Committee setting out our proposed approach in order to give an opinion on the Council's 2019-20 financial statements.	March 2020	Not yet due
Interim Audit Findings We will report to you the findings from our interim audit and our initial value for money risk assessment within our Progress Report or Audit Plan as appropriate.	March 2020	Not yet due
Audit Findings Report The Audit Findings Report will be reported to the July Audit and Standards Committee.	July 2020	Not yet due
Auditors Report This is the opinion on your financial statement, annual governance statement and value for money conclusion.	July 2020	Not yet due
Annual Audit Letter This letter communicates the key issues arising from our work.	August 2020	Not yet due

Sector Update

Councils continue to try to achieve greater efficiency in the delivery of public services, whilst facing the challenges to address rising demand, ongoing budget pressures and social inequality.

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, the wider local government sector and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with audit committee members, as well as any accounting and regulatory updates.

- **Grant Thornton Publications**
- **Insights from local government sector specialists**
- **Reports of interest**
- **Accounting and regulatory updates**

More information can be found on our dedicated public sector and local government sections on the Grant Thornton website by clicking on the logos below:

Public Sector

Local government

MHCLG – Independent probe into local government audit

In July, the then Communities secretary, James Brokenshire, announced the government is to examine local authority financial reporting and auditing.

At the CIPFA conference he told delegates the independent review will be headed up by Sir Tony Redmond, a former CIPFA president.

The government was "working towards improving its approach to local government oversight and support", Brokenshire promised.

"A robust local audit system is absolutely pivotal to work on oversight, not just because it reinforces confidence in financial reporting but because it reinforces service delivery and, ultimately, our faith in local democracy," he said.

"There are potentially far-reaching consequences when audits aren't carried out properly and fail to detect significant problems."

The review will look at the quality of local authority audits and whether they are highlighting when an organisation is in financial trouble early enough.

It will also look at whether the public has lost faith in auditors and whether the current audit arrangements for councils are still "fit for purpose".

On the appointment of Redmond, CIPFA chief executive Rob Whiteman said: "Tony Redmond is uniquely placed to lead this vital review, which will be critical for determining future regulatory requirements.

"Local audit is crucial in providing assurance and accountability to the public, while helping to prevent financial and governance failure."

He added: "This work will allow us to identify what is needed to make local audit as robust as possible, and how the audit function can meet the assurance needs, both now and in the future, of the sector as a whole."

Ministry of Housing, Communities & Local Government

In the question and answer session following his speech, Brokenshire said he was not looking to bring back the Audit Commission, which appointed auditors to local bodies and was abolished in 2015. MHCLG note that auditing of local authorities was then taken over by the private, voluntary and not-for-profit sectors.

He explained he was "open minded", but believed the Audit Commission was "of its time".

Local authorities in England are responsible for 22% of total UK public sector expenditure so their accounts "must be of the highest level of transparency and quality", the Ministry of Housing, Local Government and Communities said. The review will also look at how local authorities publish their annual accounts and if the financial reporting system is robust enough.

Redmond, who has also been a local authority treasurer and chief executive, is expected to report to the communities secretary with his initial recommendations in December 2019, with a final report published in March 2020. Redmond has also worked as a local government boundary commissioner and held the post of local government ombudsman.

The terms of reference focus on whether there is an "expectation gap" between the purpose of external audit and what it is currently delivering. It will examine the performance of local authority audit, judged according to the criteria of economy, effectiveness and efficiency.

Other key areas of the review include whether:

1) audit recommendations are effective in helping councils to improve financial management
2) auditors are using their reporting powers appropriately
3) councils are responding to auditors appropriately
4) Financial savings from local audit reforms have been realised
5) There has been an increase in audit providers
6) Auditors are properly responding to questions or objections by local taxpayers
7) Council accounts report financial performance in a way that is transparent and open to local press scrutiny

National Audit Office – Code of Audit Practice

The Code of Audit Practice sets out what local auditors of relevant local public bodies are required to do to fulfil their statutory responsibilities under the Local Audit and Accountability Act 2014. 'Relevant authorities' are set out in Schedule 2 of the Act and include local councils, fire authorities, police and NHS bodies.

Local auditors must comply with the Code of Audit Practice.

Consultation – New Code of Audit Practice from 2020

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

In order to determine what changes might be appropriate, the NAO is consulting on potential changes to the Code in two stages:

Stage 1 involves engagement with key stakeholders and public consultation on the issues that are considered to be relevant to the development of the Code.

This stage of the consultation is now closed. The NAO received a total of 41 responses to the consultation which included positive feedback on the two-stage approach to developing the Code that has been adopted. The NAO state that they have considered carefully the views of respondents in respect of the points drawn out from the Issues paper and this will inform the development of the draft Code. A summary of the responses received to the questions set out in the Issues paper can be found below.

Local audit in England Code of Audit Practice – Consultation Response (pdf – 256KB)

Stage 2 of the consultation involves consulting on the draft text of the new Code. To support stage 2, the NAO has published a consultation document, which highlights the key changes to each chapter of the draft Code. The most significant changes are in relation to the Value for Money arrangements. Rather than require auditors to focus on delivering an overall, binary, conclusion about whether or not proper arrangements were in place during the previous financial year, the draft Code requires auditors to issue a commentary on each of the criteria. This will allow auditors to tailor their commentaries to local circumstances. The Code proposes three specific criteria:

a) Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services;

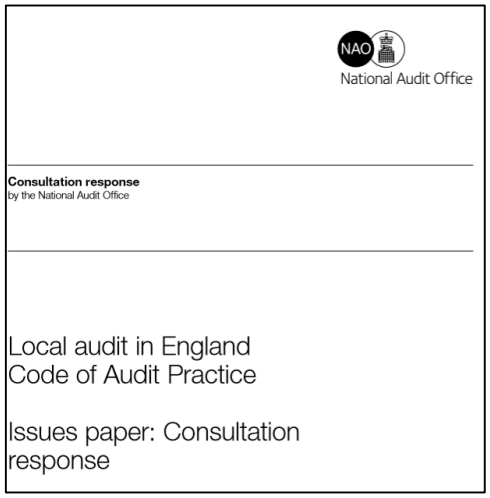
b) Governance: how the body ensures that it makes informed decisions and properly manages its risks; and

c) Improving economy, efficiency and effectiveness: how the body uses information about its costs and performance to improve the way it manages and delivers its services.

The consultation document and a copy of the draft Code can be found on the NAO website. The consultation closed on 22 November 2019. The new Code will apply from audits of local bodies' 2020-21 financial statements onwards.

Link to NAO webpage for the Code consultation:

https://www.nao.org.uk/code-audit-practice/code-of-audit-practice-consultation/


NAO
National Audit Office

Consultation response
by the National Audit Office

Local audit in England
Code of Audit Practice

Issues paper: Consultation response

Financial Reporting Council – Summary of key developments for 2019/20 annual reports

On 30 October the Financial Reporting Council (FRC) wrote an Open Letter to Company Audit Committee Chairs. Some of the points are relevant to local authorities.

The reporting environment

The FRC notes that, "In times of uncertainty, whether created by political events, general economic conditions or operational challenges, investors look for greater transparency in corporate reports to inform their decision-making. We expect companies to consider carefully the detail provided in those areas of their reports which are exposed to heightened levels of risk; for example, descriptions of how they have approached going concern considerations, the impact of Brexit and all areas of material estimation uncertainty." These issues equally affect local authorities, and the Statement of Accounts or Annual Report should provide readers with sufficient appropriate information on these topics.

Critical judgements and estimates

The FRC wrote "More companies this year made a clear distinction between the critical judgements they make in preparing their accounts from those that involve the making of estimates and which lead to different disclosure requirements. However, some provided insufficient disclosures to explain this area of their reporting where a particular judgement had significant impact on their reporting; for example, whether a specific investment was a joint venture or a subsidiary requiring consolidation. We will continue to have a key focus on the adequacy of disclosures supporting transparent reporting of estimation uncertainties. An understanding of their sensitivity to changing assumptions is of critical value to investors, giving them clearer insight into the possible future changes in balance sheet values and which can inform their investment decisions." Critical judgements and estimates also form a crucial part of local authority statements of account, with the distinction often blurred.

FRC Financial Reporting Council

IFRS 16 Leases

The FRC letter notes "IFRS 16 is effective for periods beginning on or after 1 January 2019. We recently conducted a thematic review looking at how companies reported on their adoption of the new standard in their June 2019 interim accounts. In advance of our detailed findings which will be published shortly, I set out what we expect to see by way of disclosures in the forthcoming accounts, drawing on the results of our work.

- Clear explanation of the key judgements made in response to the new reporting requirements;
- Effective communication of the impact on profit and loss, addressing any lack of comparability with the prior year;
- Clear identification of practical expedients used on transition and accounting policy choices; and
- Well explained reconciliation, where necessary, of operating lease commitments under IAS 17, 'Leases', the previous standard and lease liabilities under IFRS 16."

The implementation of IFRS is delayed until 1 April 2020 in the public sector when it will replace IAS 17 Leases and the three interpretations that supported its application. Authorities will need information and processes in place to enable them to comply with the requirements. They will need to make disclosures in the 2019/20 accounts about the impact of IFRS 16 in accordance with IAS 8/ Code 3.3.4.3 requirements for disclosure about standards which are issued but are not yet effective.

Financial Reporting

Challenge question:

Will you have the opportunity to review and comment on your authority's statement of accounts before they are published at the end of May?

What is the future for local audit?

Paul Dossett, Head of local government at Grant Thornton, has written in the Municipal Journal "Audit has been a hot topic of debate this year and local audit is no exception. With a review into the quality of local audit now ongoing, it's critical that part of this work looks at the overarching governance and management of the audit regime. We believe there is a strong need for new oversight arrangements if the local audit regime is to remain sustainable and effective in the future."

Paul goes on to write "Local (local authority and NHS) audit has been a key part of the oversight regime for public services for more than a century. The National Audit Office (NAO) has exercised this role in central government for several generations and their reporting to Parliament via the Public Accounts Committee is a key part of the public spending accountability framework.

Local audit got a significant boost with the creation of the Audit Commission in 1983 which provided a coordinated, high profile focus on local government and (from 1990) NHS spending and performance at a local level. Through undertaking value for money reviews and maintaining a tight focus on the generational governance challenges, such as rate capping in the 1980s and service governance failings in the 1990s, the Commission provided a robust market management function for the local audit regime. Local audit fees, appointments, scope, quality and relevant support for auditors all fell within their ambit.

However, the Commission was ultimately deemed, among other things, to be too expensive and was abolished in 2010, as part of the Coalition Government's austerity saving plans. While the regime was not perfect, and the sector had acknowledged that reform of the Commission was needed, complete abolition was not the answer.

Since then, there has been no body with complete oversight of the local audit regime and how it interacts with local public services. The Ministry of Housing, Communities and Local Government; Department of Health; NHS; NAO; Local Government Association (LGA); Public Sector Audit Appointments Ltd (PSAA); the Financial Reporting Council (FRC); the Chartered Institute of Public Finance & Accountancy (CIPFA), audit firms and the audited bodies themselves all have an important role to play but, sometimes, the pursuit of individual organisational objectives has resulted in sub-optimal and even conflicting outcomes for the regime overall.

These various bodies have pursued separate objectives in areas such as audit fee reduction, scope of work, compliance with commercial practice, earlier reporting deadlines and mirroring commercial accounting conventions – to name just a few.

This has resulted in a regime that no stakeholder is wholly satisfied with and one that does not ensure local audit is providing a sufficiently robust and holistic oversight of public spending.

To help provide a more cohesive and co-ordinated approach within the sector, we believe that new oversight arrangements should be introduced. These would have ultimate responsibility for ensuring the sustainability of the local audit regime and that its component parts – including the Audit Code, regulation, market management and fees – interact in an optimal way. While these arrangements do not need to be another Audit Commission, we need to have a strategic approach to addressing the financial sustainability challenges facing local government and the NHS, the benchmarking of performance and the investigation of governance failings.

There are a number of possible solutions including:

1) The creation of a new arm's length agency with a specific remit for overseeing and joining up local audit. It would provide a framework to ensure the sustainability of the regime, covering fees, appointments, and audit quality. The body would also help to create a consistent voice to government and relevant public sector stakeholders on key issues arising from the regime. Such a body would need its own governance structure drawn from the public sector and wider business community; and

2) Extending the current remit of the NAO. Give it total oversight of the local audit regime and, in effect, establish a local audit version of the NAO, with all the attendant powers exercised in respect of local audit. In this context, there would be a need to create appropriate governance for the various sectors, similar to the Public Accounts Committee.

While the detail of the new arrangements would be up for debate, it's clear that a new type of oversight body, with ultimate responsibility for the key elements of local audit, is needed. It would help to provide much-needed cohesion across the sector and between its core stakeholders.

The online article is available here:

https://www.themj.co.uk/What-is-the-future-for-audit/214769

Grant Thornton's Sustainable Growth Index Report

Grant Thornton has launched the Sustainable Growth Index (formerly the Vibrant Economy Index) – now in its third year. The Sustainable Growth Index seeks to define and measure the components that create successful places. Our aim in establishing the Index was to create a tool to help frame future discussions between all interested parties, stimulate action and drive change locally. We have undergone a process of updating the data for English Local Authorities on our online, interactive tool, and have produced an updated report on what the data means. All information is available now on our online hub, where you can read the new report and our regional analyses.

The Sustainable Growth Index provides an independent, data-led scorecard for each local area that provides:

• businesses with a framework to understand their local economy and the issues that will affect investment decisions both within the business and externally, a tool to support their work with local enterprise partnerships, as well as help inform their strategic purpose and CSR plans in light of their impact on the local social and economic environment

• policy-makers and place-shapers with an overview of the strengths, opportunities and challenges of individual places as well as the dynamic between different areas

• Citizens with an accessible insight into how their place is doing, so that they can contribute to shaping local discussions about what is important to them

The Index shows the 'tip of the iceberg' of data sets and analysis our public services advisory team can provide our private sector clients who are considering future locations in the UK, or wanting to understand the external drivers behind why some locations perform better than others.

Our study looks at over 50 indicators to evaluate all the facets of a place and where they excel or need to improve.

Our index is divided into six baskets. These are:

1 Prosperity

2 Dynamism and opportunity

3 Inclusion and equality

4 Health, wellbeing and happiness

5 Resilience and sustainability

6 Community trust and belonging

This year's index confirms that cities have a consistent imbalance between high scores related to prosperity, dynamism and opportunity, and low scores for health, wellbeing, happiness inclusion and equality. Disparity between the richest and poorest in these areas represents a considerable challenge for those places.

Inclusion and equality remains a challenge for both highly urban and highly rural places and coastal areas, particularly along the east coast from the North East to Essex and Kent, face the most significant challenges in relation to these measures and generally rank below average.

Creating sustainable growth matters and to achieve this national policy makers and local authorities need to do seven things:

1 Ensure that decisions are made on the basis of robust local evidence.

2 Focus on the transformational trends as well as the local enablers

3 Align investment decisions to support the creation of sustainable growth

4 Align new funding to support the creation of sustainable growth

5 Provide space for innovation and new approaches

6 Focus on place over organisation

7 Take a longer-term view

The online report is available here:

https://www.grantthornton.co.uk/en/insights/sustainable-growth-index-how-does-your-place-score/

Institute for Fiscal Studies – English local government funding: trends and challenges in 2019 and beyond

The Institute for Fiscal Studies (IFS) has found "The 2010s have been a decade of major financial change for English local government. Not only have funding levels – and hence what councils can spend on local services – fallen significantly; major reforms to the funding system have seen an increasing emphasis on using funding to provide financial incentives for development via initiatives such as the Business Rates Retention Scheme (BRRS) and the New Homes Bonus (NHB)."

The IFS goes on to report "Looking ahead, increases in council tax and additional grant funding from central government mean a boost to funding next year – but what about the longer term, especially given plans for further changes to the funding system, including an expansion of the BRRS in 2021–22?

This report, the first of what we hope will be an annual series of reports providing an up-to-date analysis of local government, does three things in this context. First, it looks in detail at councils' revenues and spending, focusing on the trends and choices taken over the last decade. Second, it looks at the outlook for local government funding both in the short and longer term. And third, it looks at the impact of the BRRS and NHB on different councils' funding so far, to see whether there are lessons to guide reforms to these policies.

The report focuses on those revenue sources and spending areas over which county, district and single-tier councils exercise real control. We therefore exclude spending on police, fire and rescue, national park and education services and the revenues specifically for these services. When looking at trends over time, we also exclude spending on and revenues specifically for public health, and make some adjustments to social care spending to make figures more comparable across years. Public health was only devolved to councils in 2013–14, and the way social care spending is organised has also changed, with councils receiving a growing pot of money from the NHS to help fund services."

The IFS reports a number of key facts and figures, including

1) Cuts to funding from central government have led to a 17% fall in councils' spending on local public services since 2009–10 – equal to 23% or nearly £300 per person.
2) Local government has become increasingly reliant on local taxes for revenues.
3) Councils' spending is increasingly focused on social care services – now 57% of all service budgets.

The IFS report is available on their website below:

https://www.ifs.org.uk/publications/14563

Institute for Fiscal Studies

English local government funding: trends and challenges in 2019 and beyond

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ITEM NO	

Annual Accounts 2019/20 Arrangements

REPORT TO AUDIT AND STANDARDS COMMITTEE

DATE	**15 January 2020**
PORTFOLIO	**Resources & Performance Management**
REPORT AUTHOR	**Amy Johnson**
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PURPOSE

1. To update the Audit and Standards Committee on the arrangements made to date and the implications of the changes required for the Council ahead of the closure of the 2019/20 accounts.
2. To seek approval for the accounting policies to be used in producing the Statement of Accounts as set out in Appendix 1.
3. To set a date for a final accounts workshop for Audit and Standards Committee Members to allow officers to present the 2019/20 Statement of Accounts and explain the findings and issues.

RECOMMENDATION

4. Note the report and arrangements that the Council is making in advance of the closure of accounts for the year 2019/20.
5. Approve the proposed accounting policies to be followed in producing the Statement of Accounts as shown in Appendix 1.
6. Confirm the date for the final accounts workshop which is provisionally set for 22 July 2020.

REASONS FOR RECOMMENDATION

7. The Council has a statutory duty to approve the accounts for 2019/20 by the 31 July 2020.
8. To ensure that the Council complies with requirements in relation to the Statement of Accounts.
9. To explain the actions being taken to minimise the risks to the final accounts process.

SUMMARY OF KEY POINTS

10. In 2018/19, the Council again successfully achieved the implementation of changes required by the Code of Practice on Local Authority Accounting in the UK leading to an unqualified audit opinion on the 2018/19 accounts. The draft Statement of Accounts was completed and authorised for publication on 29 May 2019. The 2019/20 accounts are to be produced under the Code of Practice on Local Authority Accounting in the UK for 2019/20 standards and will require similar detail and analysis. There are only a few changes to the disclosures within the accounts that are required in 2019/20. The deadline for completion is 31 May and the accounts have to be certified by 31 July.

11. **The changes affecting this Council are:**
    - Last years' successful exercise to declutter the Statement of Accounts should be undertaken again with a view to reducing the size of the Statement.
    - Application guidance on the accounting requirements for the apprenticeship levy have been included within the Code.

12. **Preparation**

    Training
    - Preparation for the closure of 2019/20 accounts is to include both formal and informal training for staff in Finance which will again include examples of how to speed up the process of closure of accounts and the production of the statement of accounts.
    - Staff will attend formal training courses by the Council's auditors' Grant Thornton and CIPFA and have taken an active role in regular discussions among peer groups across Lancashire and the North West.
    - Once again this year, it is intended to give Members of the Audit and Standards Committee a training presentation to assist with their understanding of the accounts. A date has been provisionally set for 22 July 2020.

    Planning
    - The year-end closure memorandum will again be sent to Management Team, Heads of Service and various key officers of the Council and our colleagues in Liberata, giving details of the year end processes and timetable.

    Procedures & systems
    - Changes to procedures and systems which had been implemented during the previous three years will continue to be used and refined during 2019/20 closedown.

13. **Calculation of Impact**

    Updating Accounting Policies
    - The accounting policies have been reviewed. There are no significant changes and there is no material financial impact of adopting the changes. Appendix 1 shows the proposed accounting policies to be adopted in closing the accounts for 2019/20.

14. **Annual Governance Statement**
    - The formal statement that recognises, records and publishes a local authority's governance arrangements. It incorporates a review of its internal controls and

assurance gathered from all parts of the Council. Further details are provided in a separate report to this Audit and Standards Committee meeting for approval and will then be brought back (and updated) to the July Committee meeting to consider alongside the Statement of Accounts. There are no significant changes in the requirements for the statement.

15. **Risks**
The risks of non-compliance with the requirement to have a "fit for purpose" statement of accounts prepared by 31 May 2020 and reported to members with an unqualified audit opinion by 31 July 2020 are (not necessarily exhaustive):

- Failure to have assets revalued by the date shown in the timetable. To mitigate this risk, officers have completed the great majority of this work in December 2019.
- Key staff becoming unavailable during the closure process. Planning of staff availability will help mitigate the risk but this risk will be managed should the situation arise.
- Failure to fully identify and incorporate the requirements of the 2019 Code. This is unlikely given the few changes from the 2019 Code.

FINANCIAL IMPLICATIONS AND BUDGET PROVISION

16. None

POLICY IMPLICATIONS

17. Changes to the Council's Accounting Policies.

DETAILS OF CONSULTATION

18. None

BACKGROUND PAPERS

19. 2019 Code of Practice on Local Authority Accounting in the UK.

20. Papers and publications held in Finance.

FURTHER INFORMATION

PLEASE CONTACT:	**Amy Johnson – Principal Accountant**
ALSO:	**Asad Mushtaq – Head of Finance & Property**

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Accounting Policies

I. GENERAL PRINCIPLES

The Statement of Accounts summarises the Council's transactions for the 2019/20 financial year and its position at the year-end of 31 March 2020. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which those Regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the Code) supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

The accounts have been prepared on a going concern basis, under the assumption that the Council will continue in existence for the foreseeable future.

II. ACCRUALS OF EXPENDITURE & INCOME

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

III. CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

IV. PRIOR PERIOD ADJUSTMENTS, CHANGES IN ACCOUNTING POLICIES AND ESTIMATES AND ERRORS

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

V. CHARGES TO REVENUE FOR NON-CURRENT ASSETS

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service.
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.
- Amortisation of intangible assets attributable to the service.

The Council is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance (Minimum Revenue Provision (MRP)) by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

VI. COUNCIL TAX AND NON-DOMESTIC RATES

Billing authorities, such as Burnley Council, act as agents, collecting Council Tax and Non-Domestic Rates (NDR) on behalf of the major preceptors (including Government for NDR) and, as principals, collecting Council Tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e. the Collection Fund) for the collection and distribution of amounts due in respect of Council Tax and NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and Central Government share proportionately the risks and rewards that the amount of Council Tax and NDR collected could be less or more than predicted.

ACCOUNTING FOR COUNCIL TAX AND NDR

The Council Tax and NDR income included in the Comprehensive Income and Expenditure Statement is the Council's share of accrued income for the year. However, regulations determine the amount of Council Tax and NDR that must be included in the Council's General Fund. Therefore the difference between the income included in the Comprehensive Income

and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the Council's share of the end of year balances in respect of Council Tax and NDR relating to arrears, impairment allowance for doubtful debts, overpayments and prepayments and appeals.

VII. EMPLOYEE BENEFITS

BENEFITS PAYABLE DURING EMPLOYMENT

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

Full details of employee benefits paid during employment for senior officers are shown at Note xx.

TERMINATION BENEFITS

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service or, where applicable , to the non-distributed costs line in the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to the termination of the employment of an officer.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

POST-EMPLOYMENT BENEFITS

Most employees of the Council are members of the Local Government Pension Scheme, administered by Lancashire County Council. It is accounted for as a defined benefits scheme providing retirement lump sums and pensions earned as employees working for the Council:

THE LOCAL GOVERNMENT PENSION SCHEME

The Local Government Pension Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Lancashire County Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement

benefits earned to date by employees, based upon assumptions about mortality rates, employee turnover rates and projected future earnings for current employees.

- Liabilities are discounted to their value at current prices, using a discount rate of x.x% (based upon the indicative rate of return on an AA corporate bond - not the highest quality AAA bond but nevertheless a "high grade" bond).
- The assets of the Lancashire County Pension Fund attributable to the Council are included in the Balance Sheet at their fair value – quoted securities at current bid price, unquoted securities by means of a professional estimate, unitised securities at the current bid price and property at market value.

The change in the net pensions liability is analysed into the following components:

- Service cost comprising:
  - Current service cost – the increase in liabilities as a result of years of service earned in the year and allocated to the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
  - Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years. This is debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs.
  - Net interest on the net defined benefit liability (asset), i.e. net interest expense for the Council – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.
- Remeasurements comprising:
  - The return on plan assets - excluding amounts included in net interest on the net defined benefit liability (asset) - charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
  - Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Contributions paid to the Lancashire County Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits that are earned by employees.

VIII. EVENTS AFTER THE REPORTING PERIOD

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Adjusting Events - those that provide evidence of conditions that existed at the end of the reporting period. The Statement of Accounts is adjusted to reflect such events.
- Non-adjusting Events – those that are indicative of conditions that arose after the reporting period. The Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

IX. FINANCIAL INSTRUMENTS

FINANCIAL LIABILITIES

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective rate of interest is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest), and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it is repaid. When a premium or discount has been incurred and paid in full by a grant from an external body it is accounted for in full in the year that the grant was received. The reconciliation of the amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instrument Adjustment Account in the Movement in Reserves Statement.

FINANCIAL ASSETS

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- Amortised cost
- Fair value through profit or loss (FVPL), and
- Fair value through other comprehensive income (FVOCI).

FINANCIAL ASSETS MEASURED AT AMORTISED COST

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

EXPECTED CREDIT LOSS MODEL

The Council recognises expected credit losses on all of its financial assets held at amortised cost either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Council.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- Instruments with quoted market prices – the market price
- Other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the Council can assess at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

X. GOVERNMENT GRANTS AND CONTRIBUTIONS

Whether paid on account, by instalments or in arrears, Government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- The Council will comply with the conditions attached to the payments, and
- The grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income and Expenditure (non-ring fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

XI. HERITAGE ASSETS

TANGIBLE AND INTANGIBLE HERITAGE ASSETS

The Council's Heritage Assets are held at Towneley Hall Art Gallery & Museum and Burnley Town Hall. The museum has seven collections of heritage assets which are held principally for their contribution to knowledge, understanding and appreciation of the Council's history and local area. Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed allowing the Council's heritage assets to be included on the Balance Sheet at their insured value where available.

Heritage assets are deemed to have an indefinite life, and therefore are not depreciated as the charge would be minimal and immaterial. Nevertheless, where there is evidence of physical deterioration, or doubts arise as to its authenticity, the value of the asset has to be reviewed.

XII. INTANGIBLE ASSETS

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from intangible asset to the Council.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably

as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

This Council does not have any internally generated assets.

Expenditure on the development of website is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services.

Intangible Assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service lines in the Comprehensive Income and Expenditure Statement. The useful lives and associated amortisation rates of computer software have been estimated at 5 years. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service lines in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater then £10,000) the Capital Receipts Reserve.

XIII. INVENTORIES AND LONG TERM CONTRACTS

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the FIFO/weighted average costing formula. Long-term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the consideration allocated to the performance obligations satisfied based on the goods or services transferred to the service recipient during the financial year.

XIV. INVESTMENT PROPERTY

Investment properties are those that are used solely to earn rentals and/or capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

XV. JOINT OPERATIONS

Joint operations are arrangements where the parties that have joint control of the arrangements have rights to the assets and obligations for the liabilities relating to the arrangement. The activities undertaken by the Council in conjunction with other joint operators involve the use of the assets and resources of those joint operators. In relation to its interest in a joint operation, the Council as a joint operator recognises:

- Its assets, including its share of any assets held jointly
- Its liabilities, including its share of any liabilities incurred jointly
- Its revenue from the sale of its share of the output arising from the joint operation
- Its share of the revenue from the sale of the output by the joint operation
- Its expense, including its share of any expenses incurred jointly.

XVI. LEASES

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

THE AUTHORITY AS LESSEE

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and

- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, plant and equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

THE AUTHORITY AS LESSOR

Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve. When future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income. An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Where assets are acquired under operating leases the leasing rentals payable are recognised in the Comprehensive Income and Expenditure Statement on a straight line basis over the term of the lease.

XVII. OVERHEADS AND SUPPORT SERVICES

The cost of overheads and support services are charged to service segments in accordance with the Council's arrangements for accountability and financial performance.

XVIII. PROPERTY, PLANT AND EQUIPMENT

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as property, plant and equipment.

RECOGNITION

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

MEASUREMENT

Assets are initially measured at cost comprising:

- The purchase price
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-specific Grant Income and Expenditure line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:

- Infrastructure, community assets and assets under construction – depreciated historical cost
- Dwellings - fair value, determined using the basis of existing use value for social housing (EUV-SH)
- Surplus asset – the current value measurement base is fair value, estimated at highest and best use from a market participants perspective
- All other assets – current value , determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

Where non-property assets have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Surplus or Deficit on the Provision of Services where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

IMPAIRMENT

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

DEPRECIATION

Depreciation is provided for on all property, plant and equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain community assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- Dwellings and other buildings - straight-line allocation over the useful life of the property as estimated by the valuer
- Vehicles, plant, furniture and equipment – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer
- Infrastructure – straight-line allocation over 25 years

Where an item of property, plant and equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately if they have different economic useful lives. The minimum value for separate components has been set at £100k as it is believed that anything below this would result in a trivial impact on

the Council's accounts. However, the major components of land and buildings have already been separated for many years, with no depreciation being applied to the land element.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

DISPOSALS AND NON-CURRENT ASSETS HELD FOR SALE

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an asset held for sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on the Provision of Services. Depreciation is not charged on assets held for sale.

If assets no longer meet the criteria to be classified as assets held for sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as held for sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as assets held for sale.

When as asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line of the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. The receipt is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written off value of disposals is not a charge against council tax, as the cost of the non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

XIX. PROVISIONS AND CONTINGENT LIABILITIES

PROVISIONS

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council has an obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that the reimbursement will be received if the Council settles the obligation.

CONTINGENT LIABILITIES

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

XX. RESERVES

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back into the General Fund Balance so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, local taxation, retirement and employee benefits and do not represent usable resources for the Council – these reserves are explained in the relevant policies.

XXI. REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax - see workings at Note x.

XXII. VALUE ADDED TAX

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty’s Revenue and Customs. VAT receivable is excluded from income.

XXIII. FAIR VALUE MEASUREMENT

The Council measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings at fair value at the end of the reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

a) in the principal market for the asset or liability, or

b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses valuation techniques that are appropriate in the circumstances and for which suitable data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council can access at the measurement date
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for the asset or liability.

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ITEM NO	

Arrangements For 2019/20 Annual Governance Statement

REPORT TO AUDIT AND STANDARDS COMMITTEE

DATE	**15 January 2020**
PORTFOLIO	**Resources and Performance Management**
REPORT AUTHOR	**Salma Hussain**
TEL NO	**Ext 3152**
EMAIL	**salmahussain@burnley.gov.uk**

PURPOSE

1. To inform the Audit and Standards Committee of the arrangements to provide assurance for an Annual Governance Statement for the financial year 2019/20.

RECOMMENDATION

2. That the Audit and Standards Committee approves the proposed process.

REASONS FOR RECOMMENDATION

3. The Audit and Standards Committee are required to approve the Annual Governance Statement.

SUMMARY OF KEY POINTS

4. There is a requirement under the Accounts and Audit Regulations 2015 that as part of the annual accounts process the Council is required to review both its internal control and wider governance arrangements. It must also publish an Annual Governance Statement (AGS) to accompany the Councils Statement of Accounts.

5. Members were presented with 2018/19 AGS reports at Audit and Standards Committee in July 2018.

6. Planning for the production of the 2019/20 AGS has now commenced. This will be in line with CIPFA (Chartered Institute for Public Finance and Accountancy) and SOLACE (Society of Local Authority Chief Executives) guidelines. The 2019/20 AGS has been reviewed to incorporate the core principles, introduced in the 2016/17 AGS, in to the body of the statement.

7. The Role of Head of Internal Audit was updated and published by CIPFA in 2019.

8. The assurance gathering process remains the same and is shown in Appendix 1. Heads of Service and specific Members of the Council will be asked to complete a statement of assurance supported by a governance questionnaire (reflecting the seven core principles) which will be passed onto Management Team. The Chief Executive and Leader will

consider Management Team and Member statements before producing an Annual Governance Statement for the authority.

9. Similarly, Liberata have also been requested to provide an assurance statement for those services that have been transferred out.

10. The 2019/20 AGS will then be reported alongside the Statement of Accounts.

FINANCIAL IMPLICATIONS AND BUDGET PROVISION

11. None

POLICY IMPLICATIONS

12. None

DETAILS OF CONSULTATION

13. None

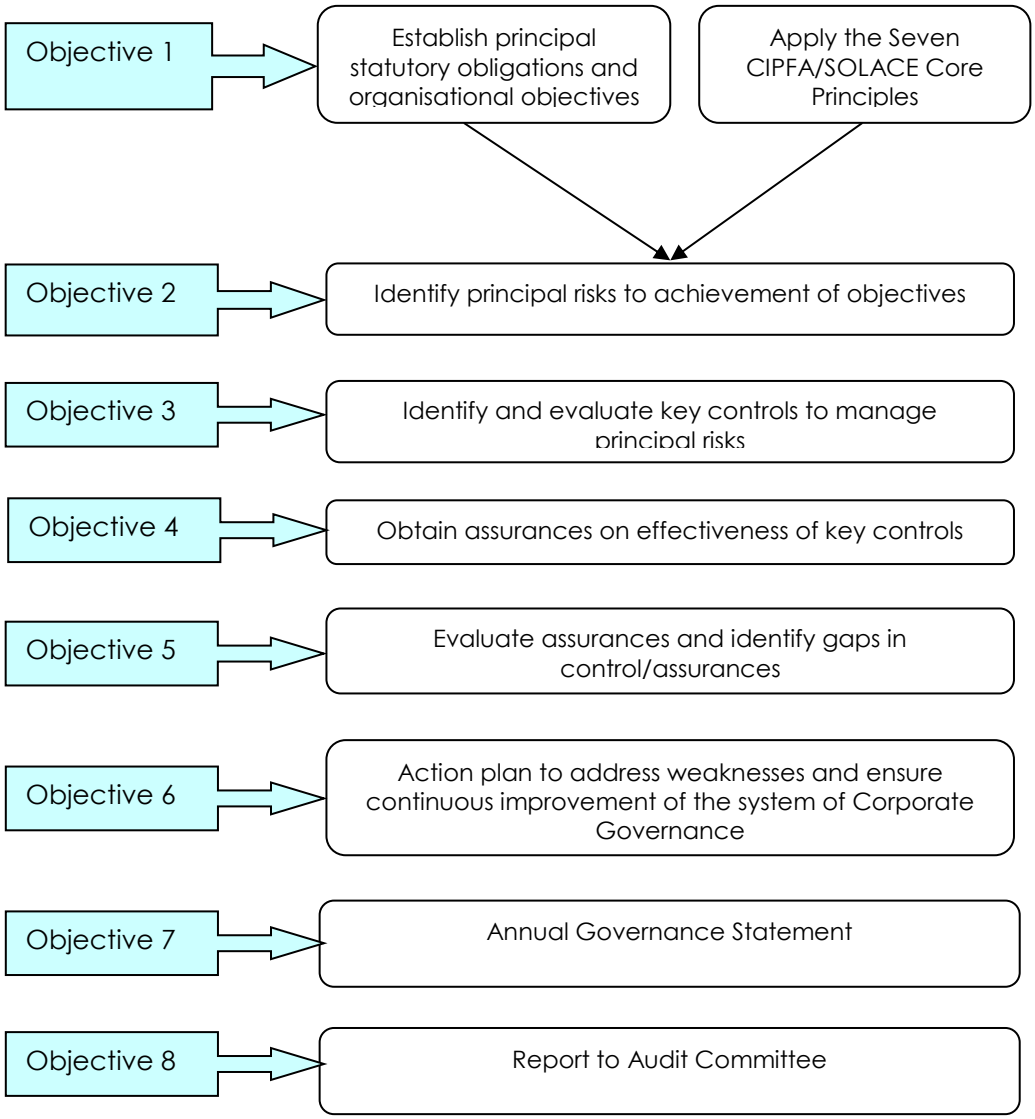
BACKGROUND PAPERS

14. None

FURTHER INFORMATION

PLEASE CONTACT:	**Salma Hussain (Auditor) Ext 3152**
ALSO:	**Ian Evenett (Internal Audit Manager) Ext 7175**

Appendix A: Annual Governance Statement and the Assurance Gathering Process



From: CIPFA Finance Advisory Network - The Annual Governance Statement – Rough Guide for Practitioners 2007

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ITEM NO	[AgendaItem]

Internal Audit Progress Report

REPORT TO AUDIT AND STANDARDS COMMITTEE

DATE	**15/01/2020**
PORTFOLIO	**Resources and Performance Management**
REPORT AUTHOR	**Salma Hussain**
TEL NO	**01282 425011 Ext 3152**
EMAIL	**salmahussain@burnley.gov.uk**

PURPOSE

1. To inform members of the work undertaken by Internal Audit for the period 1st July to 30th September 2019.

RECOMMENDATION

2. The Committee considers the progress report and comments on its contents.

REASONS FOR RECOMMENDATION

3. Members can monitor the performance of the Internal Audit Section.

SUMMARY OF KEY POINTS

Audit Reports

4. From 1st July to 30th September 2019 there have been 11 audit reports produced. Details of Burnley Council audits are given in **Appendix 1**.

Performance Statistics

5. The comparison between actual and planned audits can be seen in **Appendix 2**. A number of audits have started, and to date have been completed but due to timing will form part of later quarter statistics to be reported.

6. Performance indicators for Internal Audit are reported in the Finance balanced scorecard. The service currently reports the number of audit reports produced – 19 against an annual target of 22 and the percentage of high-priority actions from audit action plans implemented which was 100% and has a target of 100%.

Other Activity

7. The Internal Audit Plan has been resourced and good progress is being made.

8. Internal Audit has carried out follow up reviews on previously completed audits to review

completed actions and provided advice and assistance to various services.

FINANCIAL IMPLICATIONS AND BUDGET PROVISION

9. None

POLICY IMPLICATIONS

10. None

DETAILS OF CONSULTATION

11. None

BACKGROUND PAPERS

12. None

FURTHER INFORMATION	
PLEASE CONTACT:	**Salma Hussain (Internal Auditor) Ext 3152**
ALSO:	**Ian Evenett (Internal Audit Manager) Ext 7175**

Appendix 1

Summary of Audit reports Issued Quarter 2 2019/20

Audit	Service	Audit Purpose	Audit Opinion	Key Actions Agreed	Implementation Detail	Score
Bank Reconciliation	Finance & Property	To ensure that the Council's main bank account is reconciled in a timely manner.	Generally, administration of the reconciliation process is good and there is a sound system of internal control especially in relation to separation of duties. However, improvements need to be made to ensure cover is available in the absence of the responsible officer and certification of work is being carried out.	Access and training to the new bank reconciliation system will be granted to the cover officers. Certification will be carried out.	December 2019	2
Selective Landlord Licensing	Housing & Development Control	To review and evaluate the operational, financial and management controls within Selective Licensing and comment on their effectiveness.	Operational, financial and management controls are effective. Administration processes are robust and clearly defined.	Consideration of adding a referral function on their website area to enable residents to refer unlicensed properties online will take place.	March 2020	1
Crematorium	Green Spaces & Amenities	To review and evaluate financial and management controls and comment on their effectiveness in regard to the crematorium.	There is a good audit trail in regard to retaining application forms and their supporting documentation. However, operational controls need to be introduced to ensure approved fees are appropriately applied.	Ensure all fees are implemented on time. The webpage will be checked to ensure that the information on the website is current and correct.	December 2019	2
PI – Sundry Debt Collection	Finance & Property Services	To review and assess the quality of the Corporate Debt performance indicator outcomes reported for 2018/19.	The Corporate Debt performance indicators are generally accurately reported for the year end 2018/19 and there are no significant impacts on the contractor performance targets. There are minor errors in the format of the reported data and in the application of the indicators definition.	The year end procedures will be updated to reflect the main issues identified.	July 2019	2

Appendix 1

Summary of Audit reports Issued Quarter 2 2019/20

Audit	Service	Audit Purpose	Audit Opinion	Key Actions Agreed	Implementation Detail	Score
Treasury Management	Finance & Property Services	The purpose of this audit is to review the effectiveness of controls over treasury management.	There are effective controls in regard to the treasury management function. There are established mechanisms in place to record, monitor and make informed treasury decisions.	None	None	1
Write Offs Quarter 1	Finance & Property	To review the write-offs of debts from Debtors and Revenues System	No significant issues identified	None	None	N/A (Satisfactory)
PI – Council Tax/ NNDR	Finance & Property	To review and assess the quality of the Council Tax and National Non-Domestic Rates Performance Indicators for 2018/19.	The Council Tax and NNDR Performance Indicators have been accurately reported for the year end 2018/19.	None	None	1
Charity Account - Edward Stocks Massey	Corporate	To inform the Independent Examiners Report to the requirements of the Charities Commission.	N/A	None	None	N/A (Satisfactory)
Charity Account - Acorn Fund	Corporate	To inform the Independent Examiners Report to the requirements of the Charities Commission.	N/A	None	None	N/A (Satisfactory)
Charity Account – Mayor's Charity	Corporate	To inform the Independent Examiners Report to the requirements of the Charities Commission.	N/A	To ensure there 3 trustees before taking decisions.	Completed	N/A (Satisfactory)
Charity Account - JW Shaw	Corporate	To inform the Independent Examiners Report to the requirements of the Charities Commission.	N/A	None	None	N/A (Satisfactory)

Appendix 1

Audit Score Defined

Score	Opinion	Definition of Opinion
1	Comprehensive Assurance	There is a sound system of controls designed to meet objectives and controls are consistently applied in all the areas reviewed.
2	Reasonable Assurance	There is a good system of controls. However, there are minor weaknesses in the design or consistency of application that may put the achievement of some objectives at risk in the areas reviewed.
3	Limited Assurance	Key controls exist to help achieve system objectives and manage principle risks. However, weaknesses in design or inconsistent application of controls are such that put the achievement of system objectives at risk in the areas reviewed.
4	No Assurance	The absence of basic key controls or the inconsistent application of key controls is so severe that the audit area is open to abuse or error.
N/A	Not Applicable	The audit review undertaken did not have as its primary objective an assessment of system, its controls and their effectiveness.

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Appendix 2

Audit	Started	Report Issued	Audit Score
Corporate			
Annual Governance Statement	✓	✓	N/A (Satisfactory)
NFI	✓		
Charities			
J W Shaw	✓	✓	N/A (Satisfactory)
Mayor's Charity	✓	✓	N/A (Satisfactory)
Acorn Fund	✓	✓	N/A (Satisfactory)
E Stocks Massey	✓	✓	N/A (Satisfactory)
Debts Write-Off	✓		
Fraud Risk Review			
Governance of Partnerships			
Strategic Partner Performance Indicators			
Benefits	✓	✓	2
Council Tax NNDR	✓	✓	1
Debt Recovery	✓	✓	2
Facilities Management	✓	✓	3
Safeguarding			
Finance & Property			
Benefits Calculation Check	✓	✓	N/A (Satisfactory)
Final Accounts	✓	✓	N/A (Satisfactory)
Payment of Benefits			
Treasury Management	✓	✓	1
Budget Monitoring	✓	✓	1
Income Management			
Council Tax			

Audit	Started	Report Issued	Audit Score
Payroll			
Overpayment of Benefits			
Debt Recovery			
Bank Reconciliation	✓	✓	2
Information Governance			
Achieve - CRM	✓		
Desktop Software	✓		
Information Governance / FOI			
Housing & Development Control			
Selective Landlord Licensing	✓	✓	1
Legal & Democratic Services			
Elections – By-Election	✓	✓	1
Elections – Local	✓	✓	1
Elections – Euro	✓	✓	1
Green Spaces & Amenities			
Crematorium	✓	✓	**2**
Vehicles and Plant			
Economy & Growth			
Vision Park Project			
Streetscene			
Urbaser – Waste Contract			
External Clients			
Burnley Leisure – Service Level Agreement			

Appendix 2

ITEM NO	[AgendaItem]

Fraud Risk Assessment

REPORT TO AUDIT AND STANDARDS COMMITTEE

DATE	**15/01/2020**
PORTFOLIO	**Resources and Performance Management**
REPORT AUTHOR	**Salma Hussain**
TEL NO	**01282 425011 ext 3152**
EMAIL	**salmahussain@burnley.gov.uk**

PURPOSE

1. To inform Members of the current fraud trends that affects the public sector.

RECOMMENDATION

2. That Committee notes the current fraud trends that affects the public sector.

REASONS FOR RECOMMENDATION

3. The Council's arrangements for the fight against fraud and corruption are monitored by the Audit and Standards Committee.

4. The Committee is satisfied with management's reaction to the report and the risk of fraud.

SUMMARY OF KEY POINTS

5. The current published fraud reports are; Tackling First Party Fraud (from WPI Economics), CIPFA's Fraud and Corruption Tracker (CFaCT) report 2018 and 2019.

6. According to the Fraud and Corruption Tracker (CFaCT) the main types of fraud affecting the Public Sector remain the same as reported in previous years: Council Tax, Business Rates, Housing Benefit and Housing Tenancy.

Council Tax

7. Council Tax has continued to be the largest area of identified fraud over the last 3 years. Council Tax fraud is split into 3 sections; Single Person Discount (SPD), Council Tax Support (CTS) and other types of council tax fraud (discounts and exemptions). The area that has grown the most in the last year is the single person discount (SPD) fraud, which

represents 62.2% of the identified instances of fraud with an estimated value of £19.4m., according to the CFaCT report 2019.

8. Last year, the National Fraud Initiative SPD matches were reviewed, via Liberata, where focus was on cases which had been flagged up after doing an initial review.

Housing Benefit & Council Tax Support

9. During 2018/19 the Council paid £27.2m in Housing Benefit (HB) and £8.1m in Council Tax Support (CTS).

10. The Council is no longer responsible for the investigation of HB fraud, but it is responsible for referral of potential fraud cases and the collection of amounts identified as fraud. It is still considered a risk as the financial loss of benefit is borne by councils once the investigation is complete.

11. From October 2018 to June 2019, there have been 15 referrals to the Single Fraud Investigation Service (SFIS). Over the previous 12 months, there have been 9 requests for information from the SFIS and £489k of Housing Benefit has been identified as overpaid.

Business Rates

12. This year's CFaCT's survey shows that business rates fraud continues to increase. Business rate fraud can include the falsification of circumstances to gain exemptions and discounts.

13. To mitigate this risk, empty properties are examined by area on a rota-based system or on request of the Business Rates Officer. Websites such as the National Heritage and the Charity Commission are checked to ensure that businesses are entitled to the discount. Discretionary relief can only be approved by the Head of Finance and Property Services.

14. Destin Solutions' Small Business Rate Relief comparison tool is currently being trialled. This tool is a central database which pools together all ratepayer data published individually by each Local Authority. Checks can be made to ensure businesses claiming small business rates relief are not operating from multiple properties in other areas. A condition of obtaining small business rates relief is that only one property is occupied.

Housing Tenancy Fraud

15. Nationally there is a downward trend in the number of tenancy fraud taking place. Tenancy fraud does not directly affect Burnley Borough Council as it no longer has responsibility for social housing. Continued participation with the National Fraud Initiative means we share benefit information with Housing Associations which could assist them in identifying tenancy fraud.

16. The Council is part of the regional choice based letting scheme which has 5 local authorities and 16 registered social landlords. Information is shared with other partners in the scheme.

Procurement

17. Procurement continues, for the third year in a row, to be one of the greatest areas of fraud risk. As per the CFaCT survey, the number of frauds has decreased from 142 prevented or detected procurement frauds with an estimated value of £5.2m to 125 estimated fraudulent cases with an estimated value of £20.3m. The estimated value has increased significantly as it is mainly attributable to one organisation and shows the scope for fraud in this area. As Councils undertake large value infrastructure and regeneration projects, when procurement fraud does occur, the sums can be significant.

18. To mitigate the risk, the Council has Codes of Conduct for Employees and Members, Financial Procedure Rules and Standing Orders for Contracts in place. The purchasing system has built-in approval thresholds and there is a separation of duties between orders and goods receipted. There are tender evaluation models and a facility for an on-line secure tender receipt. Financial checks are undertaken relative to the risk/ value i.e. company house checks and credit rating checks.

19. On certain larger value procurements (and dependent on the procurement route), contractor financial checks are undertaken in terms and a Selection Questionnaire is completed with mandatory and discretionary exclusion criteria looking at issues around bankruptcy, convictions, non-payment of tax, etc.

Insurance Fraud

20. This fraud includes any false insurance claim made against an organisation or an organisation's insurer.

21. Insurance claims are dealt on our behalf by Pendle Borough Council. Claims are sent to them and they liaise with the insurers. The Council's Insurers (Zurich) log all claims on a national database and cross check claimants to see if they have claimed before. Zurich are part of an anti-fraud network with other insurers. This data set was dropped from the NFI for 2018/19.

Grant Fraud

22. This type of fraud relates to the false application or payment of grants or financial support to any person and any type of agency or organisation. This a particular issue for Councils with a Social Services function.

23. Various types of grants awarded by the Council were examined. Controls included procedural notes, separation of duties and obtaining supporting documentation.

Recruitment Fraud

24. Measuring the cost of this type of fraud is quite difficult. The cost can include the impact of reputational damage, on top of the actual costs of further recruitment and investigating the fraud.

25. The council requires that any person involved in the recruitment of employees must firstly attend training. There is a policy and toolkit available on the website to provide guidance.

26. Original documentation is examined, and photocopies are held for both ID and

qualifications. Whilst it is not Council policy, some managers check applicants on professional membership websites. An internal (RS3) form is completed by the managers to confirm that ID and qualification checks have been carried out and this is passed to HR.

27. HR Administration team ensures that references, DBS (previous conviction checks which are required for certain jobs) and medical clearances are obtained prior to sending a formal offer.

Payroll Fraud

28. A quarterly audit is carried out. A spreadsheet, detailing pay grades of current staff and any staff changes, is sent to the Heads of Service for review and authorisation.

29. Notifications are issued automatically if changes are made employee details on the HR21 system.

30. A monthly audit is carried out by HR staff in Liberata to ensure PIs are met. The 2 PIs relate to accuracy of the data and the timeliness of updating the information.

Cyber Risk

31. Nationally in 2015/16 the costs of cybercrime against individuals (England and Wales) were an estimated £1.1bn. In 2016 the estimated cost for British businesses was £29.1bn. In Lancashire the Action Fraud site reports that 88% of fraud was cyber enabled. (https://data.actionfraud.police.uk/cms/wp-content/uploads/2019/06/Lancashire_fraud-2019.pdf). Although there were only 373 reported cyber crimes of which 48 were from businesses.

32. The Council is under regular attack from various methods of fraud through its computer systems, mobile systems and cyber enabled services. Email fraud is a constant threat and the Council uses a scanning approach to block e-mails containing viruses or attempts to gain credentials.

33. There are various defenses which the council employs to protect its assets from malicious attack for example firewalls, scanning software, penetration testing etc. IT has a policy of ensuring that all software is up to date to remove identified weaknesses (patching). One of the most important elements in defense against cyber crime is awareness, so the council has various approaches to increase awareness and training for staff.

34. The latest estimates of the costs of Cyber Fraud, the costs to restore a website defacement is about £1,200. A malware infection costs about £57,000. In addition, there is a large reputational impact of these events.

Organised Crime

35. Organised crime often involves complicated and large scale fraudulent activity which crosses to more than area such as insurance claims, business rates, procurement, etc. The CIPFA CFaCT 2018/19 survey identified 24 cases of serious and organised crime which was a decrease from the 56 cases reported in 2017/18. Cases involving organised

crime come from all types of local authorities. It is important that there is co-ordination and information sharing in tackling this type of fraud as well as the various arrangements which reduce the risk of fraudulent activity taking place. The Council's arrangements to prevent money laundering are important in this area.

NAFN (National Anti-Fraud Network)

36. The Council is a member of NAFN. This is a national organisation which is specific to local authority fraud. They provide data and intelligence services supporting members in protecting the public purse from fraud, abuse and error.

National Fraud Initiative (NFI)

37. This is a national matching exercise which is run by the Cabinet Office and the Council pays £1,150 per year. It is a statutory requirement for all local authorities to provide data; this data is then matched with itself and with other authority's data to provide matches which requires further investigation. Some central government provide data, and this is matched to provide further results.

38. There are two main data exercises; one is called the national exercise and is run every two years and the other looks at Council Tax single person discount. In the national exercise, the Council has to provide data sets for; Housing Benefit, Council Tax Support, Creditors, Payroll, Licences and Housing Waiting Lists in October and the matches become available in February. For the 2018 exercise, this generated 1,523 matches. The NFI has classified most matches with a risk assessment and approximately 15% of the reported risks were ranked as High. This ranking is based on the quality and value of the match. See Appendix 1.

39. The SPD exercise takes the data for Council Tax and the Electoral Register and matches these every year around December and the results are immediately available. As this is a yearly process the matching occurs in December 2018 and 2019. In December 2018 this generated 894 matches. Two later phases generated another 4,659 matches to non-Election Data.

40. The matches are worked on by officers across the Council who check the data to seek out a reason for the match, this can involve querying other authorities and responding to their queries.

41. The outcome of the reviews has meant that although no cases of fraud were identified there were 9 cases of error which had a total value of £2,834. In addition, there were 196 matches which resulted in the cancelation of SPD.

42. There are constant improvements in the process which this time included matching to HMRC data. Unfortunately, the quality of these matches is not high. The HMRC gather data from employers and employers contact addresses for their payroll are not always up to date. This data set has generated a lot of matches which when investigated are not useful and as the data is not the council's it cannot correct this data.

43. The Council has to ensure that all data subjects are aware of the possibility of using data in this way, and it has to ensure that the data is used only for the purposes it is provided. This is declared in the Councils Privacy Notice and this links to the NFI's Privacy Notice which provides more details.

FINANCIAL IMPLICATIONS AND BUDGET PROVISION

44. None as a direct result of this report, however losses to fraud have a direct impact on the Council's finances.

POLICY IMPLICATIONS

45. The Council has a Corporate Anti-Fraud, Bribery and Corruption Policy and an Internal Audit Strategy.

DETAILS OF CONSULTATION

46. None

BACKGROUND PAPERS

47. CIPFA Fraud and Corruption Tracker 2018 and 2019 report
http://www.cipfa.org/services/counter-fraud-centre/fraud-and-corruption-tracker

48. WPI Economics – Tackling First-Party Fraud
https://www.cifas.org.uk/secure/contentPORT/uploads/documents/WPI%20Economics%20-%20tackling%20first-party%20fraud%20-%20Final%20-%20June%202019%20(002).pdf

49. Action Fraud
https://data.actionfraud.police.uk/cms/wp-content/uploads/2019/06/Lancashire_fraud-2019.pdf

50. National Cyber Security Strategy 2016-2021
https://www.gov.uk/government/publications/national-cyber-security-strategy-2016-to-2021

APPENDICES

51. Appendix 1 – NFI Summary

FURTHER INFORMATION	
PLEASE CONTACT:	**Salma Hussain ext 3152**
ALSO:	**Ian Evenett ext 7175**

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Match Group	All Matches	Processed	In Progress	Fraud	Errors	Outcome
National Exercise 2018						
Housing Benefit	311	105	0	0	6	£2724.69
Payroll	18	18	0	0	0	0
Waiting Lists	93	81	1	0	0	0
Immigration Matches	4	4	0	0	0	0
Council Tax Reduction	590	58	0	0	3	£109.56
HMRC Matches	296	11	1	0		0
Creditors	211	80	0	0	0	0
Total	**1523**	**357**	**2**	**0**	**9**	**£2834.25**
Council Tax Single Person Discount Matching 2018						
Council Tax to Electoral Registration	768	768	0	0	214	0
Council Tax Rising 18's	126	126	0	0		0
Council Tax to Other Data Sets	1471	1471	0	0		0
Council Tax to HMRC Household Composition	3188	6	0	0	0	0
Total	**4659**	**2371**	**0**	**0**	**214**	**0**

Both datasets from December 2018 and March 2019 have been reviewed.

National Exercise 2018

This exercise generated 1,523 matches. The NFI has classified most matches with a risk assessment and approximately 15% of the reported risks were ranked as High. This ranking is based on the quality and value of the match. .

Council Tax Single Person Discount Matching 2018

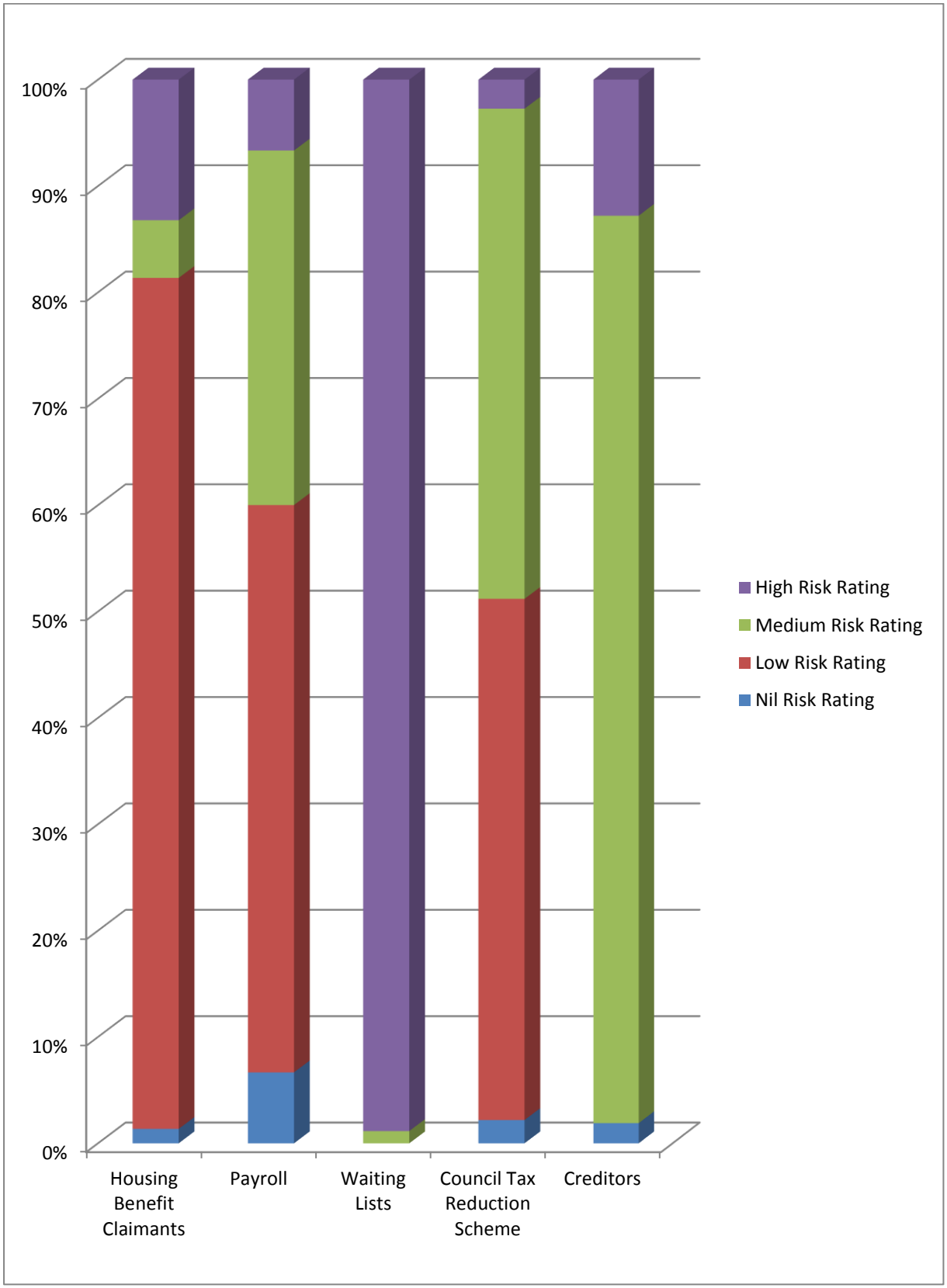
The steps taken were:

1. Data cleansing the 2,365 matches to refine the data by identifying any changes in circumstances between the date of the Council Tax data cut and the dates from the E-Reg and other datasets. 641 matches were removed during this stage.
2. The remaining 1,724 matches were checked against third party credit scoring data to further refine the data. 1,240 matches were removed during this stage.
3. Reviewing the 484 cases left by contacting the customers and, of this, 196 cases were cancelled and 18 entitlements were updated.

Council Tax to HMRC Household Composition

The Household Composition (3188 matches) has been examined and the review highlighted no concerns.

Matches Risk Rating



ITEM NO	[AgendaItem]

Strategic Risk Register

REPORT TO AUDIT AND STANDARDS COMMITTEE

DATE	**15/01/2020**
PORTFOLIO	**Resources and Performance Management**
REPORT AUTHOR	**Ian Evenett**
TEL NO	**01282 425011 ext 7175**
EMAIL	**ievenett@burnley.gov.uk**

PURPOSE

1. To report on the current Strategic Risk Register.

RECOMMENDATION

2. That the Committee considers the Strategic Risk Register.

REASONS FOR RECOMMENDATION

3. The Audit and Standards Committee's role is to monitor the Council's risk management processes.

SUMMARY OF KEY POINTS

4. The Strategic Risk Register presented at Appendix 1 has been updated. The highlighted changes have been made to reflect alterations in the risk environment.

Risk Scores

5. Changes in national policy/legislation (Risk 5) likelihood has been increased from 2 to 3 increasing the Risk Score from 4 to 6 and changing the risk from a low to medium priority. This is because of the interest changes which was a national change which was not included specifically in this risk. Further details are provided below.
6. Changes in the political landscape (Risk 4) has been reviewed and the likelihood has been scored as 3 and the impact as 1. This changes the risk score from 4 to 3 and is now a low priority risk. The Council's experience of political change on the national and local level highlights that this is more likely but the impact on the Council has not been large. So, this risk has been revised to reflect the current experience.

Interest Rate Increases

7. In October 2019 the Public Works Loan Board (PWLB) increased its interest rates by 1% this was in response to an increase in borrowing by Local Authorities as the rates were relatively low. As the PWLB is the main source for long term Local Authority borrowing, which is used to finance Capital Projects.
8. This increase has not been anticipated so the Financial Stability Risk (Risk 1), the Regeneration Programme Risk (Risk 6) and the Changes in National Policy/Legislation (Risk 5) have had 'Interest rate increases' included as triggers/causes. The possible

consequence of this risk has been added to the Regeneration Programme Risk (Risk 6) as 'Increasing programme costs'.

Price Increases

9. The Council's Medium-Term Financial Strategy (MTFS) is a forecast for the finances of the Council and it also records the main risks which face the corporate finances. One of these is inflation or price increases. This has been added as a trigger to the Financial Stability Risk (Risk 1)

Cyber Attack

10. This form of malicious attack on the Council is very common but has not been previously included in the register. This has been included as a trigger to Inability to drive improvements through information technology (Risk 7) and Malicious Attack (Risk 11). This recognises the dependency that the Council has on technology and cyber security.
11. The possible consequence of this risk on the Council's reputation has been included in Malicious Attack (Risk 11).

Partnerships

12. Changes have been made to Maintaining Partnership Performance (Risk 2) to delete Transfer of Control as a Trigger and include Political Change. This reflects some changes to political policies by national parties on outsourcing.
13. There have been several high-profile national reports of contractors withdrawing from contracts and contractor failures. This has been included as a trigger in Maintaining Partnership Performance (Risk 2) and Damage to the Council's reputation (Risk 3).

Flooding

14. The Council has recent experience of flooding and this has been reflected as a trigger in Environmental Event (Risk 11).

National Risk Changes

15. In November 2019 the terrorism threat level decreased from 'severe' to 'substantial'.

FINANCIAL IMPLICATIONS AND BUDGET PROVISION

16. None.

POLICY IMPLICATIONS

17. None.

DETIALS OF CONSULATION

18. None.

BACKGROUND PAPERS

19. National Risk Register - https://www.gov.uk/government/publications/national-risk-register-of-civil-emergencies-2017-edition

20. Lancashire Risk Register - https://www.lancashire.gov.uk/council/strategies-policies-plans/emergency-planning/risks-in-lancashire/

FURTHER INFORMATION	
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Burnley Borough Council

Strategic Risk Register

03 January 2020

Strategic Risk Register Summary

ID	Risk Description	Risk Score
1	Financial stability	6
5	Changes in national policy/legislation	6
8	Inability to influence key decision makers	6
10	Workforce, skills and capacity challenges	6
2	Maintaining Partnership Performance	4
3	Damage to the Council's reputation	4
6	Inability to deliver the regeneration programme	4
4	Changes in the political landscape	3
7	Inability to drive improvements through information technology	3
9	Risks in responding to demographic changes and increased deprivation	3
11	Malicious Attack	3
12	Safeguarding Failure	3
13	Environmental Event	3

Risk Prioritization Matrix

Likelihood					
	3	4	10, 5		Red High
	2		2, 3, 6	1, 8	Amber Medium
	1			7, 9, 11 12, 13	Green Low
		1	2	3	
		Impact			

Likelihood	Impact
1 Very unlikely 2 Likely 3 Virtually certain	1 Low 2 Medium 3 High

Risk Ref 1 Financial stability

Trigger or Cause	Possible Consequences of Risk
Further funding cuts	Organisational sustainability
Income loss	Reduced service delivery
Insufficient financial controls	Reduced customer satisfaction
Expensive decision making	Reduced reserves
External cost pressures	Overspends
Price or Interest Rate Increases	Damaged credit rating
Political growth	Damage to reputation
Failing to understand the financial problem	Workforce morale/planning/retention
National Economic Changes	Reduced reputation for financial management
Claims against the Council	

Strategic Link: Cross Cutting

Residual Risk Assessment	IMPACT	3	LIKELIHOOD	2	SCORE	6	Medium Priority Risk

Strategic Commitments

PF1 - We will continue the successful partnership with Liberata.

PF2 - We will adopt a Medium Term Financial Strategy that will put the Council on a sustainable footing. This strategy will set the framework for annual budgets, ensuring the annual budget is set within the context of the longer term outlook.

PF3 - We will develop our digital strategy, so that more residents transact with us online and we will continue to deliver services more efficiently.

PL1 - We will implement a range of initiatives to maintain a clean, safe, attractive and environmentally friendly borough. This will include a focus on reducing dog fouling.

PL4 - We will implement our 2015-25 Green Space Strategy.

PR1 - We will contribute to the strategic direction of local, sub-regional and regional partnerships, and will position the borough for economic development investment

PR2 - We will proactively support the borough's businesses to innovate and expand, and make the borough a natural choice for business relocation

PR3 - We will deliver the Town Centre and Canalside Masterplan, and strategic projects in Padiham Town Centre.

PF4 - We will deliver our Organisational Development strategy, ensuring we plan for the structures and capabilities the organisation needs, and empowering our workforce to deliver the objectives of the Strategic Plan.

Lead Responsibility Head of Finance & Property

Risk Score: 1 - 3 Low Risk; 4 - 6 - Medium Risk; 9 - High Risk

Risk Ref 5 Changes in national policy/legislation

Trigger or Cause

New functions/loss of existing functions
Short term thinking
Lack of capacity
Changes from the withdrawal from the European Union
Changes from the devolution of Powers from Central Government
Interest rate changes

Possible Consequences of Risk

Reduced control over what you do and how you do it
Inability to respond to the new agenda and continue with on-going functions
Exclusion from new or evolving regional and sub-regional governance and operating structure
Not in a position to deliver new functions or requirements

Strategic Link: Prosperity

Residual Risk Assessment	IMPACT	2	LIKELIHOOD	3	SCORE	6	Medium Priority Risk

Strategic Commitments

PR1 - We will contribute to the strategic direction of local, sub-regional and regional partnerships, and will position the borough for economic development investment

PF4 - We will deliver our Organisational Development strategy, ensuring we plan for the structures and capabilities the organisation needs, and empowering our workforce to deliver the objectives of the Strategic Plan.

Lead Responsibility Management Team

Risk Score: 1 - 3 Low Risk; 4 - 6 - Medium Risk; 9 - High Risk

Risk Ref 8 Inability to influence key decision makers

Trigger or Cause	Possible Consequences of Risk
Change of political control	Loss of external funding opportunities
Breakdown of key relationships	Reduced level of influence over key decision makers
Change of staff/key relationships	Inability to deliver through partnerships
Change in reputation for delivery	Reduced reputation of Council

Strategic Link: Cross Cutting

Residual Risk Assessment	IMPACT	3	LIKELIHOOD	2	SCORE	6	Medium Priority Risk

Strategic Commitments

PE1 - We will work with partners to make the borough a place of aspiration, including supporting efforts to increase education attainment and skills development, and improve residents' health.

PL3 - We will work with partners to improve the quality and choice in the borough's housing stock.

PR1 - We will contribute to the strategic direction of local, sub-regional and regional partnerships, and will position the borough for economic development investment

PR2 - We will proactively support the borough's businesses to innovate and expand, and make the borough a natural choice for business relocation

PR5 - We will support UCLan's expansion, transforming Burnley into a University Town

Lead Responsibility Management Team

Risk Score: 1 - 3 Low Risk; 4 - 6 - Medium Risk; 9 - High Risk

Risk Ref 10 Workforce, skills and capacity challenges

Trigger or Cause	Possible Consequences of Risk
Loss of the workforce	Service failure/deterioration
Loss of organisational memory	Damaged reputation
Loss of organisational skills	Increased complaints
Lack of commitment to organisational development	Low morale
Lack of investment in training	Recruitment and retention issues
Political direction change	Increased workflow
	Business resilience
	Not having the right staff with the right skills

Strategic Link: Cross Cutting

Residual Risk Assessment	IMPACT	2	LIKELIHOOD	3	SCORE	6	Medium Priority Risk

Strategic Commitments

PF1 - We will continue the successful partnership with Liberata.

PF2 - We will adopt a Medium Term Financial Strategy that will put the Council on a sustainable footing. This strategy will set the framework for annual budgets, ensuring the annual budget is set within the context of the longer term outlook.

PF3 - We will develop our digital strategy, so that more residents transact with us online and we will continue to deliver services more efficiently.

PL1 - We will implement a range of initiatives to maintain a clean, safe, attractive and environmentally friendly borough. This will include a focus on reducing dog fouling.

PL4 - We will implement our 2015-25 Green Space Strategy.

PF4 - We will deliver our Organisational Development strategy, ensuring we plan for the structures and capabilities the organisation needs, and empowering our workforce to deliver the objectives of the Strategic Plan.

PF5 - We will undertake a review of the council's governance structure.

Lead Responsibility Chief Executive Officer

Risk Score: 1 - 3 Low Risk; 4 - 6 - Medium Risk; 9 - High Risk

Risk Ref 2 Maintaining Partnership Performance

Trigger or Cause

Procurement method
Supply chain failure
Commissioning 'v' traditional culture
Political Change
Poor implementation
Compliance/legal
Business continuity
Transformational cultural change not achieved
Poor or weak contract management
Partner failure or withdrawal

Possible Consequences of Risk

Reduced service delivery
Reduced customer satisfaction
Political or reputation embarrassment
Perceived council failure
Poor co-ordination of existing providers and systems
Poor relationships
Increased costs

Strategic Link: Cross Cutting

Residual Risk Assessment	IMPACT	2	LIKELIHOOD	2	SCORE	4	Medium Priority Risk

Strategic Commitments

PE1 - We will work with partners to make the borough a place of aspiration, including supporting efforts to increase education attainment and skills development, and improve residents' health.

PE2 - We will continue to develop the leisure and cultural offer of Burnley in partnership with Burnley Leisure.

PF1 - We will continue the successful partnership with Liberata.

PF3 - We will develop our digital strategy, so that more residents transact with us online and we will continue to deliver services more efficiently.

PL1 - We will implement a range of initiatives to maintain a clean, safe, attractive and environmentally friendly borough. This will include a focus on reducing dog fouling.

PL3 - We will work with partners to improve the quality and choice in the borough's housing stock.

PL4 - We will implement our 2015-25 Green Space Strategy.

PR3 - We will deliver the Town Centre and Canalside Masterplan, and strategic projects in Padiham Town Centre.

PR5 - We will support UCLan's expansion, transforming Burnley into a University Town

Lead Responsibility Management Team

Risk Score: 1 - 3 Low Risk; 4 - 6 - Medium Risk; 9 - High Risk

Risk Ref 3 Damage to the Council's reputation

Trigger or Cause	Possible Consequences of Risk
Service failure	Strategic plan delivery problem
Loss of key staff	Credibility of the leadership (both political and officer)
External events	Low morale
Customer Satisfaction not maintained	Loss of key staff
Partner failure or withdrawal	Recruitment and retention issues

Strategic Link: Cross Cutting

Residual Risk Assessment	IMPACT	2	LIKELIHOOD	2	SCORE	4	Medium Priority Risk

Strategic Commitments

PF1 - We will continue the successful partnership with Liberata.

PF2 - We will adopt a Medium Term Financial Strategy that will put the Council on a sustainable footing. This strategy will set the framework for annual budgets, ensuring the annual budget is set within the context of the longer term outlook.

PR1 - We will contribute to the strategic direction of local, sub-regional and regional partnerships, and will position the borough for economic development investment

PL1 - We will implement a range of initiatives to maintain a clean, safe, attractive and environmentally friendly borough. This will include a focus on reducing dog fouling.

PF3 - We will develop our digital strategy, so that more residents transact with us online and we will continue to deliver services more efficiently.

Lead Responsibility Chief Executive Officer

Risk Score: 1 - 3 Low Risk; 4 - 6 - Medium Risk; 9 - High Risk

Risk Ref 6 Inability to deliver the regeneration programme

Trigger or Cause

Economic downturn
Lending squeeze/Interest rate increases
Procurement failure
Regeneration funding priorities change
Changes in funding from Central Government or as a result of the withdrawal from the European Union

Possible Consequences of Risk

Inability of private sector partners to deliver
Delivery partner does not have the capacity to delivery
Delays in delivery of the regeneration programme
Damaged reputation
Increase programme costs

Strategic Link: Prosperity People

Residual Risk Assessment	IMPACT	2	LIKELIHOOD	2	SCORE	4	Medium Priority Risk

Strategic Commitments

PR1 - We will contribute to the strategic direction of local, sub-regional and regional partnerships, and will position the borough for economic development investment

PR2 - We will proactively support the borough's businesses to innovate and expand, and make the borough a natural choice for business relocation

PR3 - We will deliver the Town Centre and Canalside Masterplan, and strategic projects in Padiham Town Centre.

PR4 - We will implement the Local Plan, delivering new housing, employment sites, and infrastructure.

PR5 - We will support UCLan's expansion, transforming Burnley into a University Town

PR6 - We will aim to localise public sector spend as far as possible.

PL3 - We will work with partners to improve the quality and choice in the borough's housing stock.

PE1 - We will work with partners to make the borough a place of aspiration, including supporting efforts to increase education attainment and skills development, and improve residents' health.

Lead Responsibility Strategic Head of Economy and Growth

Risk Score: 1 - 3 Low Risk; 4 - 6 - Medium Risk; 9 - High Risk

Risk Ref 4 Changes in the political landscape

Trigger or Cause	Possible Consequences of Risk
No overall control	Lack of strategic leadership
Political instability	Poor decision making
Poor member and officer relationships	Impact on the Council's reputation
Poor member and member relationships	Loss of influence with key partners

Strategic Link: People Performance

Residual Risk Assessment	IMPACT	1	LIKELIHOOD	3	SCORE	3	Low Priority Risk

Strategic Commitments

PE1 - We will work with partners to make the borough a place of aspiration, including supporting efforts to increase education attainment and skills development, and improve residents' health.

PF3 - We will develop our digital strategy, so that more residents transact with us online and we will continue to deliver services more efficiently.

PF5 - We will undertake a review of the council's governance structure.

PF6 - We will set up cross party working groups to investigate issues that matter to everyone in our borough.

Lead Responsibility Chief Executive Officer

Risk Score: 1 - 3 Low Risk; 4 - 6 - Medium Risk; 9 - High Risk

Risk Ref 7 Inability to drive improvements through information technology

Trigger or Cause

IT partnership failure (to deliver past procurement)
IT partnership procurement failure
Current IT provision failure
Information governance failure
Cyber attack

Possible Consequences of Risk

Inability to deliver and develop services and not deliver anticipated savings and service improvement
Public confidence in use of Council services through IT lowered

Strategic Link: Performance

Residual Risk Assessment	IMPACT	3	LIKELIHOOD	1	SCORE	3	Low Priority Risk

Strategic Commitments

PF1 - We will continue the successful partnership with Liberata.

PF3 - We will develop our digital strategy, so that more residents transact with us online and we will continue to deliver services more efficiently.

Lead Responsibility Chief Operating Officer

Risk Score: 1 - 3 Low Risk; 4 - 6 - Medium Risk; 9 - High Risk

Risk Ref 9 Risks in responding to demographic changes and increased deprivation

Trigger or Cause

Government policy
Economic downturn
Big ticket issues – crime, health, housing
Benefit dependency
Short term fixes
Negative reputation
Failure to develop opportunities

Possible Consequences of Risk

Not delivering on the regeneration programme
Poor service delivery
Poor customer satisfaction
Low aspirations
Damage to reputation
Failure to improve
Increased demand
Increased costs
Less funding
Viability of Burnley

Strategic Link: Cross Cutting

Residual Risk Assessment	IMPACT	3	LIKELIHOOD	1	SCORE	3	Low Priority Risk

Strategic Commitments

PE1 - We will work with partners to make the borough a place of aspiration, including supporting efforts to increase education attainment and skills development, and improve residents' health.

PE2 - We will continue to develop the leisure and cultural offer of Burnley in partnership with Burnley Leisure.

PL1 - We will implement a range of initiatives to maintain a clean, safe, attractive and environmentally friendly borough. This will include a focus on reducing dog fouling.

PL2 - We will improve the management and condition of private rented accommodation.

PL3 - We will work with partners to improve the quality and choice in the borough's housing stock.

PR1 - We will contribute to the strategic direction of local, sub-regional and regional partnerships, and will position the borough for economic development investment

PR2 - We will proactively support the borough's businesses to innovate and expand, and make the borough a natural choice for business relocation

PL3 - We will work with partners to improve the quality and choice in the borough's housing stock.

PR4 - We will implement the Local Plan, delivering new housing, employment sites, and infrastructure.

Lead Responsibility Management Team

Risk Score: 1 - 3 Low Risk; 4 - 6 - Medium Risk; 9 - High Risk

Risk Ref 11 Malicious Attack

Trigger or Cause

Public Disturbance
National Risk Level
Lack of Stakeholder Engagement
Lack of Planning
Poor and delayed information and communication
Event Targeting
Cyber attack

Possible Consequences of Risk

Death of Public / Staff
Loss of Assets
Major impact on Services and Community
Evacuation
Financial Cost
Reputational damage

Strategic Link: Cross-Cutting

Residual Risk Assessment

IMPACT	LIKELIHOOD	SCORE	
3	1	3	Low Priority Risk

Strategic Commitments

PL1 - We will implement a range of initiatives to maintain a clean, safe, attractive and environmentally friendly borough. This will include a focus on reducing dog fouling.

Lead Responsibility Chief Operating Officer

Risk Score: 1 - 3 Low Risk; 4 - 6 - Medium Risk; 9 - High Risk

Risk Ref 12 Safeguarding Failure

Trigger or Cause	Possible Consequences of Risk
Weak or No response to reported issues	Injury to Clients
Historic issues which are identified	Resources diverted to address Risks
Safeguarding System Failure	Major impact on Services and Community
Failure of Background Checks	Financial Costs
Not recognising Safeguarding Risks	Reputational Damage
	Central Government Action

Strategic Link: Cross Cutting

Residual Risk Assessment	IMPACT	3	LIKELIHOOD	1	SCORE	3	Low Priority Risk

Strategic Commitments

PL1 - We will implement a range of initiatives to maintain a clean, safe, attractive and environmentally friendly borough. This will include a focus on reducing dog fouling.

PF4 - We will deliver our Organisational Development strategy, ensuring we plan for the structures and capabilities the organisation needs, and empowering our workforce to deliver the objectives of the Strategic Plan.

Lead Responsibility Chief Executive Officer

Risk Score: 1 - 3 Low Risk; 4 - 6 - Medium Risk; 9 - High Risk

Risk Ref 13 Environmental Event

Trigger or Cause

Extreme Weather
High Rainfall
Heatwave
Changing Climate
High Snowfall
Storms and Gales
Flooding

Possible Consequences of Risk

Death of Public / Staff
Loss of Assets
Major impact on Services and Community
Evacuation
Financial Cost

Strategic Link: Cross Cutting

Residual Risk Assessment	IMPACT	3	LIKELIHOOD	1	SCORE	3	Low Priority Risk

Strategic Commitments

PL5 - We will prepare and deliver a new Climate Emergency Strategy.

PL1 - We will implement a range of initiatives to maintain a clean, safe, attractive and environmentally friendly borough. This will include a focus on reducing dog fouling.

PF1 - We will continue the successful partnership with Liberata.

PF3 - We will develop our digital strategy, so that more residents transact with us online and we will continue to deliver services more efficiently.

Lead Responsibility Head of Streetscene

Risk Score: 1 - 3 Low Risk; 4 - 6 - Medium Risk; 9 - High Risk

ITEM NO	[AgendaItem]

STANDARDS COMPLAINT UNDER COUNCIL'S CODE OF CONDUCT- UPDATE

REPORT TO AUDIT AND STANDARDS COMMITTEE

DATE	**15/01/2020**
PORTFOLIO	**Councillor Maggie Lishman**
REPORT AUTHOR	**Eric Dickinson**
TEL NO	**01282 477256**
EMAIL	**edickinson@burnley.gov.uk**

PURPOSE

1. To report the decision of the Audit and Standards Sub Committee Hearing Panel on 3rd December 2019 in relation to the conduct of Councillor Sue Graham.

RECOMMENDATION

2. That the Committee notes the decision of the Hearing Panel on 3rd December 2019.

REASONS FOR RECOMMENDATION

3. One of the outcomes from the 3rd December 2019 Audit and Standards Sub Committee, was to report the findings to Full Council which has nbeen done, and it is now being reported to the Audit and Standards Sub Committee for noting.

SUMMARY OF KEY POINTS

4. On 3rd December 2019 the Audit and Standards Sub Committee Hearing Panel considered an allegation that Councillor Sue Graham had breached the Code of Conduct for Members by referring to UKIP members as racists in the context of forming an administration, and therefore had failed to treat others with respect and had brought the Council and herself into disrepute.

5. Following a full hearing the Sub Committee determined that Councillor Sue Graham had breached the Code of Conduct for Members in relation to respect , as set out on the attached Minutes (including the Decision Notice) of the Audit and Standards Sub Committee Hearing Panel of 3rd December 2019 (Appendix 1).

6. The Hearing Panel recommended the following;

(i) That the findings of the Panel be published (this has been done);

(ii) That the findings of the Panel be reported to the Full Council (this has been done to 18th December 2019 Full Council; and

(iii) That Councillor Sue Graham be recommended to provide an apology to the 3 Councillors regarding the breach of the Code of Conduct relating to respect and the failure to treat them with respect (this has been done in writing).

FINANCIAL IMPLICATIONS AND BUDGET PROVISION

7. None

POLICY IMPLICATIONS

8. None

DETAILS OF CONSULTATION

9. None

BACKGROUND PAPERS

10. None.

FURTHER INFORMATION
PLEASE CONTACT:
ALSO:

AUDIT AND STANDARDS COMMITTEE

BURNLEY TOWN HALL

Tuesday, 3rd December, 2019 at 6.00 pm

PRESENT

MEMBERS

Councillor Tony Martin, In the Chair.

Councillors S Hussain, M Lishman, M Payne, J Harbour and T Martin

ALSO IN ATTENDANCE- Councillor Neil Mottershead

OFFICERS

Lukman Patel	–	Chief Operating Officer
Catherine Waudby	–	Head of Legal and Democratic Services
Eric Dickinson	–	Democracy Officer

INDEPENDENT MEMBER

Louise Gaskell

INDEPENDENT PERSON

Pat Higginbottom

–

22. Appointment of Chair

Councillor Tony Martin was appointed as Chair of the meeting.

23. Minutes

That the Minutes of the Standards Hearing held on the 23rd July 2019 be approved as a correct record.

24. Exclusion of the Public

It was determined that the public were not to be excluded
from the meeting for any item, after deciding that the balance of public interest favoured holding the whole meeting in public.

25. Arrangements for dealing with complaints under the Code of Conduct for Members

The procedure that was followed for the hearing was noted and introductions were made.

26. Investigation Report

The Hearing Panel conducted a hearing into allegations that Councillor Sue Graham had breached the Council's Code of Conduct for Members by referring to UKIP members as racists in the context of forming an administration, and therefore had failed to treat others with respect and had brought the Council and herself into disrepute.

The hearing was conducted in accordance with the Council's arrangements for investigating and taking decisions on alleged breaches of the Code of Conduct and the procedure was agreed by the Panel.

The Investigating Officer, Catherine Waudby, who had carried out an investigation into the allegations presented her report as well as the further written materials previously submitted by Cllr Graham and also correspondence regarding the local resolution process in this case..

The Panel carefully considered the investigation report, and also asked the Investigating Officer a number of questions.

Councillor Sue Graham attended the hearing and was accompanied by Peter Thorne, and they presented Cllr Graham's case.

The Panel asked the Investigating Officer, Councillor Sue Graham and Peter Thorne to leave so that it could consider its findings.

Before considering its findings, the Panel took into account and had regard to the views of the Independent Person who was Pat Higginbottom.

The Panel and all parties reconvened and gave its decision and reasons.

Decision

The Hearing Panel found that Councillor Sue Graham had breached the Council's Code of Conduct for Members in relation to respect (section 3.1) by failing to treat others with respect,but had not breached the Code in relation to disrepute (section 5).

Reasons for decision

The action by Councillor Sue Graham in referring to UKIP members as racists did refer to the 3 Councillors who at the time of the post were in UKIP (Councillors Tom Commis, Peter Gill, and Alan Hosker) , and the action was in the context of arrangements under discussion at the time to form a Council administration.

The Panel then asked Councillor Sue Graham, Peter Thorne and the Investigating Officer to leave so that it could consider the actions it might take regarding the breach of respect and disrepute.

Before considering any action to be taken, the Panel took into account and had regard to the views of the Independent Person.

The Panel and all parties reconvened and delivered the following sanctions;

Sanctions

1. That the Panel publish its findings in respect of Councillor Sue Graham's conduct;

2. That the Panel report its finding to the Council for information; and

3. That Councillor Graham be recommended to provide an apology at the next Ordinary Full Council to the 3 Councillors (Councillors Tom Commis, Peter Gill, and Alan Hosker) who were in UKIP at the time of the post regarding the breach of respect and the failure to treat them with respect.

The Hearings Panel noted that Councillor Sue Graham was not available for the Full Council Meeting of 18th December 2019 and requested that Councillor Sue Graham provided an apology to the 3 Councillors as soon as practicable.

Councillor Sue Graham agreed to liaise with the Monitoring Officer and provide the apology in writing to the 3 Councillors.

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DECISION NOTICE
FINDINGS;
BREACH OF THE MEMBERS CODE OF CONDUCT

Complaint

On 3rd December 2019 the Audit and Standards Sub Committee Hearing Panel of this Council considered the report of the Investigating Officer in relation to a complaint into the alleged conduct of Councillor Sue Graham, a Member of Burnley Borough Council. We have set out a general summary of the complaint below:

It was alleged that Councillor Sue Graham had breached the Code of Conduct regarding respect and disrepute by referring to UKIP members as racists in the context of forming an administration, and therefore had failed to treat others with respect and had brought the Council and herself into disrepute.

The cross-party Hearing Panel was chaired by Councillor Tony Martin.

Councillor Sue Graham attended the Hearing with Peter Thorne.

The Hearing Panel carefully considered the evidence set out in the Investigating Officer's report and the representations made by the Investigating Officer, further evidence from Cllr Sue Graham, and the local resolution correspondence in this case.

Before reaching its decision the Hearing Panel took into account and had regard to the views of the Independent Person and concluded that:

Decision

The Hearing Panel takes all complaints about Councillors very seriously and carefully considers all matters in accordance with its published criteria.

The Hearing Panel found that Councillor Sue Graham had breached the Council's Code of Conduct for Members in relation to respect (section 3.1) by failing to treat others with respect, but had not breached the Code in relation to disrepute (section 5).

Reasons for decision

The action by Councillor Sue Graham in referring to UKIP members as racists did refer to the 3 Councillors who at the time of the post were in UKIP (Councillors Tom Commis, Peter Gill, and Alan Hosker) , and the action was in the context of arrangements under discussion at the time to form a Council administration

Sanctions

Before considering the action to be taken, the Hearing Panel took into account and had regard to the views of the Independent Person.

The Hearing Panel resolved the following;

(1) The Panel will publish its findings in respect of Councillor Sue Graham's conduct;

(2) The Panel will report its findings to the Council for information; and

(3) That Councillor Graham be recommended to provide an apology at the next Ordinary Full Council to the 3 Councillors (Councillors Tom Commis, Peter Gill, and Alan Hosker) who were in UKIP at the time of the post regarding the breach of respect and the failure to treat them with respect.

The Hearings Panel noted that Councillor Sue Graham was not available for the Full Council Meeting of 18th December 2019 and requested that Councillor Sue Graham provided an apology to the 3 Councillors as soon as practicable.
Councillor Sue Graham agreed to liaise with the Monitoring Officer and provide the apology in writing to the 3 Councillors.

AUDIT & STANDARDS COMMITTEE

Work Programme 2019/20

DATE OF MEETING	AREAS TO BE CONSIDERED
DONE **17th July 2019**	**DONE** • ***Annual Governance Statement 2018/19*** • ***Audit Findings Report 201819/Statement of Accounts 2018/19*** • ***Internal Audit Opinion 2018/19*** • ***Internal Audit Plan 2019/20*** • ***Internal Audit Effectiveness*** • ***Work Programme 2019/20***
18th September 2019	**DONE** • ***Standards Complaints Update/Code of Conduct Review*** • ***Internal Audit Progress Report Q1*** • ***Strategic Risk Register*** • ***External Auditor Appointment Arrangments Update*** • ***Annual Audit Letter*** • ***Regulation of Investigatory Powers Act – OSC Inspection and Annual Return*** • ***Work Programme 2019/20***
15th January 2020	• ***External Audit Progress Report*** • ***Certification Report- <u>now within external audit progress report</u>*** • ***Draft Audit Plan 2019/20- <u>deal with at 4th March 2020 meeting</u>*** • ***Final Accounts 2019/20 arrangements*** • ***Annual Governance Statement 2019/20 Arrangements*** • ***Internal Audit Progress Report Q2*** • ***Fraud Risk Assessment 2019/20*** • ***Strategic Risk Register 2019/20*** • ***Standards Complaints Update -Hearing 3rd December 2019*** • ***Work Programme 2019/20***
4th March 2020	• ***Internal Audit Progress Report Q3*** • ***External Audit Plan 2019/20***

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