

# Agenda

## **Audit Committee**

Date: **Tuesday 19 March 2024**

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Time: **6.00 pm**

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Place: **Council Chamber**

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For any further information please contact:

**Democratic Services**

[committees@gedling.gov.uk](mailto:committees@gedling.gov.uk)

0115 901 3844

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# Audit Committee

## Membership

**Chair** Councillor Kyle Robinson-Payne

**Vice-Chair** Councillor Sandra Barnes

Councillor Jim Creamer  
Councillor Helen Greensmith  
Councillor Paul Hughes  
Councillor Alison Hunt  
Councillor Ruth Strong

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### **Responsibility of Audit Committee:**

#### **Statement of purpose**

- a) The Audit Committee is a key component of Gedling Borough Council's corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.
- b) The purpose of the Audit Committee is to provide independent assurance to the Council of the adequacy of the risk management framework and the internal control environment. It provides independent review of Gedling Borough Council's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

#### **Governance, risk and control**

- c) To review the Council's corporate governance arrangements including the Local Code of Corporate Governance.
- d) To review the Annual Governance Statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account internal

audit's opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control.

e) To consider the council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.

f) To consider the council's framework of assurance and ensure that it adequately addresses the risks and priorities of the council.

g) To consider and monitor the effective development and operation of risk management in the council.

h) To monitor progress in addressing risk-related issues reported to the committee.

i) To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.

j) To review the assessment of fraud risks and potential harm to the council from fraud and corruption.

k) To consider and monitor the counter-fraud strategy, actions and resources.

### **Internal audit**

l) To approve the internal audit charter defining the role and scope of internal audit.

m) To approve the risk-based internal audit plan, including internal audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.

n) To make appropriate enquiries of both management and the Head of Internal Audit to determine if there are any inappropriate scope or resource limitations.

o) To consider reports from the Head of Internal Audit on internal audit's performance during the year, including the performance of external providers of internal audit services.

p) To consider the Head of Internal Audit's annual report confirming compliance with auditing standards and the opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control - these will assist the committee in reviewing the Annual Governance Statement.

q) To consider summaries of specific internal audit reports as requested.

r) To receive reports outlining the action taken where the head of internal audit has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.

s) To consider a report on the effectiveness of internal audit to support the Annual Governance Statement, where required to do so by the Accounts and Audit Regulations.

t) To support effective communication with the Head of Internal Audit.

### **External audit**

u) To consider the external auditor's annual letter, relevant reports and the report to those charged with governance.

v) To consider specific reports as agreed with the external auditor.

w) To comment on the scope and depth of external audit work and to ensure it gives value for money.

x) To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.

### **Financial reporting**

y) To consider and approve the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.

z) To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

**Accountability arrangements**

aa) To report to those charged with governance on the Committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks, financial reporting arrangements, and internal and external audit functions.

## **AGENDA**

**Page**

<b>1</b>	<b>Apologies for Absence and Substitutions.</b>	
<b>2</b>	<b>To approve, as a correct record, the minutes of the meeting held on 12 December 2023</b>	<b>7 - 8</b>
<b>3</b>	<b>Declaration of Interests.</b>	
<b>4</b>	<b>Local Code of Corporate Governance</b>	<b>9 - 31</b>
<b>5</b>	<b>Risk Management Strategy</b>	<b>33 - 75</b>
<b>6</b>	<b>Recruitment of Independent Co-opted Members</b>	<b>77 - 79</b>
<b>7</b>	<b>Quarter 3 Risk Scorecard</b>	<b>81 - 102</b>
<b>8</b>	<b>Internal Audit Progress Report</b>	<b>103 - 123</b>
<b>9</b>	<b>Internal Audit Plan 2024/25</b>	<b>125 - 147</b>
<b>10</b>	<b>Confidential report on Agresso - Exempt</b>	<b>149 - 172</b>
<b>11</b>	<b>Any other item which the Chair considers urgent.</b>	

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## **MINUTES AUDIT COMMITTEE**

**Tuesday 12 December 2023**

Councillor Kyle Robinson-Payne (Chair)

Councillor Sandra Barnes  
Councillor Jim Creamer  
Councillor Paul Hughes

Councillor Alison Hunt  
Councillor Ruth Strong

Absent: Councillor Helen Greensmith

Officers in Attendance: T Adams, C Goodall and F Whyley

Guests in Attendance: M Armstrong (Internal Auditor - BDO), G Dulay  
(Internal Audit Partner - BDO)

### **23 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS**

Apologies were received from Councillor Greensmith.

### **24 TO APPROVE, AS A CORRECT RECORD, THE MINUTES OF THE MEETING HELD ON 9 SEPTEMBER 2023**

#### **RESOLVED:**

That the minutes of the above meeting, having been circulated, be approved as a correct record.

### **25 DECLARATION OF INTERESTS.**

None.

### **26 INTERNAL AUDIT PROGRESS REPORT**

The Internal Auditor introduced a report, which had been circulated in advance of the meeting summarising the outcome of internal audit activity completed by the BDO Internal Audit Team for the period October to December 2023.

#### **RESOLVED:**

- 1) To note the progress of the delivery against the 2023/24 Internal Audit Plan, including the Executive Summary for the following audit reports: Project and Programme Management, Health and Safety and Safeguarding.
- 2) To note the Safeguarding Internal Audit Report.

**27 INTERNAL AUDIT FOLLOW UP REPORT**

The Internal Audit Partner introduced a report, which had been circulated in advance of the meeting, summarising the outcome of internal audit activity completed by the BDO Internal Audit Team for the period October to December 2023.

**RESOLVED:**

- 1) To note the progress of the delivery against the 2023/24 Internal Audit Plan, including the Executive Summary for the following audit reports: Project and Programme Management, Health and Safety and Safeguarding.
- 2) To note the Safeguarding Internal Audit Report.

**28 CORPORATE RISK MANAGEMENT SCORECARD QUARTER 2 2023/24**

The Interim Corporate Director and the Head of Finance and IT introduced a report, updating members of the Audit Committee on the current level of assurance that can be provided against each corporate risk.

**RESOLVED:**

To note the progress of actions identified within the Corporate Risk Register.

**29 ANY OTHER ITEM WHICH THE CHAIR CONSIDERS URGENT**

None.

The meeting finished at 6.48 pm.

Signed by Chair:  
Date:





## Report to Audit Committee

**Subject:** The Local Code of Corporate Governance 2024/25

**Date:** 19 March 2024

**Author:** Monitoring Officer

### Purpose

To seek approval for the updated Local Code of Corporate Governance 2024/25.

### Recommendation

**THAT:**

**The Local Code of Corporate Governance for 2024/25 be approved.**

## 1 Background

- 1.1 Corporate governance is the system by which organisations are directed and controlled and it became an important concept following the Cadbury Committee's report in 1992 on financial aspects of corporate governance. As a consequence, all local authorities have sought to demonstrate compliance with best practice by drawing up a Local Code of Corporate Governance, based on CIPFA/SOLACE Guidance first published in 2007.
- 1.2 In April 2016, CIPFA and SOLACE published the publication "Delivering Good Governance in Local Government: Framework" which is in essence an updated version of the original 2007 publication. However, amendments to the framework include an update to the Core Principles and sub principles to ensure organisations demonstrate good governance by "Achieving the Intended Outcomes While Acting in the Public Interest at all Times". The Framework makes it clear that it is up to each local authority to:

- Set out its commitment to the principles of good governance;
  - Determine its own governance structures and local Code; and
  - Ensure that it operates effectively in practice.
- 1.3 The Local Code of Corporate Governance should set out the governance structures the Council has in place to demonstrate how it complies with the Core principles and sub-principles. It is a 'living document' in that it must be periodically reviewed and amended to ensure that it satisfies the changing financial and corporate environment.
- 1.4 Members of the Committee will recall that on 12 September 2017 it was agreed that the process of review of the Code should be as follows:-
- Senior Leadership Team
- The Senior Leadership Team (SLT) will review the Council's governance and risk management arrangements and identify a work programme for ensuring these arrangements remain robust and up-to-date as and when necessary. SLT will also proactively review issues which may arise during the course of the Council's day to day business and take steps to address them. SLT will report directly to the Audit Committee as and when necessary.
- The Audit Committee
- The Audit Committee has overall responsibility for the Council's governance and risk management arrangements, and will be the main Member review of those arrangements. The Committee will approve any amendments to the Local Code.
- 1.5 The Council's "Annual Governance Statement", reports on the extent that the Council complies with its own Code of Corporate Governance and whether those arrangements are adequate and operating effectively. The Annual Governance Statement will accompany the Statement of Accounts report.

## **2 Proposal**

- 2.1 In accordance with the agreed process, Senior Leadership Team has reviewed the Local Code on Corporate Governance in consultation with Heads of Service and has made a number of amendments to ensure that it remains up to date and fit for purpose. For ease of reference the amendments are shown in strikethrough and italics. Members will note that there has been a number of additions to the Code of Governance

reflecting the work undertaken in 2023/24 including:

- New style Gedling Plan approved for 2023-27
- New Member Code of Conduct adopted following consultation
- Establishment of Member Development Working Group
- Reviewed and updated the Code of Practice for Gifts and Hospitality
- Suite of Member training post -election
- Creation of a Digital, Data and ICT Strategy
- Creation of a new Risk Management strategy
- Consultation and review of the Equality and Diversity framework and Action Plan
- Established a staff inclusion group to support equality and diversity in the workplace
- Review of information security policy
- Review of Business Continuity plans
- Officer Training delivered on report writing and decision making
- Reviewed Council's Procedure Rules
- Delivered a staff briefing on Modern Slavery
- Expanded Community hubs to Bestwood
- Introduced webchat
- Developed a carbon impact assessment for use in decision making to demonstrate carbon impacts
- Progressed a restructure of the organisation at management level
- Reviewed the Council's workforce strategy
- Developed a spreadsheet of all policies, plans and strategies to ensure regular review.

The Code also identifies work to be undertaken next year including review of the Arrangements for Dealing with complaints under the Member's Code of Conduct, preparation of a Procurement Strategy, Fees and Charges Strategy, review of the Council's Counter Fraud and Corruption Strategy, review of the External Funding Guidance, creation of a corporate consultation process, as well as delivering training on Code of Conduct and Risk management and implementing the Digital, data and ICT Strategy..

2.2 It is proposed that members approve the Code of Governance for 2024/25.

### **3 Alternative Options**

3.1 Not to approve the Local Code of Governance or propose different amendments to the Code. As highlighted however, the requirement to

have a Code is best practice as indicated by CIPFA/SOLACE guidance and supports the Annual Governance Statement required by statute by setting out clearly the Council's approach to governance across the organisation. The review undertaken for 2023/24 by SLT has been undertaken in consultation with Heads of Service and reflects all required amendments.

#### **4 Financial Implications**

4.1 None directly arising from this report.

#### **5 Legal Implications**

5.1 The Code has been drawn up to demonstrate compliance with best practice as set out by CIPFA/SOLACE and supports the Annual Governance Statement which is required as part of the accounts process as required by statute and in particular the Accounts and Audit Regulations 2015.

#### **6 Equalities Implications**

6.1 None directly arising from this report, however it should be noted from the Code, that the Council has undertaken a consultation on the Equality and Diversity policy.

#### **7 Carbon Reduction/Environmental Sustainability Implications**

7.1 None directly arising from this report.

#### **8 Appendices**

8.1 Appendix 1 – Local Code of Corporate Governance for 2024/25.

#### **9 Background Papers**

9.1 None identified.

**Statutory Officer approval**

**Approved by:**

**Date:**

**On behalf of the Chief Financial Officer**

**Approved by:**

**Date:**

**On behalf of the Monitoring Officer**

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## LOCAL CODE OF CORPORATE GOVERNANCE

**2023/24-2024/25**

### Introduction

1. Governance arrangements in the public services are vitally important and local government organisations need to ensure that they meet the highest standards, are kept up to date and are relevant. Governance is about how the Council ensures resources are directed in accordance with agreed policy and according to priorities, that there is sound and inclusive decision making and there is clear accountability for the use of those resources in order to achieve the desired outcomes for service users and communities.
2. CIPFA<sup>1</sup>/SOLACE<sup>2</sup> have together produced a corporate governance framework which was updated for 2016/17. It is an integrated system that brings together an underlying set of legislative requirements, governance principles and management processes. The governance framework produced by CIPFA/SOLACE remains a discretionary code and is offered to local authorities as good practice.
3. In conducting its business, Gedling Borough Council is fully committed to the key principles of good governance set out in the CIPFA/SOLACE framework. The framework is underpinned by seven core principles. This Local Code of Corporate Governance sets out below how Gedling Borough Council demonstrates that its governance structures comply with these seven core principles.

### Good Governance

**Core Principle A - Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.**

Sub-principle	Actions to demonstrate good governance
Behaving with integrity	<ul style="list-style-type: none"> <li>▪ Ensuring Members and Officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation.</li> <li>▪ Ensuring Members take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood. These should build on the Seven Principles of Public Life (the Nolan Principles).</li> <li>▪ Leading by example and using the above standard operating principles or values as a framework for decision making and other actions.</li> <li>▪ Demonstrating, communicating and embedding the standard operating principles or values through</li> </ul>

<sup>1</sup> Chartered Institute of Public Finance and Accountancy

<sup>2</sup> Society of Local Authority Chief Executives

	appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively.
Demonstrating strong commitment to ethical values	<ul style="list-style-type: none"> <li>▪ Seeking to establish, monitor and maintain the organisation's ethical standards and performance.</li> <li>▪ Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation.</li> <li>▪ Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values.</li> <li>▪ Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with ethical standards expected by the organisation.</li> </ul>
Respecting the rule of law	<ul style="list-style-type: none"> <li>▪ Ensuring Members and staff demonstrate a strong commitment to the rule of law as well as adhering to relevant laws and regulations.</li> <li>▪ Creating the conditions to ensure that the statutory officers, other key post holders, and Members, are able to fulfil their responsibilities in accordance with legislative and regulatory requirements.</li> <li>▪ Striving to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders.</li> <li>▪ Dealing with breaches of legal and regulatory provisions effectively.</li> <li>▪ Ensuring corruption and misuse of power are dealt with effectively.</li> </ul>

### To demonstrate its commitment to Core Principle A Gedling Borough Council:

- Has developed and promotes a culture of behaviour based on shared values, high ethical principles and good conduct underpinned by the following:
  - Members' code of conduct
  - Officers' code of conduct
  - Protocol on member/officer relations
  - Gifts and Hospitality Code of Practice for Members and Officers
  - Members' Register of Interests
  - Protocol for Members on dealing with planning matters
  - Officer Register of interests and declaration of interests policy
- Provides a comprehensive Elected Member induction programme which includes Code of Conduct training which has ~~been refreshed for~~delivered post- election in 2023/24.
- ~~Has a Code of Conduct guidance note for Members.~~
- ~~Carried out a review and public consultation of the Code of Conduct in 2021-2023/24 with further review to commence in 2023/24.~~
- Adopted a new member code of Conduct in January 2023 with training to be delivered in 2024/25.
- Has set up a Member Development Working Group cross party to ensure member engagement on key projects and training opportunities.
- Additional Member training is provided supported by a dedicated budget for Member training.
- Has approved arrangements for dealing with complaints that a councillor has



breached the Code of Conduct to be reviewed in ~~2023/24~~2024/25.

- Has a Standards Committee, which is not politically biased, with responsibility for standards and probity issues which includes 2 co-opted members.
- Is able to monitor and investigate officer behaviour through its corporate complaints procedure.
- On a quarterly basis reminds Members to keep their Register of Interests and gifts and hospitality register up to date.
- Has completed a review of the Code of Practice for Gifts and Hospitality in 2023-24.
- Maintains a register of gifts and hospitality for Officers and Members, which is reported to Standards Committee on an annual basis and Senior Leadership team on a quarterly basis. *The register of gifts and hospitality for Members is now published on the Council's website on a quarterly basis.*
- Has an Audit Committee which has overall responsibility for the Council's governance and risk management arrangements.
- Has approved a Counter Fraud and Corruption Strategy, including whistle-blowing procedures ~~during 2019/20~~which is currently under review to be updated in 2024/25.
- Has developed appropriate arrangements for an Officer's Register of Interests ~~during 2022/23.~~
- ~~Provides mandatory F~~raud awareness training ~~has been delivered~~ to Officers in 2022/23 and forms part of and Members ~~induction training for 2023 and the Strategy is published on the Council's website.~~
- ~~Has~~
- Has developed new guidance for Officers in respect of establishing partnerships and the governance and ongoing monitoring of these.
- Has clear role specifications within the Constitution in respect of the Head of Paid Service, Chief Financial Officer and Monitoring Officer.
- Has a monthly statutory officers meeting to ensure any governance issues are raised.
- Has introduced a Gedling Employee, Manager and Leader Standard which sets out behaviours expected by employees including consideration of actions to support carbon reduction which are to be reviewed in 2024/25.
- Conducts annual Personal Development Reviews which include a review of behaviours in the workplace.
- Requires reports to be considered for legal and financial implications and signed off on behalf of the Chief Financial Officer and Monitoring Officer with a template agreed to ensure that the details of review and approval are documented on the report.
- Offers training to Managers and Officers on report writing and the legal requirements.
- Has set out a Data Breach Management Policy within the Information Security Policy (ISP).
- Has completed a review of the ISP in 2023/24.
- Ensures commitment to paying the national minimum wage.
- Complies with the Public Contracts Regulations 2015 during procurement activity for the carrying out of works or provision of supplies or services and approved new Procurement and Contract Rules in 2022/23 to be reviewed again in ~~2023/24~~2024/25 to ensure compliance with the pending the Procurement BillAct 2023.
- ~~Has completed a comprehensive review of the Constitution during 2021/22 with training delivered in 2022/23~~
- Continually reviews the constitution to ensure it remains effective, the council's procedural standing orders are currently under review with a cross party working group.
- Has adopted a new Equalities Policy, including reasonable adjustments in 2021/22 which runs to 2023/24.
- Is currently consulting on an updated Equality and Diversity Policy for adoption from 1<sup>st</sup> April 2024 which includes input from overview and scrutiny committee.
- ~~Has prepared an Equality Framework and Action Plan~~Has created an Equality and Diversity Action plan through service planning for 2024/25 to be implemented from

<p><u>2021/22</u> with actions tracked through the Council’s performance management system</p> <ul style="list-style-type: none"> <li>▪ <u>Has a Strategic Equalities Group of Members and Officers to support delivery on the Council’s equality policy, framework and action plan.</u></li> <li>▪ <u>Has established a staff inclusion group to improve staff relations and promote inclusivity.</u></li> <li>▪ <del>Has delivered</del> <u>Provides mandatory</u> Equality and Diversity training to Officers and Members in 2022/23.</li> <li>▪ <u>Has an approved Modern Slavery and Human Trafficking Transparency Statement and Modern Slavery Policy.</u></li> <li>▪ <u>Has briefed staff on the Modern Slavery requirements</u></li> <li>▪ <u>Has provided mandatory training for officers in respect of safe-guarding and prevent training.</u></li> <li>▪ Has put in place measures to respond to the GDPR and Data Protection Act requirements, including appointing a Data Protection Officer and deputy.</li> <li>▪ <u>Has a Strategic Risk Group of senior officers which meets quarterly.</u></li> <li>▪ <u>Has reviewed the Risk management Strategy with training to be delivered on the new strategy in 2024.</u></li> <li>▪ <del>including a quarterly review meeting between each Head of Service and the Head of Finance and ICT to consider governance compliance in procurement, internal audit actions and risk management actions</del></li> <li>▪ Has established a Corporate Management Team to support Senior Leadership Team and support good governance in decision making, service planning and project management.</li> </ul>
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**Core Principle B - Ensuring openness and comprehensive stakeholder engagement**

Sub-principle	Actions to demonstrate good governance
Openness	<ul style="list-style-type: none"> <li>▪ Ensuring an open culture through demonstrating documenting and communicating the organisation’s commitment to openness.</li> <li>▪ Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided.</li> <li>▪ Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear.</li> <li>▪ Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/courses of action.</li> </ul>
Engaging comprehensively with institutional stakeholders <i>NB. Institutional stakeholders are the other organisations</i>	<ul style="list-style-type: none"> <li>▪ Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably.</li> <li>▪ Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively.</li> </ul>

<p><i>that local government needs to work with to improve services and outcomes (such as commercial partners and suppliers as well as other public or third sector organisations) or organisations to which they are accountable</i></p>	<ul style="list-style-type: none"> <li>▪ Ensuring that partnerships are based on: <ul style="list-style-type: none"> <li>○ Trust</li> <li>○ A shared commitment to change</li> <li>○ A culture that promotes and accepts challenge among partners and that the added value of partnership working is explicit</li> </ul> </li> </ul>
<p>Engaging with individual citizens and service users effectively</p>	<ul style="list-style-type: none"> <li>▪ Establishing a clear policy on the type of issues that the organisation will meaningfully consult with or involve communities, individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes.</li> <li>▪ Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement.</li> <li>▪ Encouraging, collective and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds, including reference to future needs.</li> <li>▪ Implementing effective feedback mechanisms in order to demonstrate how views have been taken into account.</li> <li>▪ Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity.</li> <li>▪ Taking account of the impact of decisions on future generations of tax payers and service users.</li> </ul>

<p><b>To demonstrate its commitment to Core Principle B Gedling Borough Council:</b></p>	
<ul style="list-style-type: none"> <li>▪ Has an informative, user friendly website to share appropriate information with the community.</li> <li>▪ Proactively provides information and interacts with the community through Contacts magazine, 'Keep me Posted' emails and social media, in particular <u>X (formerly Twitter)</u> and Facebook.</li> <li>▪ Works with Community groups and Stakeholders to deliver Community Outreach sessions in the Borough <u>with regular sessions at Calverton, Bestwood and Carlton.</u></li> <li>▪ Has arrangements in place to seek and respond to the views of the community by: <ul style="list-style-type: none"> <li>○ Consulting with residents about Council services and priorities through the Residents' Survey</li> <li>○ Consulting with residents on the Gedling Plan for 2023-27</li> <li>○ Holding meetings in public wherever possible</li> <li>○ Recording and streaming public meetings</li> <li>○ Publishing agendas, minutes and decisions</li> <li>○ Making provision in the Council's Procedural Standing Orders in the Constitution for the public to ask questions at Council meetings and creating an online form for the public to submit such questions</li> <li>○ Undertakes annual budget consultation with business ratepayers</li> <li>○ Undertakes consultation with residents on budgets</li> </ul> </li> </ul>	

- Having effective relationships with other public sector agencies and the private and voluntary sectors
- Undertaking miscellaneous consultation with residents, service users and relevant stakeholders including surveys, workshops and focus groups.
- Undertakes Equality Impact Assessments where appropriate to identify how the needs of particular groups have been considered to inform decision making, ensuring that appropriate consultations request data on the profile of respondents
- Has an approved Statement of Community Involvement as part of to compliment the preparation of the Local Plan Development Framework.
- Proactively engages in the health agenda through involvement in the Nottinghamshire Health & Wellbeing Board and Integrated Care Partnerships.
- Proactively engages in a number of partnerships including: D2N2, Joint Planning Advisory Board, Gedling Health & Wellbeing Delivery Group, South Notts Community Safety Partnership and Gedling Employment and Skills Group.
- Has a Freedom of Information Act Publication Scheme on the Council's website.
- Complies with the provisions of the Transparency Code.
- Has clear privacy notices in line with data protection legislation.
- Requires officers to adhere to a calendar of dates for submitting, publishing and distributing timely reports.
- Sets out in the Financial Regulations appropriate control measures for entering into partnership arrangements.
- Has developed and introduced a Partnership Register, which identifies significant partnerships and potential impacts on the Council.
- Ensures reports to Cabinet include an analysis of alternative options together with the reasons for the recommendation contained within the report.
- Facilitates the filming, streaming and recording of public meetings where necessary.
- Will develop and adopt a Community Engagement toolkit during [2023/24-2024/25](#)
- Has a Customer Promise updated in 2022/23 setting out how the Council will interact with all customers.
- Has a Complaints, Compliments and Comments Policy and Unacceptable Customer Behaviour Policy setting out how the Council will manage and respond to complaints [updated in 2022 reviewed annually](#).
- [Has established a Youth Council and Senior's Council to ensure engagement with different sections of the Community.](#)
- [Is developing a consultation strategy in 2024/25 to ensure effective engagement with communities.](#)
- [Has introduced webchat as another communication channel with the Council.](#)

**Core Principle C - Defining outcomes in terms of sustainable economic, social and environmental benefits**

Sub-principle	Actions to demonstrate good governance
Defining outcomes	<ul style="list-style-type: none"> <li>▪ Having a clear vision, which is an agreed formal statement of the organisation's purpose and intended outcomes containing appropriate performance indicators, which provide the basis for the organisation's overall strategy, planning and other decisions</li> <li>▪ Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of the year or longer.</li> <li>▪ Delivering defined outcomes on a sustainable basis within the resources that will be available.</li> <li>▪ Identifying and managing risks to the achievement of outcomes.</li> </ul>

	<ul style="list-style-type: none"> <li>Managing service users' expectations effectively with regard to determining priorities and making the best use of the resources available.</li> </ul>
Sustainable economic, social and environmental benefits	<ul style="list-style-type: none"> <li>Considering and balancing the combined economic, social and environmental impact of policies and plans when taking decisions about service provision.</li> <li>Taking a longer term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints.</li> <li>Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible in order to ensure appropriate trade-offs.</li> <li>Ensuring fair access to services.</li> </ul>

### To demonstrate its commitment to Core Principle C Gedling Borough Council:

- Has clearly set out its vision and priorities in the Gedling Plan after thorough review of the Council's planning process and following consultation with residents.
- Maintains a data hub to ensure data to support priorities is considered including recent Census data.
- Reflects the Council's vision and strategic priorities through individual service plans. These are captured and monitored in the Council's performance management system, Pentana.
- Monitors delivery against the Gedling Plan through quarterly reports to SLT, Cabinet and Overview and Scrutiny Committee.
- Has developed a register of policies/plans and strategies to monitor review dates and ensure they remain fit for purpose.
- Has procured a risk module on Pentana to better track risk management.
- Has developed and maintains proper financial management arrangements. These include agreeing a balanced budget before the start of each financial year together with a Medium Term Financial Plan which looks ahead five years; and an Annual Statement of Accounts that details the Council's financial position in the previous year.
- Regularly reviews risks at a corporate project and operational level and ensures that appropriate plans are in place to mitigate risks as far as possible.
- Has developed a new risk management strategy to be used across all services, projects and business cases.
- Holds quarterly risk reviews and updates with Heads of Service as part of the Corporate Health and Safety and Risk Management group meetings.
- Has arrangements in place to publish the external auditor's report which includes a formal conclusion on whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.
- Has Procedural Standing Orders, Contract Standing Orders and Financial Regulations in place which were reviewed in 2021/22. are subject to regular review.
- Is drafting a Procurement strategy and procedure Rules for 2024/25 to align with the Procurement Act 2023.
- Internal audit regularly reviews the risk and control framework and produces an annual report including an audit opinion on the adequacy and effectiveness of the

<p>Council’s risk management, governance and control processes.</p> <ul style="list-style-type: none"> <li>▪ Audit recommendations and actions are tracked through Pentana <u>and internal auditors now have access to check compliance.</u></li> <li>▪ Undertakes Equality Impact Assessments where appropriate to identify how the needs of particular groups have been considered to inform decision making</li> <li>▪ Maintains an approach to fair access to services through Equality and Diversity Policies and Framework.</li> <li>▪ Has an Equality group with Member and Officer representation to facilitate the Council’s Equality Framework and Action Plan.</li> <li>▪ Has Equality Actions monitored through the Council’s performance management system.</li> <li>▪ <u>Intends to strengthen its role in enabling Social Value through its procurement activity in accordance with the Public Services (Social Value) Act 2012; and also its role in securing improved environmental outcomes through consideration of sustainable procurement factors as part of the update of the Procurement Strategy.</u></li> <li>▪ <u>Has a Carbon Impact Assessment which must be completed to demonstrate carbon impacts on decisions.</u></li> <li>▪ Includes details of carbon reduction/environmental sustainability implications are documented in reports.</li> <li>▪ <u>Has developed a Carbon Management Strategy and established an officer group to ensure implementation of the action plan.</u></li> <li>▪ <u>_____</u></li> <li>▪ <u>_____</u></li> </ul>
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**Core Principle D - Determining the interventions necessary to optimise the achievement of the intended outcomes**

Sub-principle	Actions to demonstrate good governance
Determining interventions	<ul style="list-style-type: none"> <li>▪ Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and associated risks. Therefore ensuring best value is achieved however services are provided.</li> <li>▪ Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind further impacts.</li> </ul>
Planning interventions	<ul style="list-style-type: none"> <li>▪ Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets.</li> <li>▪ Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered.</li> <li>▪ Considering and monitoring risks facing each partner when working collaboratively including shared risks.</li> <li>▪ Ensuring arrangements are flexible and agile so that the mechanisms for delivering goods and services can be adapted to changing circumstances.</li> <li>▪ Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured.</li> <li>▪ Ensuring capacity exists to generate the information</li> </ul>

	<p>required to review service quality regularly.</p> <ul style="list-style-type: none"> <li>▪ Preparing budgets in accordance with objectives, strategies and the medium term financial plan.</li> <li>▪ Informing medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy.</li> </ul>
Optimising achievement of intended outcomes	<ul style="list-style-type: none"> <li>▪ Ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints.</li> <li>▪ Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term.</li> <li>▪ Ensuring the medium term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage.</li> <li>▪ Ensuring the achievement of 'social value' through service planning and commissioning.</li> </ul>

#### To demonstrate its commitment to Core Principle D Gedling Borough Council:

- Ensures reports to Cabinet and Portfolio holders include an analysis of alternative options together with the reasons for the recommendation contained within the report.
- Requires service plans and performance indicators to be aligned to Council priorities set out in the Gedling Plan.
- Performance against the Gedling Plan is reported to and monitored by Senior Leadership Team, Cabinet and Overview and Scrutiny Committee on a quarterly basis. Performance data is also made available to all Members and is published on the Council's website.
- The Council's budget is developed to reflect the Council's priorities and the Council has a clear financial strategy including a Medium Term Financial Plan – budgets, plans and objectives are aligned.
- Requires reports to be considered for legal and financial implications and signed off on behalf of the Chief Financial Officer and Monitoring Officer with a new template agreed to ensure that the details of review and approval are documented on the report.
- Has a project management framework, including the full use of business case development and the scrutiny of projects through Corporate Management Team..
- Has ~~an approved~~reviewd the Risk Management Strategy to ensure that risk management is embedded into the culture of the Council.
- Has approved a Capital Investment Strategy for ~~2023/24 to 2027/28~~2024/25 – 2028/29.
- Will implement the requirements of the Financial Management Code to support good practice in financial management and demonstrate financial resilience and sustainability.
- Has arrangements in place to seek and respond to the views of the community by:
  - consulting with residents about Council services and priorities through the bi-annual Gedling Conversation and Satisfaction Survey
  - undertaking miscellaneous consultation with residents and relevant stakeholders on a range of decisions and policy proposals
  - undertaking a consultation with residents on the Gedling Plan for

<ul style="list-style-type: none"> <li>○ 2023 <ul style="list-style-type: none"> <li>▪ Undertaking a consultation with residents on budget setting</li> <li>▪ Has developed an External Funding Strategy to ensure bids for external funding comply with Financial Regulations and meet agreed Gedling Plan priorities <u>which is to be reviewed in 2024/25</u>.</li> <li>▪ Will implement a Fee and Charges Strategy to support statutory compliance and optimisation of income.</li> <li>▪ Will implement a Procurement Strategy <u>in 2024/25</u> incorporating contract management guidance to ensure statutory compliance and value for money; setting out requirements for inclusion of social value and environmental outcomes in procurement.</li> <li>▪ <u>Will develop a Transformation programme from 2024/25 to align with the ICT Strategy and support the Council's Productivity Plan.</u></li> </ul> </li> </ul>
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**Core Principle E - Developing the entity’s capacity including the capability of its leadership and the individuals within it**

Sub-principle	Actions to demonstrate good governance
Developing the entity’s capacity	<ul style="list-style-type: none"> <li>▪ Reviewing operations, performance and use of assets on a regular basis to ensure their continuing effectiveness.</li> <li>▪ Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how resources are allocated so that defined outcomes are achieved effectively and efficiently.</li> <li>▪ Recognising the benefits of partnerships and collaborative working where added value can be achieved.</li> <li>▪ Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources.</li> </ul>
Developing the capability of the entity’s leadership and other individuals	<ul style="list-style-type: none"> <li>▪ Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained.</li> <li>▪ Publishing a statement that specified the types of decisions that are delegated and those reserved for the collective decision making of the governing body.</li> <li>▪ Ensuring the leader and the chief executive have clearly defined and distinctive leadership roles within a structure whereby the chief executive leads in implementing strategy and managing the delivery of services and other outputs set by Members and each provides a check and a balance for each other’s authority.</li> <li>▪ Developing the capabilities of members and senior management to achieve effective leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by: <ul style="list-style-type: none"> <li>- Ensuring Members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged.</li> <li>- Ensuring Members and officers have the appropriate skills, knowledge, resources and support to fulfil their</li> </ul> </li> </ul>



	<p>roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis</p> <ul style="list-style-type: none"> <li>- Ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weakness both internal and external <ul style="list-style-type: none"> <li>▪ Ensuring that there are structures in place to encourage public participation</li> <li>▪ Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections</li> <li>▪ Holding staff to account through regular performance reviews which take account of training or development needs.</li> <li>▪ Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing.</li> </ul> </li> </ul>
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### To demonstrate its commitment to Core Principle E Gedling Borough Council:

- Has a comprehensive Member Induction Programme which has been reviewed and updated for 2023 and additional Member Training is provided supported by a dedicated budget for Member training.
- Has a dedicated corporate employee training budget and service based training budgets.
- Has a matrix of corporate governance training for senior officers.
- Has developed a table of mandatory training for officers and methods of delivery.
- Has delivered a comprehensive programme of Corporate Governance training to Officers in 2022/23.
- Provides regular corporate governance training to officers.
- Will be providing risk management training to staff in 2024/25.
- Performance and Development Reviews are undertaken for all members of staff at least annually. The process offers the opportunity to discuss performance and to identify any training and development needs.
- Requires the Head of HR, Performance and Service Planning to be consulted on staffing reports to ensure that team structures are fit for purpose and staffing resources are used to best effect.
- Operates a robust recruitment and selection process which is being reviewed to ensure diversity in the workforce...
- Has a raft of HR policies and procedures in place which are included in the Employee Handbook and is available on the intranet.
- Has reviewed Employee policies to ensure they remain fit for purpose.
- Has progressed a restructure of the organisation to ensure efficiency and improved customer service.
- Adopts and publishes an annual Pay Policy statement that sets out the Council's approach to pay and provides links to relevant policies and procedures.
- Has an adopted agile working strategy and agreed a Flexible and Agile Working Policy in 2019.
- Has introduced the principles of Timewise as a means of maximising the opportunity for current and prospective employees to work in a more agile manner and in doing so encourage a wider pool of applicants to vacant posts.
- Provides access to occupational health arrangements and counselling services, under an Employee Assistance Programme, to help improve employee wellbeing and ensure that sickness absence is kept to a minimum.

- Promotes health and wellbeing through a staff e-newsletter, Well at Work initiatives an annual Health Fair and through the Corporate Health and Safety group.
- Has secured the Well-being at Work Bronze Award.
- Arranges Staff events under the banner of 'Our Gedling'.
- Signed the Prevention Concordat for Better Mental Health.
- Provided mental health Awareness Training to all staff
- Adopted the dying to work charter.
- Adhere to the principles of the Disability Confident Employer Scheme.
- Clearly set out roles and responsibilities of Senior Members and statutory officers in the Constitution. Roles and responsibilities of Officers are clearly set out in job descriptions and person specifications.
- Has a Partnerships Register which will be reviewed regularly to ensure value is being derived from the collaborative arrangements.
- Has set out a Scheme of Delegation within the Constitution.
- Requires Members of the Planning Committee and Environment and Licensing Committee to undertake mandatory training.
- Clearly sets out the role of the Leader and Chief Executive within the Council's Constitution.
- ~~Has completed to a comprehensive review of the Constitution in 2021/22.~~
- ~~Has is adopted~~ ed a new Equalities Policy, including reasonable adjustments ~~durin~~ for ~~2021/22~~ 2024/25.
- ~~Has implemented~~ reviewed the a Workforce Strategy ~~during 2021/22 with plans to review during 2023-24 using recommendations from an audit of the strategy in 2023 in 2023/24 for implementation covering the period up to 2027.~~
- Ensures that performance against the Gedling Plan and agreed budget is reported to and monitored by the Senior Leadership Team, Cabinet and Overview and Scrutiny Committee on a quarterly basis. Performance data is also made available to all Members and is published on the Council's website.
- Agreed to sign the GMB's Employee Charter to demonstrate commitment to supporting employees experiencing domestic abuse.
- Became a Fostering-friendly Council in 2022
- Has adopted parental leave policy for Members to support continuation of duties and retain skills and knowledge and to encourage a wider range of prospective Councillors.
- Has established a central register of strategies, plans and policies to monitor review periods.
- Will look to roll out mental health champions for staff in 2024/25
- Will be reviewing the Employee protection register in 2024/25

**Core Principle F – Managing risks and performance through robust internal control and strong public financial management**

Sub-principle	Actions to demonstrate good governance
Managing Risk	<ul style="list-style-type: none"> <li>▪ Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making</li> <li>▪ Implementing robust and integrated risk management arrangements and ensuring that they are working effectively</li> <li>▪ Ensuring that responsibilities for managing individual risks are clearly allocated</li> </ul>
Managing performance	<ul style="list-style-type: none"> <li>▪ Monitoring service delivery effectively including planning, specification, execution and independent post</li> </ul>

	<p>implementation review</p> <ul style="list-style-type: none"> <li>▪ Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook</li> <li>▪ Ensuring an effective scrutiny or oversight function is in place which provides constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation's performance and that of any organisation for which it is responsible (Or, for a committee system) Encouraging effective and constructive challenge and debate on policies and objectives to support balanced and effective decision making</li> <li>▪ Providing Members and senior management with regular reports on service delivery plans and on progress towards an outcome achievement</li> <li>▪ Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (e.g. financial statements)</li> </ul>
Robust internal control	<ul style="list-style-type: none"> <li>▪ Aligning the risk management strategy and policies on internal control with achieving objectives</li> <li>▪ Evaluation and monitoring risk management and internal control on a regular basis</li> <li>▪ Ensuring effective counter fraud and anti-corruption arrangements are in place</li> <li>▪ Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor</li> <li>▪ Ensuring and audit committee or equivalent group/function, which is independent of the executive and accountable to the governing body: <ul style="list-style-type: none"> <li>- Provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment</li> </ul> </li> <li>▪ That its recommendations are listened to and acted upon</li> </ul>
Managing data	<ul style="list-style-type: none"> <li>▪ Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data</li> <li>▪ Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies</li> <li>▪ Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring</li> </ul>
Strong public financial management	<ul style="list-style-type: none"> <li>▪ Ensuring financial management is integrated at all levels of planning and control, including management of financial risks and controls</li> <li>▪ Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls</li> </ul>

**To demonstrate its commitment to Core Principle F Gedling Borough Council:**

- Has put in place assurance arrangements which conform to CIPFA's requirements.

- The Council has appointed an Audit Committee which can report to Full Council if it considers necessary.
- A new Risk Management Strategy has been prepared in 2023/24 that is led by Senior Management for the identification and evaluation of Corporate Risks, and integrated with the work of Internal Audit to provide a holistic source of assurance aligned to corporate objectives.
- The Risk Management Strategy is periodically reviewed by the Audit Committee along with a quarterly review of the corporate Risk Register by Senior Leadership Team and Audit Committee.
- The Council has contracted with BDO to provide an internal audit service. Internal auditors are independent and have access to all people, premises and systems. An annual report is presented to the Audit Committee.
- The Annual Audit Plan is shaped through an assessment of the Council's key strategic risk areas and critical services.
- Results of audit reviews are reported to the Audit Committee along with follow up work to ensure that the recommendations have been implemented.
- Audit actions are included as part of the Pentana performance management system.
- Risk management will be included as part of the Pentana performance management system.
- Financial systems are reviewed annually to ensure appropriate, effective controls are in place.
- External audit reports to the Audit Committee annually on the results of the audit of the financial statements.
- Through the Chief Financial Officer, Members are advised on the robustness of estimates and the adequacy of reserves set within the budget process.
- The Annual Governance Statement considers the internal control framework, and is presented to the Audit Committee usually annually with the Statement of Accounts.
- Ensures that effective arrangements are in place for the discharge of statutory officer roles by defining roles and responsibilities in the Constitution.
- Ensures compliance with relevant laws and regulations, internal policies and procedures and that expenditure is lawful by:
  - requiring all reports to be considered for legal and financial implications and signed off on behalf of the Chief Financial Officer and Monitoring Officer
  - requiring all Council and Cabinet reports to be considered by Senior Leadership Team prior to inclusion in the agenda
- Has financial management arrangements in place which conform with the requirements of the CIPFA statement on the role of Chief Financial Officer in Local Government and with statutory provisions in the Local Government Act 1972, the Local Government Act 1988 and the Accounts and Audit Regulations 2015.
- Has updated Financial Regulations, Standing Orders for Dealing with Land and is reviewing Contract Standing Orders and will provide training to the relevant staff.
- Through Senior Leadership Team, carries out a quarterly review of corporate risks to ensure that they are relevant, whilst at the same time reviewing risk appetite.
- Through the Corporate Health and Safety group identifies and discusses risk management with Heads of Service on a quarterly basis.
- Ensures that performance against the Gedling Plan and agreed budget is reported to and monitored by the Senior Leadership Team, Cabinet and Overview and Scrutiny Committee on a quarterly basis. Performance data is also made available to all Members and is published on the Council's website.
- Publishes an up to date Forward Plan to enable forthcoming key decisions to be scrutinised at the earliest opportunity by Overview and Scrutiny Committee.
- Ensures Overview and Scrutiny Committee has sufficient access to Cabinet Portfolio Holders, key officers and information for the purpose of constructive challenge.
- Is implementing the statutory Guidance on Overview and Scrutiny in Local and Combined Authorities.

- Has approved a Counter Fraud and Corruption Strategy, including whistleblowing procedures during 2019/20 to ensure effective arrangements are in place. This is currently under review but has been published on the website and is accessible to officers and those contracting with or appointed by the Council and will introduce an Annual Fraud Report for consideration by Audit Committee.
- Has robust arrangements in place for:
  - Managing data.
  - Training staff and Members in relation to information governance
  - Ensuring data security breaches are reported and dealtwith appropriately as set out in the Information Security Policy
  - Setting out how data shall be dealt with in the Information Security Policy and Records Retention and Disposal Policy
  - Ensuring appropriate Information Sharing Agreementssigned off by the Data Protection Officer are in place.
- Has put in place measures to respond to the GDPR and Data Protection Act requirements, including appointing a Data Protection Officer and deputy.
- Maintains Information Asset registers which are reviewed annually,
- Has developed an External Funding Strategy to ensure bids for external funding comply with Financial Regulations and meet agreed Gedling Plan priorities, this strategy is to be reviewed in 2024/25.
- Quarterly risk management information ~~will be~~is reported to Overview and Scrutiny Committee ~~from April 2020~~.
- Publishes clear informative and Privacy Notices setting out what personal data is collected and how it will be used.
- ~~Has completed a comprehensive review of the Constitution during 2021/22. Continues to review and update the Constitution to ensure it remains fit for purpose.~~
- Has a project management framework, including the full use of business case development.
- Has developed a Data Hub to provide an easily accessible online portal to access data that will inform and evidence decision making service, planning and other project work.
- Has introduced an annual declaration of Health and Safety risk assessments to demonstrate compliance and provide assurance.
- Will consider the appointment of an Independent Member to Audit Committee in accordance with recommended good practice.
- Has completed a review of Business Continuity plans in 2023/24 with a review of the emergency plan to be conducted in 2024/25.
- Has quarterly strategic risk group meetings to identify any significant corporate risks and emergency planning incidents.
- 

**Core Principle G – Implementing good practices in transparency, reporting, and audit to deliver effective accountability**

Sub-principle	Actions to demonstrate good governance
Implementing good practice in transparency	<ul style="list-style-type: none"> <li>▪ Writing and communicating reports for the public and other stakeholders in a fair, balanced and understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate</li> <li>▪ Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand</li> </ul>

<p>Implementing good practices in reporting</p>	<ul style="list-style-type: none"> <li>▪ Reporting at least annually on performance, value for money and stewardship of resources to stakeholders in a timely and understandable way</li> <li>▪ Ensuring Members and senior management own the results reported</li> <li>▪ Ensuring robust arrangements for assessing the extent to which the principles contained in this framework have been applied and publishing the results on this assessment, including an action plan for improvement and evidence to demonstrate good governance (the annual governance statement)</li> <li>▪ Ensuring that this framework is applied to jointly managed or shared service organisations as appropriate</li> <li>▪ Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other, similar organisations</li> </ul>
<p>Assurance and effective accountability</p>	<ul style="list-style-type: none"> <li>▪ Ensuring that recommendations for corrective action made by external audit are acted upon and that progress on completion of actions is reported quarterly to Senior Leadership Team through the use of the Council's performance management system.</li> <li>▪ Ensuring an effective internal audit service with direct access to Members is in place, providing assurance with regard to governance arrangements and that recommendations are acted upon</li> <li>▪ Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations</li> <li>▪ Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement</li> <li>▪ Ensuring that when working in partnership, arrangements for accountability are clear and the need for wider public accountability has been recognised and met</li> </ul>

**To demonstrate its commitment to Core Principle G Gedling Borough Council:**

- Operates under Executive arrangements with an established Overview and Scrutiny Committee.
- Monitors compliance with the Freedom of Information Act and Access to Information Act and deals with FOI requests through an Information and Practice Manager.
- Adopts a presumption of openness and transparency and publishes key information on its website. The Council has a Publication Scheme and publishes information in accordance with the Code on Data Transparency.
- Presents annual reports to Cabinet on Information Governance, Regulation of Investigatory Powers Act usage and CCTV.
- Has appointed a Senior Responsible Officer and Single Point of Contact for CCTV and surveillance camera systems.
- Through reviews by external auditors, internal audit and Senior Leadership Team seeks ways of ensuring that value for money is achieved and for securing continuous improvement in the way in which its functions are exercised.
- Has an effective corporate complaints system which is managed through Customer

Services. All complaints are monitored and evaluated, through a quarterly report to Senior Leadership Team and the Complaints, compliments and Comments Policy is reviewed annually and presented to cabinet with annual complaints data.

- Ensures that performance against the Gedling Plan and agreed budget is reported and monitored by the Senior Leadership Team, Cabinet and Overview and Scrutiny Committee on a quarterly basis. Performance data is also made available to all members and is published on the Council's website.
- Ensures that all agendas, reports and minutes are published on the Council's website.
- Seeks to minimise the number of and sections of reports which need to be considered in the confidential section of Council, Committee and Cabinet meetings.
- Issues guidance to staff to ensure that the requirements of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 and Openness of Local Government Bodies Regulations 2014 are complied with.
- Determines that the Chief Executive is responsible and accountable for all aspects of operational management.
- Monthly statutory officers meetings are held to ensure risks/actions identified.
- Records in the minutes of the proceedings of a "budget decision meeting" of Council the names of the Members who voted or abstained.
- When working in partnership, will take steps to develop working protocols, robust procedures for scrutiny of decisions and behaviour, and ensure meetings are held in public.
- Has put in place measures to respond to the GDPR and Data Protection Act requirements, including appointing a Data Protection Officer and deputy.
- Has provided access to internal auditors of audit actions on pentana to ensure regular updates.
- Has established a member development working group to ensure transparency and openness across parties.
- Has reviewed scrutiny arrangements to ensure a relevant and realistic work plan.

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## Report to Audit Committee

**Subject:** Risk Management Framework

**Date:** 19 March 2024

**Author:** Interim Corporate Director

### Purpose

To seek approval to recommend a new Risk Management Strategy to Cabinet for adoption.

### Recommendation

#### That Members:

- 1) Recommend to Cabinet, the adoption of the Risk Management Framework at Appendix 1 to this report.

## 1 Background

- 1.1 The Council's current Risk Management Strategy was approved by Cabinet in October 2017 and provides guidance on the processes, procedures, roles and responsibilities for risk and sets out the context on how risks are managed within the Council.
- 1.2 The Accounts and Audit Regulations 2015 require the Council to ensure that it has a sound system of internal controls which includes the effective management of risk. It is key that as the Council takes on more ambitious projects and transforms the way it works both in terms of digital improvements and service provision, that its risk management processes remain robust.
- 1.3 Internal auditors have recommended that the Council review and update its current Risk management Strategy and Framework document with a deadline for completion of 31 March 2024. The current Strategy and Framework has been reviewed and a new Risk management Framework is attached at Appendix 1. This Framework is based on an approach which our

internal auditors considered to be good practice.

1.4 The new Framework includes:

- Risk management Policy Statement – which sets out the organisational approach to risk management and how it will be embedded into the Council’s governance framework and delivery of the Gedling Plan.
- Risk Management Strategy – which sets out what risk management is, why it is important and the legal requirements, the roles and responsibilities of risk management within the Council from members to officers, how risk management will be embedded into the Council’s culture, and how risks are assessed and scored.
- Risk Appetite Statement – which defines the overall level of risk as a Council we are prepared to accept.
- Risk management Toolkit – which provides practical guidance on how risks are identified, scored and managed as well as guidance on appropriate controls to manage risk and how risks will be reported and communicated.

1.5 As part of the Strategy element of the framework, the Council have used the ALARM National Performance Model for Risk Management in Public Services, which provides a self-assessment tool for authorities to grade themselves in terms of how well risk management is embedded within the organisation. The “rating” goes from 1 – 5 across 7 categories. Senior Leadership team have assessed the Council’s current risk management position at level 3 “Working” – as there are adequate risk processes in place, however under the new Framework it is hoped that the Council will move into the level 4 category “Driving” within the Gedling Plan period to 2027.

1.6 The Risk Appetite statement, is a declaration of the Council’s risk appetite and must be agreed, along with the Framework by Cabinet. Based on the new risk scoring matrix, it is proposed that the Council’s risk appetite level be set at Moderate – Tending always towards exposure to only modest level of risks in order to achieve acceptable outcomes. It is against this risk appetite level that risks will be assessed and scored. Whilst this is the Council’s overall risk appetite, every risk will be assessed and in some instances, a higher level of risk may be acceptable depending on the outcomes delivered. In practical terms this will be visible to Audit Committee through quarterly reporting of risks to the Committee.

1.7 The Toolkit provides practical guidance on the risk process. It makes clear that risk registers should be maintained both corporately, within departments, for projects, contracts which may contain risk (measured by

value of contract or content eg low value but high level of customer data), for ICT and cyber threats. Risk registers must be reviewed regularly and any escalating risks reflected in the Corporate Risk Register where the overall risk score is 12 or above.

- 1.8 Risks will be monitored going forward through the Council's performance management system. A project is shortly commencing to populate the risk management system with the new scoring mechanisms if approved. Reports on risk will then be pulled from the system to report to Senior Leadership team and Audit Committee on a quarterly basis.

## **2 Proposal**

- 2.1 It is proposed that the Audit Committee, recommend the Risk Management Framework at Appendix 1 to Cabinet for approval. If approved, there will be a programme of training for staff to embed the new framework and process.

## **3 Alternative Options**

- 3.1 The Committee could determine not to recommend the Risk Framework for adoption, however it has been prepared based on input from internal audit, and Senior Leadership team and is considered to be fit for purpose.

## **4 Financial Implications**

- 4.1 There are no direct financial implications arising from this report. Any training or software implementation costs will be met from existing budgets.

## **5 Legal Implications**

- 5.1 The Accounts and Audit Regulations 2015 require the Council to have sound systems of internal control in relation to risk. This Framework supports this requirement.

## **6 Equalities Implications**

- 6.1 There are no equalities implications arising from this report.

## **7 Carbon Reduction/Environmental Sustainability Implications**

- 7.1 There are no carbon reduction/environmental sustainability implications arising from this report.

## **8 Appendices**

- 8.1 Risk Management Framework

**9 Background papers**

9.1 None

**Statutory Officer approval**

**Approved by the Chief Financial Officer**

**Date:**

**Drafted by the Monitoring Officer**

# Risk Management Framework

March 2024

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## Introduction

This Risk Management Framework pulls together a number of key elements to ensure that the Council establishes and maintains effective risk management. The overarching Framework includes;

- i) The Risk Management Policy, Strategy and Risk Appetite Statement which sets out the Council's approach to risk management and;
- ii) The Risk Management Toolkit, which sets out the processes that managers will follow to deliver effective risk management.

## **Part 1 - Risk Management Policy & Strategy**

### **1. Risk Management Policy Statement**

We recognise risk management is a vital activity which underpins and forms part of the vision, values, and corporate priorities of the Council as set out in the Gedling Plan. In addition, by having an effective risk management framework in place it will provide the communities we serve with confidence that we can deliver on the priorities we have promised.

The Council promotes continuous improvement and strives to be efficient and effective in all areas of service delivery. This requires the adoption of new ways of working and a willingness to change which sometimes has risks associated with it.

Risk is always present in every activity that we do, and our risk management framework sets out to be proactive in the identification, assessment, and management of key areas of risk. We seek to embed effective risk management within the operation and decision-making process of the Council. Risk management needs to be an integral part of all processes, projects and strategic decisions made, this will include procurement and contracting arrangements. Wherever we work with partners or third parties we will ensure that they are aware of and work in line with our risk management framework.

Our aim is to have a risk management framework that is fit for purpose and appropriate to the size and nature of our operations. We aim to ensure that our risk management framework has a consistent, well communicated, and formal process operating effectively within the Council.

In order to assist in effective decision making it is essential for us as strategic leaders to define the level of risk exposure that we think is acceptable. This is set out in the Risk Appetite Statement. This should inform decision makers on the level of risk that they can take and areas where additional controls will need to be implemented to manage risks being taken.

The risk management framework and the effective management of risks is a key part of the Governance Framework of the Council. Its implementation will provide assurance to all our stakeholders that risk identification and management has a key role in the delivery of the Gedling Plan and strategic objectives.

The Council accepts its legal and moral duties in taking informed decisions about how best to control and minimise the downside of risk, whilst still maximising opportunity and benefiting from positive outcomes.

Through this framework we will involve, empower, and give ownership to all employees and members to identify and manage risk. Risk management will be supported by regular discussions and appropriate actions by Cabinet and SLT including the regular review of significant risks and reviewing actions to reduce



those risks to an acceptable level. The management of risk will be an integral part of strategic and operational planning, as well as being embedded in the day-to-day operation, development, monitoring, and overview of the Council.

**[Name]**  
**Chief Executive**

**[Name]**  
**Leader of the Council**

## 2. What is Risk Management

Risk Management is the process whereby an organisation methodically addresses the risks which may stop them from achieving their corporate objectives. The focus of good risk management is the identification and treatment of the risks to minimise any impact or maximise benefit.

A risk is defined as the “effect of uncertainty on objectives” by the International Organisation for Standardisation (ISO 31000). An effect is a positive or negative deviation from what is expected, and that risk is often described by an event, a change in circumstances or a consequence. By accepting this definition, the Council recognises that taking the right risks in an informed way can be beneficial to the objectives and that risk management is not just a negative process used to stop opportunities being taken.

Risk Management should be a continuous and developing process connected with the organisation’s strategy and the delivery of it in the past, present, and future. It should be embedded into the culture of the organisation and led by the most senior leaders and managers.

## 3. Why does the Council need to carry out Risk Management?

Risk management is a management tool which should form part of the governance system of every public service organisation. When applied appropriately, risk management can be very beneficial. It can help organisations achieve their stated objectives and deliver on intended outcomes. It can also help managers to demonstrate good governance, better understand their risk profile and better mitigate risks (particularly uninsurable risks). Externally it can help the organisation to enhance political and community support and satisfy stakeholders’ expectations on internal control.

The Council does not operate in isolation and is subjected to constant challenges and external changes which may pose a threat to the delivery of the Gedling Plan strategic objectives or provide new opportunities which have to be considered and addressed on an ongoing basis. Risk management processes provide a mechanism by which these issues and their impact can be identified, assessed, monitored and relevant actions taken to address them.

Some of the most recent examples of the landscape the Council operates in include:

- Covid 19 Pandemic
- Cost of living crisis
- Economic downturn
- Limited finances for Local Government
- Organisational resilience pressures
- Recruitment difficulties for key roles

- New ways of working - partnerships, outsourcing, commissioning
- Brexit
- Innovative technologies
- Agile/remote working methods
- Climate Change

Whilst it is good business practice and essential for good governance processes the Council also has a legal requirement to have a risk management process in place.

The Accounts and Audit Regulations 2015 state:

*“A relevant authority must ensure that it has a sound system of internal control which—*

*(a) facilitates the effective exercise of its functions and the achievement of its aims and objectives.*

*(b) ensures that the financial and operational management of the authority is effective; and*

*(c) includes effective arrangements for the management of risk.”*

Ultimately by having an effective, embedded Risk Management Framework in place to influence its decision making the Council can benefit by helping to ensure:

- The objectives set in the Gedling Plan can be delivered.
- All employees and Members understand the desired culture in relation to risk,
- Decisions to take appropriate risks in certain areas can be made from an informed viewpoint.
- The Council can protect its reputation.
- Operational and financial efficiency is ensured as resources are not lost by taking unnecessary risks.
- The Council can maximise opportunities.
- The Council can demonstrate good governance processes.
- Assets are protected.

## 4. Risk Management Strategy

### i. Governance and Infrastructure

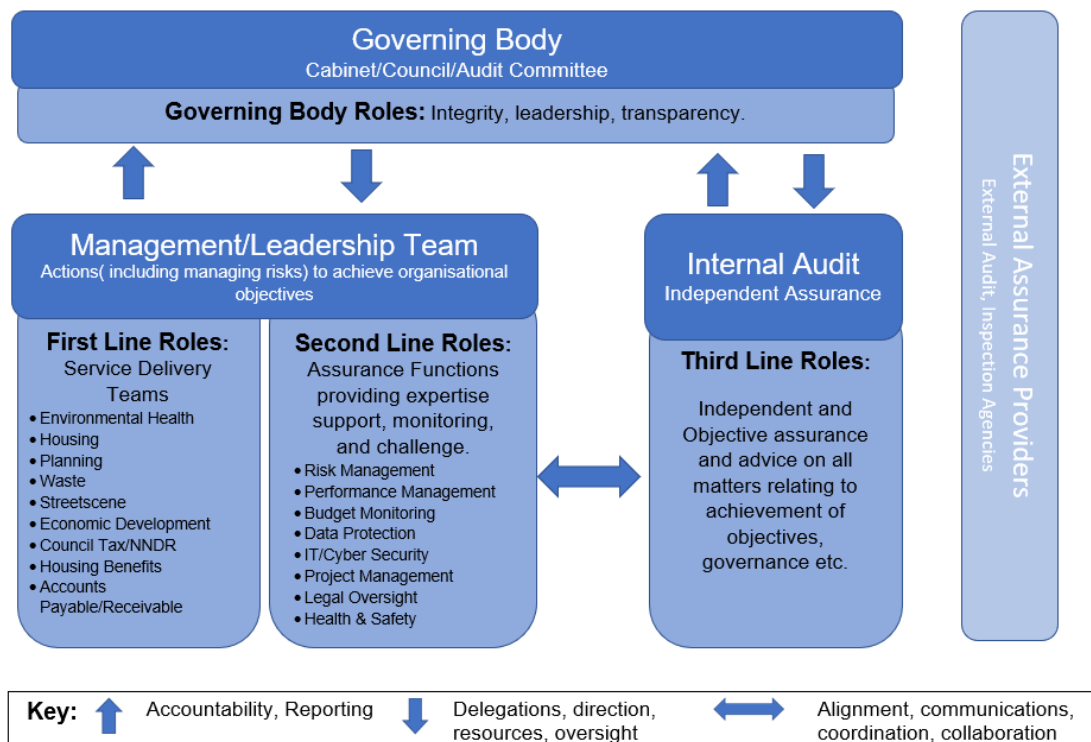
#### Sponsorship and Positioning of Risk Management

Risk Management needs to be embedded throughout the Council and underpin all of its activities. It is a key governance process and needs to have direction and leadership from the very top of the organisation; as well as being relevant and responsive to the staff delivering services on the ground. The risk matrix and risk appetite statement contained in this strategy will be used across the Council to ensure that a collective understanding and language is adopted when talking about risks.

The Cabinet and SLT are responsible for giving direction, approving the Risk Management Framework, and taking ownership of the Corporate Risk Register. They will ensure that all decisions are taken in accordance with the Council's agreed risk appetite.

The Chief Executive will act as the sponsor for the Risk Management Framework at a strategic level and with the support of the Director responsible for Audit and the Chief Financial Officer, will ensure that SLT decisions are taken in line with the Risk Management Framework.

Management and other corporate reporting/assurance functions will help to monitor and report on the effective delivery of the Risk Management Framework in line with the Institute of Internal Auditors' "3 Lines Model" as set out below:



## **Roles and Responsibilities**

All employees and Members have a role to play in the management of risk as it is a key part of day-to-day service delivery and management of the Council. However certain individuals or groups have specific responsibilities in the oversight and implementation of risk management, more detail on these is set out below.

### **Risk Management Sponsor (CEO)**

- Champion risk management at the strategic level.
- Ensure regular discussions are held on Risk Management and the Council's risks.
- Encourage SLT and senior managers to ensure they have effective risk management arrangements in place for their service areas.

### **Risk Manager (Director responsible for Audit and Chief Financial Officer)**

- Coordinate the organisation's risk management activity.
- Develop and maintain with SLT the risk management framework, methodologies, and tools.
- Highlight any significant new or worsening risks to SLT, Audit Committee and the Cabinet for review and action.
- Assist in the delivery of the risk management process and aggregation of risk profiles across the organisation.
- Provide risk management guidance, training, and advice.
- Provide the link between risk management and other related disciplines, for example, insurance, business continuity, emergency planning, and health and safety.
- Promote and share best practice risk management across the organisation.

### **Cabinet**

- Approve the Risk Management Framework which includes policy, strategy, and Risk Appetite for the Council.
- Provide assurance to stakeholders that risks are being effectively managed.
- Within individual portfolios understanding and enabling informed risk within their portfolio areas
- Ensuring application of the Risk management framework to support decision making.

### **Audit Committee**

- Gain assurance over the governance of risk, including leadership, integration of risk management into wider governance arrangements, and the top-level ownership and accountability for risks.
- Support the development and review of the Council's Risk Management Framework.
- Oversee the risk management framework, and its implementation in practice.

- Review key risks to the Council and controls in place via the Corporate Risk Register.
- Oversee the integration of risk management in governance and decision-making processes.
- Review arrangements to coordinate and lead risk management.

### **SLT**

- Regularly review the risk management framework to ensure it underpins the organisation's strategy and objectives.
- Recommended the Risk Management Framework to Cabinet for approval.
- Approve the processes to be used by management to manage and monitor risks.
- Review the key risks across the organisation, consider their importance against strategic objectives and action further controls.
- Allocate sufficient resources to address the top risks.
- Report on key risks and controls in line with the organisation's risk management strategy.
- Create an environment and culture where risk management is promoted, facilitated, and appropriately undertaken by the organisation and is embedded in all decision making.
- Champion risk management activities, educate colleagues, and raise awareness of the benefits of managing risk effectively.
- Follow the risk management process as detailed in the Strategy including maintaining the Corporate Risk Register and monitoring actions.

### **Heads of Service**

- Communicate the benefits of risk management across operational areas for which they are responsible.
- Help facilitate the risk management process and risk reporting procedures across operational areas.
- Help ensure key stakeholder commitment.
- Ensure risk management processes and risk reporting procedures are completed in line with the organisation's risk management framework for each area under team member's responsibilities.
- Monitor and review the key risks in each area of responsibility regularly but quarterly as a minimum.
- Ensure risk management is explicitly considered in framing Service Plans, Projects and business cases.
- Ensure risk management is explicitly reflected in decision making.
- Ensure completion of action plans associated with risk mitigation.

### **Managers**

- Manage risk effectively in each area of responsibility.
- Complete the risk management process and risk reporting procedures as per the organisation's guidelines.

- Complete, track and monitor the progress of action plans.

### **All Employees**

- Understand and comply with the risk management processes and guidelines of the organisation.
- Monitor work on an ongoing basis to identify new and emerging risks and escalate as required.

### **Internal Audit**

- Create an audit plan aligned with the key Corporate Risks.
- Review and challenge the effectiveness of the risk management framework.
- Review the progress of planned actions.
- Test and validate existing controls.

## **ii. Culture**

To be effective in the long term and to support good governance, effective risk management needs to be embedded into the Council's Culture.

It is important that this Culture is seen to run from the top of the Council down. SLT and Senior Managers should set an example to others when it comes to embracing the importance of effective, embedded risk management in all processes. All managers need to support the roll-out of this framework and ensure that risk management processes once established are followed by all employees.

To do this, it will be necessary to provide relevant training and awareness of the Council's Risk Management Framework to all employees. A training and communication plan will be developed to ensure the framework is effectively rolled out and embedded into the Council and that all employees see that they have a vital role to play.

An essential element needed to embed the Council's risk management into the Council's culture is ensuring that there is a collective understanding of risks and that a common language is used when it comes to quantifying and discussing risks. To achieve this the risk matrix within this framework and the definitions for levels of risk should be used consistently across the Council. This adds clarity so that the level and definition of a risk is understood and means the same thing to everyone regardless of which section or function is talking about it. Unless there is a very good reason any assessments associated with risks should utilise the agreed risk matrix and definitions and operate in line with the Council's agreed risk appetite.

It is also important that the Council's Risk Appetite Statement and risk processes are understood by those we work closely with in partnerships and in contracts.

Wherever possible the Council’s risk management processes should be used when working with partners and contractors.

All employees and managers need to take ownership and accountability for their role in the Risk Management process as set out in the “roles and responsibilities” section of the strategy. Employees at all levels should be encouraged to raise emerging risks that they have identified with their line managers with the knowledge that the information will be considered and acted on appropriately where necessary.

In addition to training and awareness the Chief Executive, as the Risk Management Sponsor, will oversee the risk management culture at SLT. They will do this by encouraging positive messages relating to risk management and challenging poor risk management practices such as the failure to adequately consider risk implications when making important decisions or the failure to review levels of risk within service areas or complete actions to mitigate risks within agreed timescales.

As part of embedding Risk Management into the culture of the Council it is important that everyone understands the current position of Risk Management and where we want to get to. To do this we are adopting the ALARM National Performance Model for Risk Management in Public Services which can be found at appendix 1. An initial assessment has been made by SLT and against each of the criteria. The assessment has shown that the Council is at the current level for each category:

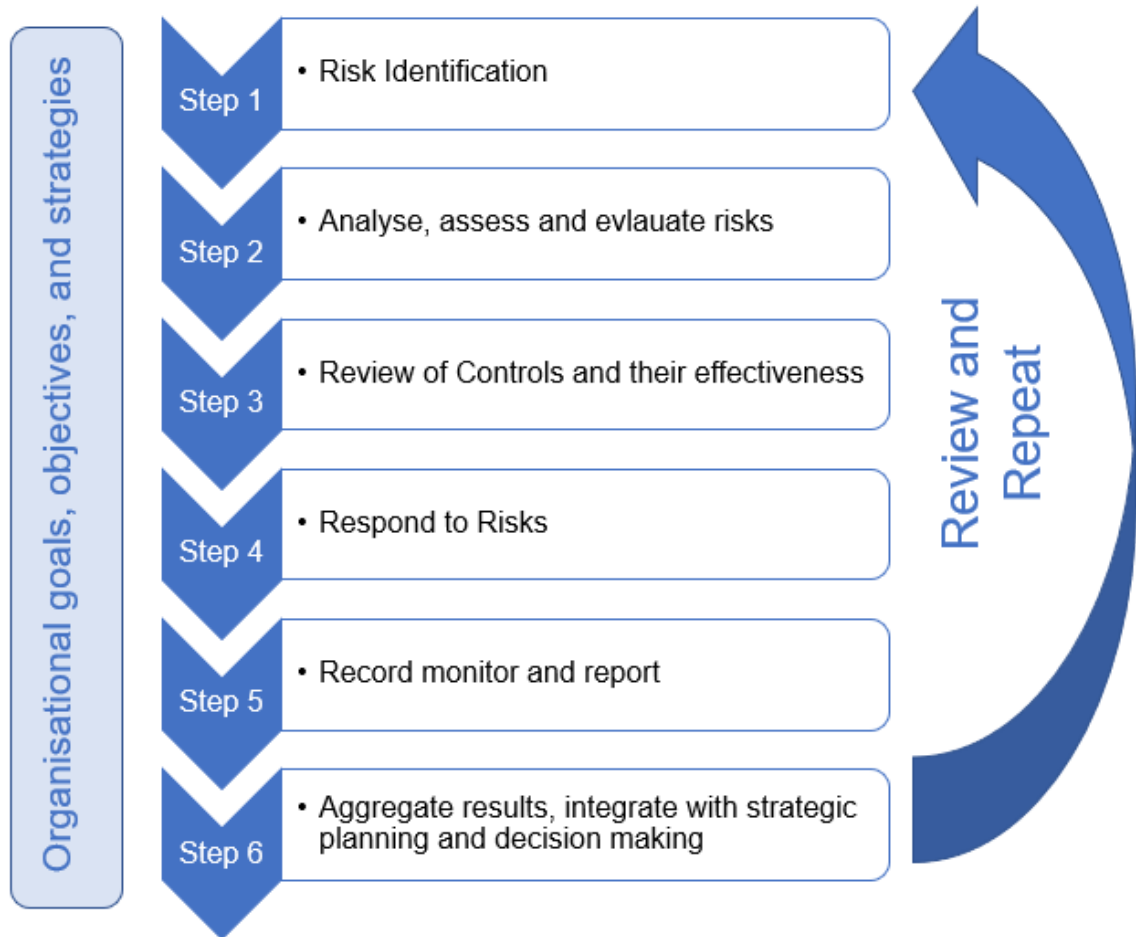
<b>Category</b>	<b>Rating (1-5)</b>
Leadership and Management	3
Strategy and Policy	3
People	3
Partnership, Shared Risk and Resources Processes	3
Processes	3
Risk Handling and Assurance	2
Outcomes and Delivery	2

It is recognised that it is unlikely that the Council will be able to achieve the rating of “5 - Driving” in all categories due to limited resources and competing demands on officer time. Therefore, it has been agreed by SLT that the target will be to achieve at least Level 4 rating- Embedded and Working in each category by April 2025 moving to Level 5 rating - Driving by the end of the Framework 2027.



## 5. Management of Risks

The Council will implement an ongoing cyclical review process for the management of risks. As set out in the diagram below.



## 6. Risk Appetite Statement

Risk appetite can be defined as the amount and type of risk an organisation is willing to accept in the pursuit of its objectives.

The Council's overall risk appetite is set out in reference to the risk appetite definitions below which include the colours used in the risk matrix to show levels the relevant levels of risk. Escalation and reporting thresholds will be reassessed periodically to ensure risks are reported and reviewed within suitable defined limits.

Category	Definition	Risk Levels
<b>Avoid</b>	No appetite. Not prepared to take risk.	N/A
<b>Adverse</b>	Prepared to accept only the very lowest levels of risk, with the preference being for ultra-safe delivery options, while recognising that these will have little or no potential for reward/return	Negligible Risk (Blue)
<b>Cautious</b>	Willing to accept some low risks, while maintaining an overall preference for safe delivery options despite the probability of these having mostly restricted potential for reward/return.	Low Risk (Green)
<b>Moderate</b>	<b>Tending always towards exposure to only modest levels of risk in order to achieve acceptable outcomes</b>	<b>Modest Risk (Yellow)</b>
<b>Open</b>	Prepared to consider all delivery options and select those with the highest probability of productive outcomes, even when there are elevated levels of associate risk.	Medium Risk (Orange)
<b>Hungry</b>	Eager to seek original/creative/pioneering delivery options and to accept the associated substantial risk levels in order to secure successful outcomes and meaningful reward/return.	High Risk (Red)

**Cabinet have agreed that the Council’s current overall base risk appetite is defined as moderate.**

This means the Council remains open to innovative ways of working and to pursue options that offer potentially substantial rewards, however, also carry a moderate level of risk. The Council’s preference is for safe delivery options, especially for those services required by statute and ideally all actions should be within this agreed risk appetite. This means that options should only be pursued if they can be managed as a yellow or lower risk.

However, in an organisation, such as a local authority, where service delivery is diverse and risks take many forms, risk appetite may vary according to the specific circumstances being assessed. For example, an option may be considered to improve the Town Centre that is seen to have a higher level of risk for the Council than the moderate appetite would allow but where the ultimate outcome would bring significant benefits if successfully implemented.

Where an option or decision is being pursued that is deemed to be at a higher level of risk than Moderate then additional controls/safeguards will need to be put in place. This will include formal agreement from the three Statutory Officers (S151 Officer, Monitoring Officer, and Head of Paid Service) and the appropriate decision maker at member level to pursue the option, and increased levels of monitoring and reporting of the risk will need to be established.

## 7. Risk Matrix

To assist in the management of risks the Council has adopted a 4 x 4 matrix. This has the risk appetite displayed through the use of colour coding of the squares. With the Impact across the top on the x-axis and the likelihood down the side on the y-axis.

	<b>Minor/Non-Disruptive Impact (1)</b>	<b>Moderately Disruptive Impact (2)</b>	<b>Serious Consequences (3)</b>	<b>Major Consequences (4)</b>
<b>Very Likely (4)</b>	4 (Yellow)	8 (Orange)	12 (Red)	16 (Red)
<b>Probable (3)</b>	3 (Yellow)	6 (Orange)	9 (Orange)	12 (Red)
<b>Possible (2)</b>	2 (Green)	4 (Yellow)	6 (Orange)	8 (Orange)
<b>Unlikely (1)</b>	1 (Blue)	2 (Green)	3 (Yellow)	4 (Yellow)

The matrix has been colour coded in line with the Council's risk appetite as follows.

<b>Risk Levels</b>	<b>Colour</b>
Negligible Risk	Blue
Low Risk	Green
Modest Risk	Yellow
Medium Risk	Orange
High Risk	Red

The risk matrix is supported by the following definitions.

## LIKELIHOOD

<b>4</b>	<b>Very Likely</b> >90%	<ul style="list-style-type: none"> <li>• Event expected to occur. Has occurred and will continue to do so without action being taken.</li> <li>• Indication of imminent occurrence</li> <li>• There are external influences which are likely to make our controls ineffective</li> </ul>
<b>3</b>	<b>Probable</b> 60-90%	<ul style="list-style-type: none"> <li>• There is a moderate exposure to the risk.</li> <li>• Reasonable to expect event to occur within a year.</li> <li>• Has occurred in the past.</li> <li>• Is likely to occur within the Council's planning cycle.</li> <li>• There are external influences which may reduce effectiveness of controls</li> </ul>
<b>2</b>	<b>Possible</b> 30-60%	<ul style="list-style-type: none"> <li>• There is a low exposure to the risk.</li> <li>• Little likelihood of event occurring - 1 in 10 years</li> <li>• There is a potential for external influences which may reduce effectiveness of controls</li> </ul>
<b>1</b>	<b>Unlikely</b> 0-30%	<ul style="list-style-type: none"> <li>• Extremely remote</li> <li>• Not expected to occur but may do so in exceptional circumstances - 1 in 100 years.</li> <li>• There are few or no external influences which may reduce effectiveness of controls</li> </ul>

## IMPACT

Score	Description	Indicative Guidelines
<b>4</b>	<b>Major Consequences</b>	<p>The consequence is so bad that urgent action must be taken to improve the situation or prevent it worsening. External support from the Government or other agencies is likely to be needed:</p> <ul style="list-style-type: none"> <li>• Catastrophic loss, delay, or interruption to services</li> <li>• Level of financial loss, additional costs, or loss of assets which the Council is unable to resource without additional Government/External support.</li> <li>• One off event which would de-stabilise the Council over several years.</li> <li>• The risk will cause the objective not to be reached, causing damage to the organisation's</li> </ul>

		<p>reputation.</p> <ul style="list-style-type: none"> <li>• Will attract medium to long-term attention of legislative or regulatory bodies.</li> <li>• Major complaints</li> <li>• Significant adverse media interest</li> <li>• Death or life-threatening injury</li> </ul>
<b>3</b>	<b>Serious Consequences</b>	<p>The consequences are sufficiently serious to require attention by Cabinet and/or full Council:</p> <ul style="list-style-type: none"> <li>• Loss of key assets or services for an extended time period.</li> <li>• Longer term impact on operational efficiency or performance of the Council or crucial service areas</li> <li>• Financial loss, additional costs or loss of assets which would need a Council decision as the scale of the loss would be outside the Council's budget &amp; policy framework.</li> <li>• The risk would destabilise the Council in the short term.</li> <li>• The intended objectives are unlikely to be met leading to negative impact on the Council's reputation and a significant number of complaints.</li> <li>• Will lead to attention for regulators and External Auditors for a significant time.</li> <li>• Major accident/injuries (but not life-threatening)</li> </ul>
<b>2</b>	<b>Moderate/ Disruptive</b>	<p>The consequence is sufficient to require attention by Leadership Team and cannot be managed within a Service Area</p> <ul style="list-style-type: none"> <li>• Significant loss, delay, or interruption to a service.</li> <li>• Medium term impact on operational efficiency or performance</li> <li>• Financial loss, additional costs or loss of assets that is within the Council's budget &amp; policy framework but needs a Statutory Officer decision, Leadership Team decision, Cabinet decision or needs to be drawn to Cabinet's attention.</li> <li>• The risk will cause some elements of the objective to be delayed or not achieved, causing potential damage to the organisation's reputation.</li> <li>• May attract medium to short term attention of legislative or regulatory bodies.</li> <li>• Significant complaints</li> </ul>

		<ul style="list-style-type: none"> <li>• Serious accident / injury (but not life threatening)</li> </ul>
<b>1</b>	<b>Minor/Non-Disruptive</b>	<p>The consequences can be dealt with as part of the normal day-to-day business by the Team Manager and the Head of Service:</p> <ul style="list-style-type: none"> <li>• Minor loss, delay, or interruption to services</li> <li>• Short term impact on operational efficiency or performance</li> <li>• Negligible financial loss</li> <li>• The risk will not substantively impede the achievement of the objective, causing minimal damage to the organisation's reputation.</li> <li>• No or minimal external interest.</li> <li>• Isolated complaints</li> <li>• Minor accident / injury</li> </ul>

## Appendix 1 - ALARM National Performance Model for Risk Management in Public Services

Scale	Leadership & Management	Strategy and Policy	People	“Partnership, Shared Risk and Resources Processes”	Processes	Risk Handling and Assurance	Outcomes and Delivery
Driving 5	Leadership uses consideration of risk to drive excellence through the organisation, with strong support and reward for well managed risk-taking	Strategy and Policy are closely aligned to risk management and the threat of failing to achieve objectives	All staff are empowered to be responsible for risk management. The organisation has a good record of innovation and well-managed risk-taking. Absence of a blame culture	Clear evidence of improved partnership delivery through risk management and that key risks to the community are being effectively managed	Management of risk and uncertainty is well integrated with all key business processes and shown to be a key driver in business success	Clear evidence that risks are being effectively managed throughout the organisation. Considered risk-taking part of the organisational culture	Risk management arrangements clearly acting as a driver for change and linked to plans and planning cycles
Embedded and working 4  Page 55	Leadership is supportive of the risk management process, engages actively and ensures it is embedded throughout the organisation	Risk management principles are reflected in the organisation’s strategies and policies. Risk framework is reviewed, developed, refined, and communicated	A core group of people have the skills and knowledge to manage risk effectively and implement the risk management framework. Staff are aware of key risks and their responsibilities	Sound governance arrangements are established. Partners adequately support one another’s risk management capability and capacity	A framework of risk management processes in place and used to support service delivery. Robust business continuity management system in place	Evidence that risk management is being effective and useful for the organisation and producing clear benefits. Evidence of innovative risk-taking	Very clear evidence of very significantly improved delivery of all relevant outcomes and showing positive and sustained improvement
Working 3	Leadership take part sporadically in the risk management process and provide some resources	A basic risk strategy and related policies exist and are partially implemented	An individual with Risk Management responsibilities is in place with the correct skills and experience	Risk with partners and suppliers is managed across organisational boundaries but inconsistently	Risk management processes used to support key business processes. Early warning indicators and lessons learned are reported. Critical services	Clear evidence that risk management is being effective in all key areas, capability assessed within a formal assurance framework and against best practice standards	Clear evidence that risk management is supporting delivery of key outcomes in all relevant areas

Scale	Leadership & Management	Strategy and Policy	People	“Partnership, Shared Risk and Resources Processes”	Processes	Risk Handling and Assurance	Outcomes and Delivery
					supported through continuity plans		
Happening 2	Leadership are aware of risk management process but do not actively participate	The need for a risk strategy and risk-related policies has been identified and accepted but not implemented	Risk management is an informal part of a single person’s role within the organisation	Approaches for addressing risk with partners are being developed and implemented	Some stand-alone risk processes have been identified and are being developed. The need for service continuity arrangements has been identified	Some evidence that risk management is being effective. Performance monitoring and assurance reporting being developed	Limited evidence that risk management is being effective in, at least, the most relevant areas
Engaging 1 Page 56	Leadership are not providing guidance with regards to risk management objectives, culture, or practices	The need for a risk strategy and risk-related policies has not been identified. The risk management system is undocumented with few formal processes present	No risk management roles or associated skills are in place within the organisation and there is little desire to implement this	No risk management considerations are given to partnerships	No stand-alone risk processes have been developed	No clear evidence that risk management is being effective	No clear evidence of improved outcomes



**Part 2 - Risk Management Toolkit**

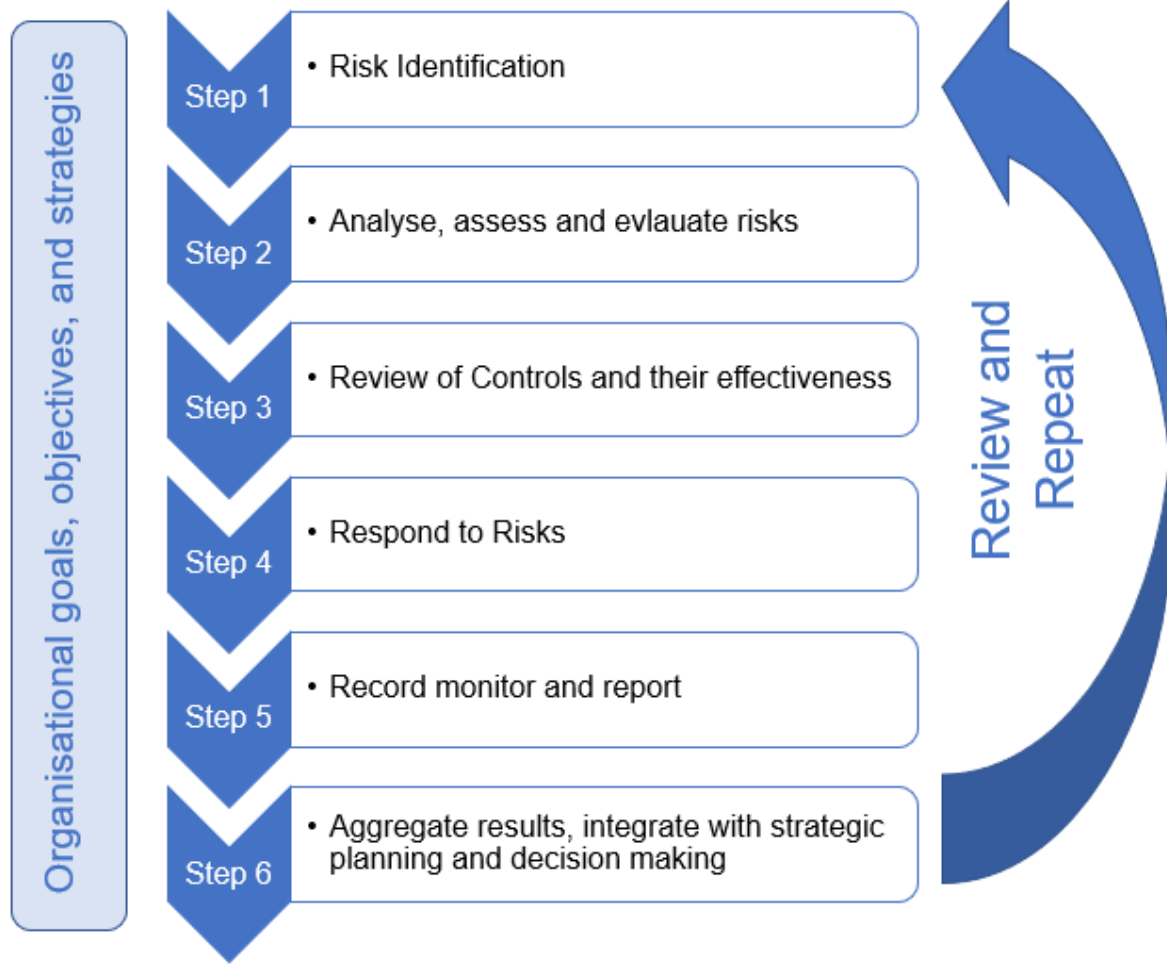
## 1. Risk Management Process

The risk management process is continuous. It involves identifying the risks, prioritising them and implementing actions to mitigate the top risks on an ongoing basis.

Risks to an organisation can have positive and negative impacts, opportunities should be seen as positive risks and if identified early can be managed well, and the benefits realised.

The Council is adopting a risk management process that can be used to identify and score both positive and negative risks. This process should be embedded across the Council to improve informed decision making and increase delivery of the key objectives. All managers and employees should use the tools and techniques when making decisions whether there is a corporate requirement for a formally documented risk register relating to the function/process or not.

The Council's risk management process can be broken down into six steps as shown below.



## i. Risk Identification

Risk identification is one of the first major components of a best practice risk management process. The purpose of risk identification is to generate a comprehensive inventory of risks based on events that might create, prevent, accelerate, or delay the achievement of the organisation's objectives. In order to do this, it is beneficial for all risks to be identified at each level of the organisation; however, we accept that resources are not available to corporately support formal risk registers for all operational functions.

The Council has therefore set a requirement for formal risk registers to be maintained at specific levels of the organisation or for specific reasons, but additional risk registers could be maintained below these to assist managers and to inform the formal risk registers. It is hoped in time that Managers will see the benefit of maintaining risk registers for all of their functions and not just those mandated by this framework.

The first stage of any risk management exercise is to identify the risks that are currently affecting the Council or may do so in the future. To do this a number of steps should be considered.

1. Review the existing risk registers and ask:
  - a. Have any of the existing risks changed significantly?
  - b. Are any risks missing?
  - c. Are there any changes in the next 12 months that could present a risk?
2. Identify new and emerging risks - this could be done via horizon scanning, monitoring relevant industry press, monitoring legislation, known changes to policies.
3. Review previous losses, events, incidents and identify anything useful from the lessons learnt reports.

Risks should not be assessed in isolation and a number of people may be involved in this process including other team or project members. You should use tools such as SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis to try to ensure all areas are covered. Appendix 2 also includes some risk descriptions applied to the Corporate Risk Register which can be used as a guide.

At this stage do not try to limit your thoughts or just roll forward the risks you have previously identified - it is important that you try to include fresh thinking on new and emerging risks every time a risk register is reviewed.

Each risk will be captured in a template on the Council's performance management system and will include:

- a reference number,
- short name
- a description,
- the name of the risk owner (the risk owner should be someone with knowledge of the risk and be senior enough to ensure that all actions are completed)
- the date the risk was first identified and
- the current controls
- Link to the Corporate Risk register reference
- Risk scores (gross, residual, risk appetite)

## ii. **Analyse, assess and evaluate risks.**

Once the risks have been identified it is important to be able to prioritise them in some way so that attention and resources can focus on the areas most likely to have the largest impact on the delivery of the Council's objectives. In order to do this the risks are assessed against two criteria.

- Impact - this is the effect that the risk would have on the delivery of the Council's objectives if it were to occur.
- Likelihood - this is how likely the risk is to occur.

Once scores are calculated we can plot where the risk sits on the risk matrix and give the risk an overall score by multiplying the Impact and Likelihood scores

Impact x Likelihood = Risk Score. E.g. 4 x 3 = 12

The risk score is calculated twice once for the Gross Risk which is the worst-case scenario without any controls in place. The controls already in place to address the risk should then be recorded and the Residual Risk Score is calculated taking the effect of these into account. Finally all risks will be assessed against a target level based on risk appetite.

In order to assist with scoring, a scale for each of these has been determined and these are set out in the risk matrix above. As with the identification of the risks it is useful for more than one person to be involved in the scoring of the risks as this avoids the scoring being skewed by an individual's subjective view.

The way one person sees a risk may differ from another due to many factors including past experience, personal views on the importance of an area and how that person can personally influence the risk. When a group reviews the scores, these personal influences can be smoothed out.

### **iii. Review of controls and their effectiveness**

By calculating both the Gross and Residual Risk Scores it highlights the effectiveness of the controls but also the importance of them operating effectively. Managers may believe a risk is being well managed, but the controls are not operating effectively.

It is therefore important that managers do take some time to assess the effectiveness of the controls that they have in place and make use of other information at their disposal to do this. This should be done at the time the risk register is being produced but also on an ongoing basis as the risk register is being reviewed.

There are many tools which operational managers should be using directly as part of their role as the 1<sup>st</sup> Line such as:

- Sample checking a sample of transactions to see they have followed the correct process/been properly authorised.
- Checking staff are aware of the correct processes to follow.
- 1 to 1s and monitoring of staff.

Managers can also make use of information from the 2<sup>nd</sup> Line functions to give them information relating to the effectiveness of the controls they have in place. Lots of information available to Managers can be considered as Key Risk Indicators (KRI) when used to inform the identification of risks and the success in the implementation of the agreed risk reduction methods. The following could be considered as Key Risk Indicators:

- Customer Complaints
- Data Protection Breach information
- Legal Compliance information
- Vacancy/Sickness data
- Performance Management Information
- Accident reports
- Budget Monitoring information
- Project issue logs
- Implementation Timelines - planned vs actual

Managers can also take account of the findings of Internal Audit work who provide assurance on the effectiveness of controls as the 3<sup>rd</sup> Line function.

#### iv. Response to Risk

Where a risk is found to be at a level that is unacceptable to the Council and outside of its risk appetite then some action is needed to address the risk. There are four main ways that the Council can respond to an unacceptably high risk:

- **Terminate** (avoidance)

the Council can simply avoid the risk altogether where this is possible. So, if it is looking at a new development or project to implement but the risk is very high for little return then we should decide not to progress with that decision. Alternatively, we could decide to stop a high-risk activity that we are carrying out if we do not have to deliver that service. This should be the first response we look to; however, it is recognised that the Council is often not able to avoid high risk/undesirable activities.

- **Treat** (reduction)

We can implement additional controls to reduce the likelihood an/or the impact of a risk to an acceptable level. This is the most common response to a risk that the Council will take. All controls/actions must be SMART actions and monitored through performance management.

- **Transfer**

This involves transferring the cost of the risk to a third-party for example by insurance, contracting out work, or outsourcing the service. This can work in specific situations e.g., transfer a specific function such as Leisure provision or an insurance policy for vehicle damage in an accident, but unfortunately most business risks cannot be managed by this method.

- **Tolerate** (accept)

The Council decides to accept the risk and do nothing. This may be acceptable for low risks but is often not an acceptable solution for the higher more significant risks so should be considered as a last resort option. When using this option, it will still be necessary to monitor and review the risk.

When making the decision on which of the options above you want to follow you should consider:

- Existing best practices to treat the risk.
- Critical controls that you will need to achieve the required risk score reduction as part of the risk treatment or mitigation plan.
- Costs associated with different treatment options against associated benefits.
- How other organisations mitigate the same risk.

### **Action Plan**

Most of the options above require an action plan to be produced, this will need to include the following key information for each SMART action identified against the risk:

- The Action being taken.
- A person responsible making sure the action is completed.
- A target date for the action to be completed.

All actions must be recorded and updated on the performance management system..



## Escalation of Risk

The change of a risk level within Departmental Risk registers may, if the risk level has become unacceptable escalate the corresponding risk on the Corporate risk Register. These escalating risks will be identified and reported through the Council's performance management system and highlighted to SLT and Audit Committee during quarterly review/report of the Corporate Risk Register.

Assessment of risk on individual projects or proposals which are scored above the council's risk appetite level should have been considered by statutory officers and appropriate controls identified prior to presenting such decisions to the relevant executive or non-executive decision makers.

## v. Reporting, Monitoring and Communication

### Risk Registers

The Council has developed a corporate template which should be used for all risk registers completed in relation to Council activities and partnerships. This can be found on the Council's performance management system.

To ensure consistency and compliance with the Council's Risk Appetite the Corporate Template **must be used** to record risks for the following mandated risk registers:

- Corporate Risk Registers (One for each Council)
- Departmental Risk Registers maintained by the Heads of Service
- Risk Registers for Major Projects (including Transformation Projects)
- Risk Registers for Contracts
- Risk Register for ICT and Cyber Threats

SLT will coordinate and collate the Corporate Risk Register with support from Heads of Service who will be responsible for Departmental and other Risk Registers.

Due to limited resources the Risk Management function is unable to provide direct support to assist with the compilation and management of other risk registers but will offer advice and guidance to managers and other employees tasked with compiling them.

Risk Registers should be seen as an essential tool to aid in management decision making and should be recorded and reported to the appropriate bodies and meetings within the Council.

### **Corporate Risk Registers**

This is the Council's overarching risk register setting out the most significant risks that may prevent the Council from achieving its strategic objectives as set out in the Gedling Plan.

The full Corporate Risk Register is compiled and monitored by SLT on a quarterly basis. This includes the Action Plans and progress against the actions.

A summary of the risks along with comments on the current position/progress in dealing with the risk is presented the relevant Audit Committee quarterly.

The Chief Executive will oversee the compilation of the Corporate Risk Registers and Head of Finance & ICT will collate management updates but is not responsible for the content of the Corporate Risk Register.

Where risks are escalated within Departmental or other Risk Registers, above a score of 12, these will be considered in line with the linked Corporate Risk and the Corporate Risk Register updated.

The Corporate Risk register template can be found at appendix 2 to this document.

### **Departmental Risk Registers**

Each of the Heads of Service will maintain a Departmental Risk Register which will set out the key risks for the whole service area, scoring of risks will be in line with this framework. It is anticipated that these will contain more risks than the Corporate Risk Register and should help to identify the highest risks which need to be considered for inclusion in the Corporate Risk Register.

The Departmental Risk Registers can include major risks not directly associated with the achievement of the corporate plan. It is anticipated that the Departmental Risk Registers will capture the most important risks relating to the major projects and contracts in each area as well as the key operational risks being faced relating to service delivery.

Departmental Risk Registers will be monitored by the relevant Director and their Heads of Service but can be shared with SLT for information purposes and to assist with the compilation and review of the Corporate Risk Register. They will not routinely be reported to Members or Committees.

### **Project Risk Registers**

These must be completed at the planning stages and throughout the life of the project as part of project initiation through to delivery. The Project Manager is responsible for ensuring that a risk register is completed. The risk register should be updated regularly and monitored by the Project Board and Project Sponsor. The Risk register should be scored in line with this framework.

Where external Project Managers take on the role of compiling risk registers, they should be asked to use the Corporate Template and Risk Matrix, or approval must be sought in advance to use an alternative format. Where an external person/organisation takes ownership of the risk register for a project managers need to ensure it covers all of the risks and not just those the third party considers important. Where necessary a Council specific risk register should also be compiled for the project to ensure all risks are captured for example to include a risk that the third-party project manager fails to delivery to agreed specification/timescale. Managers should not look to delegate their role and responsibilities in the risk management process to a third party.

Key risk from Project Risk Registers may be escalated to Directorate Risk Registers and ultimately the Strategic Risk Register.

### **Contract Risk Registers**

A risk register must be completed as part of the management of all strategically important contracts and partnerships. For example, acquisition of key software solutions, significant outsourcing contracts or contracts that support key functions of the Council. As a general guide contracts with a value in excess of £10,000 may require a risk assessment depending on their significance, contracts over £75,000 will require a risk assessment. They should be completed by the relevant Team Managers and monitored by the Head of Service.

The details in these risk registers should help to inform decision making in relation to the management and monitoring of the Contract/Partnership and should help to improve the quality of risk management implications when any committee reports are prepared in relation to the Contract/Partnership.

Key risks from Contract/Partnership risk registers may be escalated into the Directorate Risk Registers and ultimately the Corporate Risk Register.

## ICT/Cyber Risks

A risk register must be completed to assess the Council's risk of cyber or ICT security issues. This should be completed by the ICT team and may be impacted by the acquisition of new software solutions.

The details in these risk registers should help to inform decision making in relation to the management and security of the Council's digital systems and networks and should help to improve the quality of risk management implications when any decisions are taken in relation to ICT infrastructure. In addition, the risk register will identify controls required or in place to manage such security risks.

Key risks from cyber risk registers may be escalated into the Directorate Risk Registers and ultimately the Corporate Risk Register. Details on this register are likely to be confidential and access restrictions to this register will be put in place to ensure any insecurities, if applicable are not placed in the public domain thereby increasing risk.

## Risk Management Reports

When reporting and monitoring risk registers quarterly, it is important the following information is provided to the people/committee receiving the update:

- assurance that all exposure to risk has been identified, assessed and relevant mitigating control evaluated,
- Clear record of any SMART actions to mitigate risk and progress against those actions.
- a view on whether the exposure the risk is increasing or decreasing for the Council,
- links between different levels of risk registers where relevant,
- how the results of the risk management process are informing decision making,
- the risk management framework and in particular the risk appetite and scoring has been applied consistently across the Council.

Below the Corporate Risk Register it is more important that the risk registers are living documents, regularly monitored, and used to inform decision making by the relevant managers rather than being reported periodically as the focus of a detailed formal reports. They should be reviewed and updated on a quarterly basis as a minimum.

## **Risk Monitoring**

There are two key elements for managers to consider when monitoring risks:

### **1. Monitoring risk response effectiveness**

As the Council and the environment it operates in is constantly changing, it is important to regularly review the risk register to ensure that the risks and agreed actions to mitigate them are still appropriate and being effective.

The use of Key Risk Indicators and the work of Internal Audit are tools that can help managers to monitor the effectiveness of risk responses.

### **2. Monitoring the risk profile**

The Council's risk profile will be constantly changing with changes in the strategic direction of the Council and the impact of external factors such as Government policy, new initiatives, emerging issues. When monitoring the risk profile, it is always good to start with these three basic questions:

- Are there any risks missing from the risk register that should be included?
- Have any of the risks in the risk register changed significantly in terms of impact and/or likelihood and require additional mitigation efforts?
- Is there anything planned in the next 12 months that may give rise to a key risk?

## **vi. Integration with Strategic Planning and Decision Making**

Risk Management and Strategic Planning are fundamentally linked, and it is impossible to carry one out effectively without the other. Strategic Planning is about deciding what the Council is trying to achieve in the medium to long term. Risk Management is about identifying the risks that may stop the Council from achieving those strategic goals.

Whilst it is important that risks are managed at all levels of the Council and for all activities we deliver; with limited resources it is important that the majority of the effort is targeted on the identification and management of risks that could affect the corporate objectives.

When taking decisions, officers and members need clear information about the risks associated with that decision so information about risks should be included in all decision reports.

SLT have a responsibility in ensuring decision reports with poor or missing risk implications do not progress.

Heads of Service should take responsibility for ensuring all reports in their Service area have appropriate risk implications set out before the report is submitted to SLT for review.

## Appendix 2 - Corporate Risk Register Template

The risk category and descriptors are given as a prompt to help you to identify the operational risks in services and forms the basis of the Corporate Risk Register. The list is not exhaustive and is only a guide. In departmental registers you should also consider risks that are specific to your service area.

Many risk categories overlap and/or can be considered to be consequences of another category, however the risk category allocated should be based on the 'root cause' of the risk (e.g., an IT system failure may cause financial or reputational consequences but the 'root cause' lies within the IT / Technology category)

This is only a template, the risk registers will be held on the performance management system so may look slightly different in lay out but all information should be captured. At each quarterly review the risk escalation or de-escalation will be identified.

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Risk Ref No	Corporate Risk	Descriptor	Gedling Plan Objective	Risk Owner	Key Risk driver	Gross Risk	Risk Appetite	Residual Risk	Controls
1	Financial	This refers to the ability of the Council to meet its financial commitments and/or the scale and pace of budget cuts. This relates to income and expenditure and							

		includes internal budgetary pressures, savings/growth considerations, external economic changes etc.						
2	<b>Capacity/Service Delivery</b>	This is about ensuring that sufficient capacity is available to deliver services which meet statutory obligations, Council objectives etc and public expectation.						
3	<b>Health and safety at Work</b>	This refers to Occupational Health & Safety						
4	<b>Environmental</b>	This refers to the environmental impact on the public – it could be related to virus type illnesses or environmental incidents such as flooding which impact on health or related to events which have an impact on the natural environment such as pollution/contamination						
5	<b>Contractual/partnership</b>	This refers to both the risks regarding						



		partnership / contractual activities and the risks associated with the partnership / contract delivering services to the agreed cost and specification.							
6	<b>Reputation</b>	This relates to public perception / expectation and the impact of media attention.							
7	<b>Infrastructure/Assets</b>	This looks at the loss, protection and damage of physical assets and takes into account the need to maintain, protect, insure and plan for unexpected loss.							
8	<b>Legislative</b>	This refers to changes to and breaches of current law leading to additional workloads, fines, intervention by regulatory bodies etc.							
9	<b>IT/Technology</b>	This relates not only to the impact of Internal technology failure but also changing technological demands							

		and the ability to meet the pace and scale of change.							
10	<b>Projects</b>	This relates to the effective management of projects to achieve delivery that is on time, to budget and that meet the needs of the organization.							
11	<b>Fraud/bribery/Misconduct</b>	Relates to improper actions committed against the Council either internally or by third parties. Including frauds, bribery, money laundering and misconduct e.g., theft, falsification of timesheets.							
12	<b>Service Standards/performance Management</b>	This relates to the setting of acceptable standards and levels of output for a service area and the processes put in place to ensure these are delivered and managed appropriately							
13	<b>Information/data</b>	Security – this relates to physical and IT security on site and in-							

		transit or inappropriate disclosure of information.							
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## Report to Audit Committee

**Subject:** Recruitment of co-opted Audit Committee Members

**Date:** 19 March 2024

**Author:** Interim Corporate Director

### Purpose

To seek approval to commence recruitment for two co-opted members on to Audit Committee.

### Recommendation

#### That Members:

- 1) Authorise the Interim Corporate Director to commence the recruitment process for two independent co-opted members to join the Audit Committee
- 2) Establish an interview panel of 3 members drawn from the membership of the Audit Committee; and
- 3) Agree that the panel, shall bring a recommendation as to appointment to Council

## 1 Background

- 1.1 The Chartered Institute of Public Finance and Accountancy's (CIPFA) position statement on audit committees in local authorities and police bodies in England and Wales issued in 2022 sets out the purpose, model, core function and membership of an audit committee. The statement took into account recommendations from the Independent review into the Oversight of Local Audit and Transparency of Local Authority Financial Reporting by Sir Tony Redmonds in 2020 ("the Redmond Review").
- 1.2 In particular the Redmond Review, recommended that Local Authorities appoint at least one independent member to Audit Committee to ensure they have the necessary expertise to carry out their role effectively. As a result of

this recommendation, CIPFA were asked to strengthen their guidance in this regard.

- 1.3 The CIPFA position statement builds on the Redmond Review recommendation and states that “CIPFA recommends that each authority audit committee should include at least two co-opted independent members.” This guidance is considered best practice and a number of authorities have already co-opted one or two independent members to Audit Committee. The Independent Members should have the appropriate knowledge and experience to fulfil the role and support the Committee, including sound financial and accounting knowledge. CIPFA have provided some guidance on the person specification required for the role.
- 1.4 The ultimate appointment of the co-opted members, and the effective change in the Audit Committee make -up would require approval from Council.

## **2 Proposal**

- 2.1 It is proposed that the Audit Committee, in line with CIPFA guidance agrees to the commencement of recruitment exercise to co-opt two independent members onto Audit Committee. Application packs will be prepared in line with CIPFA guidance and the roles advertised through the Council’s usual recruitment processes.
- 2.2 Applicants will be shortlisted by the Interim Corporate Director and Head of Finance and ICT in consultation with the Chair of Audit Committee and it is proposed that Committee establish an interview panel, of at least 3 members from the Committee to undertake the interview process and recommend suitable candidates for appointment to Council.

## **3 Alternative Options**

- 3.1 The Committee could determine not to recruit two co-opted members to the Committee, however this would be contrary to CIPFA recommendation. It should be noted that the recruitment of independent members on to the audit committee was an action in the Council’s Corporate Code of Governance, approved by audit in 2023/24, due to capacity however the recruitment was not undertaken.

## **4 Financial Implications**

- 4.1 On appointment, the co-opted members will be entitled to receive the co-opted members’ allowance agreed as part of the Members’ Allowances Scheme.

**5 Legal Implications**

5.1 Audit Committee do not have authority to appoint independent members to the Committee so any recommendations must be considered by Council. Whilst it is not a statutory requirement to appoint co-opted members, it is considered best practice by CIPFA for the effective performance of Audit Committees and the Committee should have regard to this.

**6 Equalities Implications**

6.1 There are no equalities implications arising from this report. The recruitment process for the co-opted roles will be inclusive and accessible.

**7 Carbon Reduction/Environmental Sustainability Implications**

7.1 There are no carbon reduction/environmental sustainability implications arising from this report.

**8 Appendices**

8.1 None

**9 Background papers**

9.1 None

**Statutory Officer approval**

**Approved by the Chief Financial Officer**

**Date:**

**Drafted by the Monitoring Officer**

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## Report to Audit Committee

**Subject:** Corporate Risk Management Scorecard Quarter 3 2023/24

**Date:** 19 March 2024

**Author:** Head of Finance and ICT

### 1. Purpose of the Report

To update members of the Audit Committee on the current level of assurance that can be provided against each corporate risk.

#### **Recommendations:**

##### **That Members:**

- Note the progress of actions identified within the Corporate Risk Register.

### 2. Background

The current Risk Management Strategy & Framework was last considered and approved by the Cabinet in October 2017. It is due for renewal this financial year, and a new Risk Management Framework forms part of the agenda for this meeting with the final version to be recommended to Cabinet for approval in March.

As part of the review of the Risk Management Strategy, a process review of internal risk management and risk registers has been undertaken with a view to making the system and reporting of risks more automated.

The purpose of the current Strategy and Framework is to define how risks are managed by the Council. It provides guidance on the processes, procedures, roles and responsibilities for risk, and it sets out the context on how risks are to be managed. It defines the key role for the Audit Committee as providing independent assurance to the Council with regard to the effectiveness of the risk management framework and the associated control environment. This includes the monitoring of the framework and ensuring the implementation of all audit actions.

The Corporate Risk Register is a key enabler of the Strategy and Framework, and provides assurance on the key risks identified as corporate risks.

Existing risks identified within both the Council's corporate and operational service risk registers are subject to quarterly review by senior management and on an ongoing basis through the work of Internal Audit.

### **3. Corporate Risk Register**

This approach has meant that some of the risks included within the Corporate Risk Register have been set at a relatively high score with the expectation that as mitigation measures are properly recorded or actions taken, then these risks should start to improve over the coming months. This is not to say that all risks will return to 'green', as mitigation measures can only go so far, and some risks may always be inherently 'red' or 'amber' as the score reflects the potential impact on the Council and the likelihood of that event occurring.

The Corporate Risk Register and supporting comments as at the end of December 2023 are appended to this report, and this includes a summary of all control gaps identified on the Council's Corporate Risk Register at quarter 3.

### **4. Financial Implications**

None arising directly from this report.

### **5. Legal Implications**

The Council is required to have risk management arrangements in place as part of its functions under the Accounts and Audit Regulations 2015.

### **6. Equalities Implications**

None arising directly from this report.

### **7. Carbon Reduction/Environmental Sustainability Implications**

None arising directly from this report.

### **8. Appendices**

Appendix 1 - Corporate Risk Register Monitoring – Quarter 3, period ending 31 December 2023

Appendix 2 - Risk Management Scoring Matrix

Appendix 3 – Risk Definitions

<b>Statutory Officer Approval</b>
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**Approved by: Chief Financial Officer**  
**Date:**


**Approved by: Monitoring Officer**  
**Date:**

## Appendix 1 - Corporate Risk Register Monitoring – Quarter 1 – Period Ending 31 December 2023

1	<p><b>FAILURE TO PREVENT BUDGET OVERHEATING ONCE THE BUDGET HAS BEEN SET</b></p> <p><b>Owner:</b> Head of Finance &amp; ICT</p> <p><b>Current Risk:</b> GREEN B2, low likelihood / minor impact</p> <p><b>Direction of Travel:</b> 22/23 Q1 D3; Q2 D3; Q3 B3; Q4 B1. 23/24 Q1 B1; Q2 B1; Q3 B2;</p> <p><b>Definition:</b></p> <p><i>Shorter term implications of overspending budgets or not collecting as much income as forecasted. This can cause adverse impact on Council balances.</i></p> <p><b>Key Risk Driver:</b> Financial Impact</p> <p><b>Raw Risk:</b> RED E3, very high likelihood / serious impact (£50k - £500k)</p> <p><b>Commentary:</b></p> <p>Budget monitoring reports are presented to Cabinet on a quarterly basis, and reflect a review of current year budgets and spend to date. They also recognise any trends (both underspends and overspends) as reported in the year-end outturn report.</p> <p><u>Actions completed to quarter 3:</u></p> <ul style="list-style-type: none"> <li>• Quarter 1 budget monitoring report was presented to Cabinet on 7<sup>th</sup> September 2023. This reported a forecast NIL variance at year end.</li> <li>• Quarter 2 budget monitoring was reported to Cabinet on 9 November 2023 this reported an overall underspend, however there were significant departmental overspends identified which if not controlled could change the overall position at Quarter 3 and therefore increase the risk.</li> <li>• Quarter 3 budget monitoring report was reported to Cabinet on 31 January 2024, whilst it showed a balanced budget position, some significant overspends have been identified in some service areas which have been addressed with appropriate heads of service. The overspends can be offset with additional income and savings from other service areas thus maintaining a balanced budget</li> </ul>
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	<p>position. As the years budget risk reserve has been fully utilised additional overspends in quarter 4 may not be able to be offset with savings from other areas, therefore, the risk of an overall overspend in year has increased for Quarter 3.</p> <p><u>Actions outstanding:</u></p> <ul style="list-style-type: none"> <li>• As a result of overspends identified in quarter 2 &amp; 3 in areas of PASC and Waste, actions are being considered to reduce the overspend continuing into the last quarter.</li> <li>• Zero based budget exercises are being considered for the PASC &amp; Waste due to continuous overspends.</li> </ul>
2	<p><b>FAILURE TO MAINTAIN FINANCIAL INTEGRITY</b></p> <p><b>Owner: Head of Finance and IT</b></p> <p><b>Current Risk: RED E4, very high likelihood / major impact £500k to £1m</b></p> <p><b>Direction of Travel: 22/23 Q1 E4; Q2 E4; Q3 E4; Q4 E4. 23/24 Q1 E4; Q2 E4; Q3 E4</b> </p> <p><b>Definition:</b></p> <p><i>Affecting the ability of the Council to meet its financial commitments in the longer term.</i></p> <p><b>Key Risk Driver:</b> Financial Impact</p> <p><b>Raw Risk Value:</b> RED E5, very high likelihood / critical impact (£1M+)</p> <p><b>Commentary:</b></p> <p>The preparation of a balanced budget is a fundamental requirement placed on all local authorities, and this can only be achieved by the control of expenditure and the maintenance or improvement in income. The main financial risk issue continues to be the delivery of the ongoing £2.857m efficiency target against a backdrop of pay rises, fuel and energy price increases, and national pressures around the future of local government funding.</p> <p><u>Actions completed to quarter 3:</u></p>

	<ul style="list-style-type: none"> <li>• The Medium Term Financial Plan was presented to Council on 2 March 2023 as part of the 2023/24 General Fund Revenue Budget report. It set a future efficiency target of £2.857m and officers, completed a review of budgets and a programme of proposed efficiencies have will be put forward for consideration as part of budget setting for 2024/25.</li> <li>• The budget report for 2024/25 is nearing completion and will be presented to Cabinet on 21 February 2024 and Full Council on 6 March 2024.</li> <li>• Proposed Efficiencies have been presented to Portfolio Holder to agree plans for delivery in 2024/25, 2025/26 and 2026/27</li> </ul> <p><u>Actions outstanding</u></p> <ul style="list-style-type: none"> <li>• Development of a Procurement and Contract Management Strategy to ensure value for money in purchasing. This will reflect the recommendations arising from the internal audit reviews of both Contract Management and Procurement. It will also need to reflect changes arising from the new UK Procurement Bill currently progressing through parliament. TARGET DATE: April 2024.</li> <li>• Development and implementation of a Charging Strategy to maximise current income streams and identify new income opportunities in accordance with all relevant statutory and corporate requirements. TARGET DATE: June 2024.</li> <li>• Completion of additional Internal Audit work required on main financial systems in response to the alleged fraud in 2022, and ongoing liaison with External Audit. To be presented to Audit March 2024.</li> </ul>
3	<p><b>FAILURE TO PROTECT STAFF, INCLUDING HEALTH &amp; SAFETY ISSUES</b></p> <p><b>Owner: Corporate Director</b></p> <p><b>Current Risk: AMBER C3, significant likelihood / serious impact</b></p> <p><b>Direction of Travel: 22/23 Q1 B3; Q2 B3; Q3 C3; Q4 C3. 23/24 Q1 C3; Q2 C3; Q3 C3</b> </p> <p><b>Definition:</b></p>

	<p><i>Ineffective systems, processes and equipment that can present danger to individuals or groups of employees.</i></p> <p><b>Key Risk Driver:</b> Health &amp; Safety</p> <p><b>Raw Risk Value:</b> RED D4, high likelihood / major impact (loss of life / major illness)</p> <p><b>Commentary:</b></p> <p>All staff should feel safe at work and be protected against all dangers wherever possible.</p> <p><u>Actions completed to quarter 3:</u></p> <ul style="list-style-type: none"> <li>• The Health and Safety team continued their programme of inspections and corporate review of risk assessments. This process has identified a number of risks which need to be addressed and some risk assessments which are overdue for review and/or with appropriate control measures not being fully identified, for which mitigations are being planned. It was hoped that the risk level would reduce in quarter 3, however some actions to address risk remain outstanding at quarter 3, staff shortages in some areas has meant actions have not been completed in a timely manner.</li> <li>• The rollout of the new Civic centre emergency evacuation procedure was implemented in quarter 3, with one test completed and more planned for quarter 4.</li> <li>• Health and Safety internal audit was completed in quarter 3 with an overall moderate assurance, there were some actions around risk management with training highlighted. Resourcing remained an issue in quarter 3 however the Health &amp; Safety Officer returned from maternity leave in January so overall risk may reduce in quarter 4.</li> </ul> <p><u>Actions outstanding:</u></p> <ul style="list-style-type: none"> <li>• To continue with the programme of health and safety inspections to determine the corporate-wide risk position and ensure the delivery of mitigation actions to address identified risks. TARGET DATE: April 2024.</li> </ul>
4	<p><b>FAILURE TO RECRUIT AND RETAIN STAFF, AND MAINTAINING INTERNAL CAPACITY</b></p> <p><b>Owner:</b> Head of HR, Performance &amp; Service Planning</p> <p><b>Current Risk:</b> AMBER C3, significant likelihood / serious impact</p>

**Direction of Travel:** 22/23 Q1 C3; Q2 C3; Q3 C3; Q4 C3.  
23/24 Q1 C3; Q2 C3; C3



**Definition:**

*Associated with the particular nature of each profession, internal protocols, managerial abilities, and sickness levels.*

**Key Risk Driver:** Service Provision

**Raw Risk Value:** AMBER C3, significant likelihood / serious impact (significant elements of a service suspended / reduced)


**Commentary:**

Like nearly all councils, Gedling is experiencing difficulties with recruitment, particularly with professional roles such as planning and finance. Uncertainty also still remains in the future if, for example, funding reductions impact upon the Council's ability to deliver public services.

Actions completed to quarter 3:

- Pentana is now more actively used by officers to manage projects, risks, audit recommendations, carbon management actions, equality actions which will provide an indicator where officers are struggling to deliver due to capacity issues.
- Discussions have been had within Corporate Management Team to share experience and ideas for improving recruitment and retention, some teams have adopted "grow your own" approach and in some areas career grading has been used to attract candidates successfully.
- HR have met with comms to look at the recruitment page and individual recruitment campaigns to try and attract candidates.
- Staff survey was launched with all staff with results fed to Heads of Service to develop action plans for their services to improve on areas where staff have identified issues.
- A review of Agile Working is currently underway with a review of office /desk space having been completed during quarter3.
- A new Workforce Strategy as prepared which set out actions for improvement. (this was presented to SLT in November 23 and has been considered by ACSC).
- High internal audit finding - there were low completion rates of Performance Development Reviews (PDR) which impacts the Council's ability to fully review the skills base of all staff and ensure staff have the necessary skills and tools - including training - to undertake their roles, deliver to expected standards and ensure future development opportunities. A new programme of PDRs has been promoted with PDRs underway and to be completed in quarter 4.



	<p><u>Actions outstanding:</u></p> <ul style="list-style-type: none"> <li>• Continue to monitor the national review of the impact of the national living wage on local government pay scales and assess the impact for Gedling. TARGET DATE: n/a.</li> <li>• Investigate opportunities for the introduction of apprenticeships in areas experiencing particular recruitment issues. TARGET DATE: April 2024.</li> <li>• Continue to work with the universities to facilitate the Supported Intern Placement Programme. TARGET DATE: n/a.</li> <li>• Review recruitment options, including a refresh of the website recruitment pages, and which enhances the Council's offer in terms of flexible working and accessibility. TARGET DATE: April 2024.</li> <li>• Continue the review of agile working arrangements currently in place, forming a view on future work needs and requirements, and determining a strategy that will have a positive impact on recruitment and retention of staff. The first step is to review the use of office and desk space / patterns of working within the Civic Centre. TARGET DATE: April 2024.</li> <li>• To monitor the impact of workforce capacity on delivery of the Gedling Plan and compliance with governance requirements by identifying practical measures to reduce the pressure within teams and the fragility of some services. TARGET DATE: April 2024.</li> </ul>
5	<p><b>FAILURE TO PROPERLY UTILISE EXISTING ICT, REACT TO TECHNOLOGY CHANGES, AND PREVENT DATA LOSS</b></p> <p><b>Owner: Head of Finance &amp; IT</b></p> <p><b>Current Risk: Red D3, high likelihood / serious impact</b></p> <p><b>Direction of Travel: 22/23 Q1 C3; Q2 C3; Q3 C3; Q4 C3. 23/24 Q1 C3; Q2 C3; Q3 D3</b></p> <p><b>Definition:</b></p> 

*The capacity of the Council to deal with the pace / scale of technological change, or its ability to use technology to address changing demands. Challenges over the security, storage and retention of both electronic and manual records, and data.*

**Key Risk Driver:** Objectives

**Raw Risk Value:** RED D4, high likelihood / major impact (directorates objectives not met)

**Commentary:**

Good IT is key to the delivery of efficient Council services, and the development of a coherent Digital Strategy is essential.

Actions completed to quarter 3:

- SLT received the findings of the external review of the ICT service, evaluating current service provision and resourcing (baseline review).
- Emergency Response Plan for cyber security incidents approved by SLT.
- An internal Digital Transformation team has been established and continues to work alongside the external consultants to produce a strategy.
- An external consultant Change Network was procured to prepare an IT Strategy, road map and target operating model for ICT, this is nearing completion and is expected in January 24. The Strategy has identified some weaknesses in the ICT environment which will be addressed as part of the road map, therefore the risk has increased in quarter 3.
- Information Security Policy was reviewed and approved by Cabinet on 7 September.

Actions outstanding:

- Completion of the ICT Strategy and other outputs from Change Network working with the Digital Transformation team TARGET DATE – March 2024.
- Establishment of governance arrangements to approve ICT projects – March 2024

6

## FAILURE TO PROTECT & UTILISE PHYSICAL ASSETS

**Owner: Head of Regeneration & Welfare**



**Current Risk: RED C4, significant likelihood / major impact**

**Direction of Travel: 22/23 Q1 C3; Q2 C3; Q3 C3; Q4 C3.  
23/24 Q1 C3; Q2 C4; Q3 C4**

### Definition:

*Buildings that are fit for purpose, safe, secure, and meet legislative requirements for fire, asbestos, and water-testing. Land, buildings and other assets to be recorded on a database.*

**Key Risk Driver:** Health & Safety


**Raw Risk Value:** RED D4, high likelihood / major impact (loss of life / major illness)


### Commentary:


The Council owns and manages a number of buildings and it is important that these are all checked on a regular basis and maintained through an up-to-date Asset Management Plan and Strategy. In addition the Council has some management/maintenance responsibility for joint use buildings such as Leisure Centres which are important assets in delivering the Leisure function. The risk in this area has increased due to some issues at Carlton Forum leisure centre drainage. The risk is being managed but the Council is working with the County Council to mitigate risk in the longer term.


### Actions completed to quarter 3:


- General condition surveys are now in place for the majority of the main operational estate.
- A new compliance regime has been introduced for all Council assets (fire, asbestos, water testing).
- Meeting with the County Council to discuss solutions to drainage issues at Leisure Centre, works likely in April 2024, funding arrangements currently being negotiated with the County taking consideration of the joint use agreement.
- Asset Management surveys are being hindered by lack of an integrated asset management system, with asset details held on multiple spreadsheets and folders.

	<ul style="list-style-type: none"> <li>• Compliance management arrangements have been introduced across pavilions and community centres and conditions surveys being introduced in 2024/25.</li> </ul> <p><u>Actions outstanding:</u></p> <ul style="list-style-type: none"> <li>• Cyclical update of property condition surveys, starting with those about to expire e.g. pavilions. TARGET DATE: March 2024.</li> <li>• Produce a new Property Asset Management Plan. TARGET DATE: March 2024.</li> <li>• Review the suitability of Council-owned temporary accommodation and establish a short and long term maintenance programme. TARGET DATE: March 2024.</li> </ul>
7	<p><b>FAILURE TO REACT TO CHANGES IN LEGISLATION</b></p> <p><b>Owner: Corporate Director</b></p> <p><b>Current Risk: RED D3, significant likelihood / serious impact</b></p> <p><b>Direction of Travel: 22/23 Q1 C3; Q2 C3; Q3 C3; Q4 C3. 23/24 Q1 C3; Q2 D3; Q3 D3</b> </p> <p><b>Definition:</b></p> <p><i>Associated with current or potential changes in national or European law which can lead to possible breaches of legislation. Assessing the wider implications of new legislation on both the Council and its residents.</i></p> <p><b>Key Risk Driver:</b> Financial Impact</p> <p><b>Raw Risk Value:</b> RED D4, high likelihood / major impact (£500k - £1m)</p> <p><b>Commentary:</b></p> <p>Legislation changes are progressed through parliament and can ultimately affect any Council service. A watching brief on their progression from Bills to Acts is therefore essential. The risk in this area has increased in quarter 2 following the introduction of mandatory qualification requirements for Building Control officers which must be obtained before 1<sup>st</sup> April 2024. This is impacting the current workforce</p>

	<p>and will impact on the ability to deliver the statutory building control function if qualification is not completed.</p> <p><u>Actions completed to quarter 3:</u></p> <ul style="list-style-type: none"> <li>• Building Control staff are being supported through the qualification this action is ongoing TARGET Date 1<sup>st</sup> April 2024.</li> <li>• Investigations have commenced into alternative arrangements for Building Control in the event of staff no longer wishing to pursue qualification or not obtaining.</li> <li>• Received confirmation that changes to the pension scheme following McCloud case the impact is low.</li> </ul> <p><u>Actions outstanding:</u></p> <ul style="list-style-type: none"> <li>• New waste reforms were announced by government on 23 October 2023 to improve and simplify the approach to waste collections in England, such as the introduction of a free weekly food waste collection, and we await further guidance and confirmation of resources needed to implement those changes. TARGET DATE: n/a.</li> <li>• Changes to the procurement act are expected to come into force in October 2024, training of officers with responsibility for the procurement strategy needs to be sourced and undertaken in order to ensure the changes can be included in the strategy in 2024/25.</li> </ul>
8	<p><b>FAILURE OF CONTRACTORS OR PARTNERSHIP ARRANGEMENTS – CONTRACTUAL BREACHES</b></p> <p><b>Owner: Head of Finance &amp; IT</b></p> <p><b>Current Risk: AMBR C3, significant likelihood / serious impact</b></p> <p><b>Direction of Travel: 22/23 Q1 B3; Q2 B3; Q3 C3; Q4 C3. 23/24 Q1 C3; Q2 C3; Q3 C3</b> </p> <p><b>Definition:</b></p> <p><i>Associated with the failure of contractors and partnership arrangements to deliver services or products to the agreed cost and specification.</i></p> <p><b>Key Risk Driver: Financial Impact</b></p>

	<p><b>Raw Risk Value:</b> RED D3, high likelihood / serious impact (£50k - £500k)</p> <p><b>Commentary:</b></p> <p>This risk focusses on perceived weaknesses in the procurement and contract management processes.</p> <p><u>Actions completed to quarter 3:</u></p> <ul style="list-style-type: none"> <li>• The implementation of some actions resulting from the Contract Management and Procurement internal audits.</li> <li>• Captured feedback on current procurement arrangements to consider future changes.</li> </ul> <p><u>Actions outstanding:</u></p> <ul style="list-style-type: none"> <li>• Implementation of the new Contract Register and Contract Management module as part of the Intend procurement system. TARGET DATE: June 2024.</li> <li>• Review indemnity clauses in terms and conditions for new contracts to ensure that they reflect the Council’s risk appetite. TARGET DATE: June 2024 – this will align with wider review of contract terms as part of Procurement Act review.</li> </ul>
9	<p><b>INABILITY TO DEFEND ONE-OFF CHALLENGES TO A COUNCIL DECISION OR NEW COMPENSATION TREND EMERGES</b></p> <p><b>Owner: Corporate Director</b></p> <p><b>Current Risk: GREEN A3, very low likelihood / serious impact</b></p> <p><b>Direction of Travel: 22/23 Q1 A3; Q2 A3; Q3 A3; Q4 A3. 23/24 Q1 A3; Q2 A3; Q3 A3</b> </p> <p><b>Definition:</b></p> <p><i>Councils are increasingly vulnerable to judicial reviews and new compensation claims.</i></p> <p><b>Key Risk Driver: Financial Impact</b></p>

	<p><b>Raw Risk Value:</b> RED E3, very high likelihood / serious impact (£50k - £500k)</p> <p><b>Commentary:</b></p> <p>These may arise as a result of a national policy change, Council decision, or lack of action.</p> <p><u>Actions completed to quarter 3:</u></p> <ul style="list-style-type: none"> <li>• Completion of restructure of legal services means full team which will support capacity to defend one off challenges.</li> <li>• As reported to Environment and Licencing Committee in January 2023, some taxi licensing fees were overcharged and a process of refunds is now operational. A new methodology for calculating the fees has been developed to ensure there will be no reoccurrence going forward.</li> <li>• No Change in risk, no specific threats identified and there is adequate resource in legal services to support any potential challenges.</li> </ul> <p><u>Actions outstanding:</u></p> <ul style="list-style-type: none"> <li>• National interest around “employment status” and “worker rights” continues to develop. We need to complete the work on assessing the employment status of individuals working for the Council to ensure that legislative and corporate requirements are met. TARGET DATE: n/a.</li> </ul>
10	<p><b>FAILURE TO MAINTAIN SERVICE STANDARDS, CUSTOMER SATISFACTION, AND/OR MEET CUSTOMER EXPECTATIONS</b></p> <p><b>Owner: Corporate Director</b></p> <p><b>Current Risk: GREEN B1, low likelihood / negligible impact</b></p> <p><b>Direction of Travel: 22/23 Q1 B1; Q2 B1; Q3 B1; Q4 B1. 23/24 Q1 B1; Q2 B1; Q3 B1</b> </p> <p><b>Definition:</b></p> <p><i>Related to channel shift to more digital on-line services but retaining the availability of face-to-face services. Affecting the competitiveness of the service (in terms of cost or quality) and/or its ability to deliver best value.</i></p>

	<p><b>Key Risk Driver:</b> Reputation</p> <p><b>Raw Risk Value:</b> RED D4, high likelihood / major impact (adverse national publicity)</p> <p><b>Commentary:</b></p> <p>This risk refers to deliver of service to the customer and ensuring equal access for all.</p> <p><u>Actions completed to quarter 3:</u></p> <ul style="list-style-type: none"> <li>• Monitoring of complaints in terms of number, underlying reasons and other trends is continuing. With closer work with waste Services to support in responses.</li> <li>• A new Customer Services Strategy to improve customer engagement and ensure customer service standards are maintained has been developed and approved.</li> <li>• Customer Services Outreach centre in Bestwood was launched and has been positive for residents.</li> <li>• Webchat now launched and has received a positive response from users.</li> </ul> <p><u>Actions outstanding:</u></p> <ul style="list-style-type: none"> <li>• Continue to monitor and respond as necessary to the impact upon the Council of potential staffing capacity issues in key areas. TARGET DATE: n/a.</li> <li>• Assess impact of staff movement in Customer services to support the implementation of the waste management system, risk may increase in quarter 4 as a result of this.</li> </ul>
11	<p><b>FAILURE TO PREVENT DAMAGE TO THE COUNCIL'S REPUTATION</b></p> <p><b>Owner: Chief Executive</b></p> <p><b>Current Risk: GREEN B2, Low likelihood / minor impact</b></p> <p><b>Direction of Travel: 22/23 Q1 B2; Q2 B2; Q3 B2; Q4 B2. 23/24 Q1 B2; Q2 B2; Q3 B2</b></p> 



	<p><b>Definition:</b></p> <p><i>Related to the Council’s reaction to a specific event or issue, or generally a downturn in quality of service.</i></p> <p><b>Key Risk Driver:</b> Reputation</p> <p><b>Raw Risk Value:</b> RED D4, high likelihood / major impact (adverse national publicity)</p> <p><b>Commentary:</b></p> <p>The failure to effectively manage and control corporate risks as set out in this report would have a detrimental impact on the reputation of the Council. In recent months we have seen several councils issue warnings around finances, and for Gedling this continues to be our highest risk score. One of the major risks for all local authorities is to <u>not</u> meet their promises made in achieving climate change. For Gedling we aim to be carbon neutral by 2030.</p> <p><u>Actions completed to quarter 3:</u></p> <ul style="list-style-type: none"> <li>• The Council has numerous actions for delivery as part of the Carbon Management Strategy Action Plan and work has continued on these.</li> <li>• The Corporate Environment Group has met to monitor delivery of carbon management actions and presented an update to Cabinet.</li> </ul> <p><u>Actions outstanding:</u></p> <ul style="list-style-type: none"> <li>• Individual officers, as well as the Corporate Environment Group, to continue to deliver actions as part of the Carbon Management Strategy Action Plan. TARGET DATE: n/a.</li> <li>• Senior staff management restructure to take place. TARGET DATE: April 2024.</li> </ul>
12	<p><b>FAILURE TO REACT TO AN ENVIRONMENTAL INCIDENT OR MALICIOUS ACT</b></p> <p><b>Owner: Corporate Director</b></p> <p><b>Current Risk: AMBER C3, significant likelihood / serious impact</b></p>

**Direction of Travel:** 22/23 Q1 B1; Q2 B3; Q3 C3; Q4 C3.  
23/24 Q1 C3; Q2 C3; Q3 C3



**Definition:**

*Council reaction to a natural occurrence e.g. widespread flooding, or other events such as fire and explosions.*

**Key Risk Driver:** Reputation

**Raw Risk Value:** RED D4, high likelihood / major impact (adverse national publicity)

**Commentary:**

Climate change is expected to require businesses (including Councils) and individuals to adapt their behaviour to reduce the potential of extreme weather events and other risks to public health. This risk also covers preparing for any potential malicious act.

During October the Council mobilised a response to the impacts of Storm Babet and its subsequent recovery actions. The Council is now taking a significant role in inspecting properties and facilitating recovery and improvement payments to local residents and businesses.


There was a high internal audit finding in relation to Business Continuity Plans *“The Council’s BIAs are out of date, of varying quality and the template does not adequately cover business continuity planning, although the Council are currently refreshing these.”* Actions have commenced in quarter 2 to address this.

Actions completed to quarter 3:

- .Departmental Business Continuity Plans largely completed, contractor to be procured to review and assist in corporate BCP completion.
- Corporate Management Team met to review BCPs and identify outstanding actions within departments.
- Winter plan review completed.

Actions outstanding:

- Update of corporate business continuity plan. TARGET DATE: March 2024 – external support now secured to finalise this.

	<ul style="list-style-type: none"> <li>• Maintain a watching brief on the requirements of Martyn’s law (protection for the public from terrorism at public venues). TARGET DATE: n/a.</li> <li>• Continue delivery of flood grants scheme for properties affected by Recent Storms and finalise lessons learned from Babet and Henk. TARGET DATE : ongoing</li> </ul>
13	<p><b>FAILURE TO REACT TO SOCIO-ECONOMIC TRENDS</b></p> <p><b>Owner: Chief Executive</b></p> <p><b>Current Risk: GREEN B2, low likelihood / minor impact</b></p> <p><b>Direction of Travel: 22/23 Q1 B2; Q2 B2; Q3 B2; Q4 B2. 23/24 Q1 B2; Q2 B2; Q3 B2</b> </p> <p><b>Definition:</b></p> <p><i>Relating to the effects of changes in demographic, residential, or socio-economic trends on the Council’s ability to meet its objectives.</i></p> <p><b>Key Risk Driver:</b> Reputation</p> <p><b>Raw Risk Value:</b> RED D3, high likelihood / serious impact (adverse regional publicity)</p> <p><b>Commentary:</b></p> <p>This risk relates to the long term view and horizon scanning of potential changes required and modes of delivery for our services.</p> <p><u>Actions completed to quarter 3:</u></p> <ul style="list-style-type: none"> <li>• The Gedling Plan 2023-27 was finalised following a review of strategic direction in light of available resources and was approved by full Council on 2 March 2023.</li> <li>• Service Planning for 2024/25 has commenced with a focus on socio-economic data</li> </ul> <p><u>Actions outstanding:</u></p>

	<ul style="list-style-type: none"><li>• This long term work will require Gedling to work with partners from within the Nottinghamshire and Derbyshire regions to deliver a long term strategy as part of the new Mayoral authority from May 2024. TARGET DATE: n/a.</li></ul>
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**HIGH RISK AUDIT RECOMMENDATIONS RAISED IN PREVIOUS YEARS BUT NOT YET IMPLEMENTED:**

There are no high risk audit recommendations from previous years that have not been addressed and implemented, however there are some medium level actions from previous years in relation to contracts, procurement and risk which are currently being addressed and should be completed in 2023/24 as detailed in the internal audit follow up report.

**HIGH RISK AUDIT RECOMMENDATIONS RAISED IN THIS FINANCIAL YEAR:**

Up to Quarter 2 there have been two, one from the 'Workforce Strategy' audit and one from the 'Business Continuity and Emergency Planning' audit, and these have been included under risk 4 and risk 12 respectively.

During quarter 3 the internal audit on the main financial systems was undertaken with some high-risk recommendations due to the recent fraud coming out of this audit. The findings of the audit and a discussion of remedial actions taken so far will be discussed as an exempt part of this meeting.

## APPENDIX 2 - RISK MANAGEMENT SCORING MATRIX

<b>Likelihood</b>	Very High	E				2	
	High	D			5,7		
	Significant	C			3,4,8,12	6	
	Low	B	10	1,11,13			
	Very Low	A			9		
			1	2	3	4	5
			Negligible	Minor	Serious	Major	Critical
			<b>Impact</b>				

## APPENDIX 3 – RISK DEFINITIONS

	IMPACT				
	Negligible	Minor	Serious	Major	Critical
<b>Financial Impact</b>	£0 - £10k	£10k - £50k	£50k - £500k	£500k - £1M	£1M+
<b>Service Provision</b>	No effect	Slightly reduced	Significant elements of a service suspended/ reduced	Service suspended short term / reduced	Service suspended long term, statutory duties not delivered
<b>Health &amp; Safety</b>	Sticking plaster/ first aider	Broken bones/ illness	Multiple injuries / illness	Loss of life / major illness	Major loss of life / large scale major illness
<b>Objectives</b>		Objectives of one section not met	Service objectives not met	Directorate objectives not met	Corporate objectives not met
<b>Morale</b>		Some hostile relationship and minor non co-operation	Major non co-operation	Industrial action	Mass staff leaving / unable to attract staff
<b>Reputation</b>	No media attention/ minor letters	Adverse local media	Adverse regional publicity	Adverse national publicity	Remembered for years!!
<b>Government relations</b>		Poor assessment	More than one poor assessment	Service taken over temporarily	Service taken over permanently

	LIKELIHOOD				
	Very Low	Low	Significant	High	Very High
<b>Probability</b>	< 10%	10% to 35%	35% to 65%	65% to 90%	> 90%
<b>Timing</b>	Next ten years	Next year to five years	Next 12 months	Next 6 months	Next week / this month



## Report to Audit Committee

**Subject:** Internal Audit Progress Report

**Date:** 19 March 2024

**Author:** Gurpreet Dulay – Internal Audit Partner (BDO)

### Purpose

To summarise the outcome of internal audit activity completed by the BDO Internal Audit Team for the period January to March 2024.

#### Recommendation(s):

##### THAT:

- 1) **Members to note the progress of the delivery against the 2023/24 Internal Audit Plan, including the Executive Summary for the following audit reports: Community Health and Wellbeing and Generating External Income.**

## 1. Background

- 1.1 The Internal Audit Plan for 2023/24 was approved by the Audit Committee on 14 March 2023. The progress report provides a summary update of the work undertaken by BDO for 2023/24 and the schedule in which we anticipate presenting the final reports to the Audit Committee over the year.

## 2. Proposal

- 2.1 Since the last Audit Committee meeting, two reports have been finalised (Community Health and Wellbeing and Generating External Income). There is one review for 2022/23 that is in progress (Corruption and Counter Fraud Strategy) where we are working with management to finalise the fieldwork phase of the review. We have also commenced our fieldwork for the GDPR Information and Governance, Main Financial Systems and Budget Setting and Efficiency Savings reviews which we anticipate will be presented at the next Audit Committee in June 2023, with our annual internal audit opinion.

### **3. Financial Implications**

3.1 The Internal Audit Plan is delivered within the approved budgets.

### **4. Legal Implications**

4.1 The Accounts and Audit Regulations 2015 require authorities to undertake effective internal audit to evaluate the effectiveness of risk management, control and governance processes. This report provides the annual position of internal audit for 2023/24 and is provided to Committee in accordance with the Council's Constitution and delegations contained therein.

### **5. Equalities Implications**

5.1 There are no equalities implications arising directly from this report.

### **6. Carbon Reduction/Environmental Sustainability Implications**

6.1 There are no carbon reduction/environmental sustainability implications arising directly from this report.

### **7. Appendices**

7.1 BDO Internal Audit Progress Report – March 2024





# INTERNAL AUDIT PROGRESS REPORT

GEDLING BOROUGH COUNCIL

March 2024

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# SUMMARY OF INTERNAL AUDIT WORK

## INTERNAL AUDIT

This report is intended to inform the Audit Committee of progress made against the 2023/24 internal audit plan. It summarises the work we have done, together with our assessment of the systems reviewed and the recommendations we have raised. Our work complies with Public Sector Internal Audit Standards. As part of our audit approach, we have agreed terms of reference for each piece of work with the risk owner, identifying the headline and sub-risks, which have been covered as part of the assignment. This approach is designed to enable us to give assurance on the risk management and internal control processes in place to mitigate the risks identified.

## INTERNAL AUDIT METHODOLOGY

Our methodology is based on four assurance levels in respect of our overall conclusion as to the design and operational effectiveness of controls within the system reviewed. The assurance levels are set out in Appendix 1 of this report, and are based on us giving either 'substantial', 'moderate', 'limited' or 'no'. The four assurance levels are designed to ensure that the opinion given does not gravitate to a 'satisfactory' or middle band grading. Under any system we are required to make a judgement when making our overall assessment.

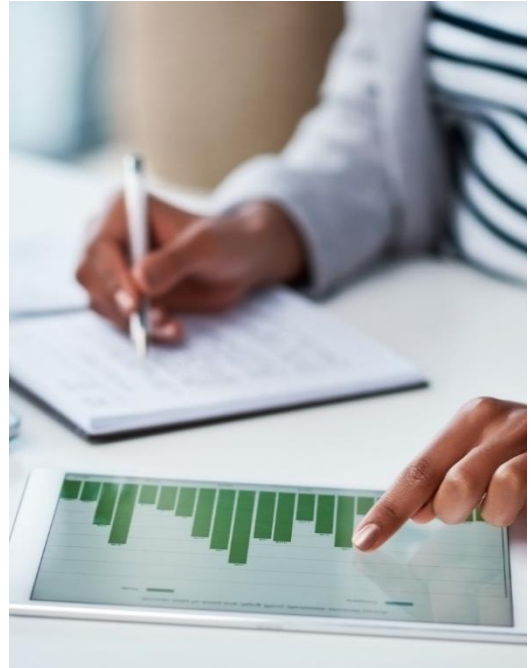
## 2023/24 INTERNAL AUDIT PLAN

We have made good progress in delivering the 2023/24 audit plan, and we are pleased to present the following reports to this Audit Committee meeting:

- ▶ Generating External Income
- ▶ Community Health and Wellbeing.

Fieldwork has been completed or is in progress in respect of the following reviews which will be presented at future committees:

- ▶ Main Financial Systems
- ▶ Budget Setting and Efficiency Savings
- ▶ GDPR Information and Governance.



# REVIEW OF MARCH 2024/24 WORK

AUDIT	AUDIT COMMITTEE	PLANNING	FIELDWORK	REPORTING	DESIGN	EFFECTIVENESS
Community Health & Wellbeing (with focus on Leisure Services)	March 2024	✓	✓	✓	M	S
Council Tax/NNDR	September 2023	✓	✓	✓	S	S
GDPR Information & Governance	March 2024	✓	✓			
Generating External Income	March 2024	✓	✓	✓	M	M
Governance & Budgetary Assurance Mapping	July 2024	✓	✓			
Health and Safety	December 2023	✓	✓	✓	M	M
Main Financial Systems	July 2024	✓	✓			
Project & Programme Management	December 2023	✓	✓	✓	S	M
Safeguarding	December 2023	✓	✓	✓	L	L



# COMMUNITY HEALTH AND WELLBEING

## EXECUTIVE SUMMARY

### CRR REFERENCE: FAILURE OF CONTRACTORS OR PARTNERSHIP ARRANGEMENTS.

Design Opinion	<span style="color: orange;">●</span> Moderate	Design Effectiveness	<span style="color: teal;">●</span> Substantial
Recommendations	<span style="color: red; border: 1px solid black; border-radius: 50%; padding: 2px;">0</span>	<span style="color: orange; border: 1px solid black; border-radius: 50%; padding: 2px;">1</span>	<span style="color: teal; border: 1px solid black; border-radius: 50%; padding: 2px;">1</span>



## SCOPE

### BACKGROUND

- ▶ Nottingham and Nottinghamshire Integrated Care System (ICS) and Partnerships (ICP) came into existence on 1 July 2022, with a remit to improve coordination across the NHS and Local Government and improve community health and wellbeing, as well as reducing health inequalities. The ICS has established the South Nottinghamshire Place-Based Partnership (PBP) which includes other NHS Organisations and local authorities of which Gedling Borough Council (the Council) are a partner.
- ▶ The South Nottinghamshire PBP has set out three key priority areas:
  - To meet the health and wellbeing of its diverse communities.
  - To leverage community assets and build social capital to develop its communities.
  - To work collaboratively with its partners to deliver care and support that meet the needs of the individual.
- ▶ In December 2021, the Council published its Sport & Physical Activity Strategy 2022-25 recognising the financial and community wellbeing impact on physical inactivity within the borough, perpetuated by societal impacts of the Covid-19 pandemic. The strategy identifies the importance of ongoing cooperation with its key partners in the ICS and the Nottinghamshire Health & Wellbeing Board through the Gedling Health and Wellbeing Partnership.
- ▶ The Council have been awarded funding to deliver collaborative programmes in partnership with the PBP. Two programmes have been delivered in 2023, the community development and the falls prevention programme. The Council are currently collaborating with partners on the new Integrated Working Programme developed by the PBP to successfully integrate the neighbourhood with councils, health and social care and voluntary sector organisations.
- ▶ Key to the delivery of health and wellbeing priorities is the Gedling Health and Wellbeing Co-production Partnership, coordinated by the Council. The Council also facilitates other community engagement forums to support the community resilience and wellbeing. The Sport and Physical Activity Strategy outlines how the Council plan to use its assets and facilities to promote increased physical activity across the borough. It manages five leisure centres across the borough.
- ▶ In 2023, the Council created the Playing Pitch and Outdoor Sport Strategy to assess its sports facilities as part of Sport England's guidance for playing pitch sports. The strategy was presented to Cabinet in November 2023 and prioritises outdoor facilities for future investment to improve these assets. The Council conducted a strategic review of community facilities using Sport England's Strategic Outcomes Planning Model (SOPM). This informs a new direction for the development of community and leisure facilities across the borough monitoring the achievement of outcomes within local strategies.
- ▶ A review was undertaken in 2023 by the Head of Communities and Leisure to align the Council's health and wellbeing strategies with other local strategies developed by the PBP and Sport England's 'Uniting the Movement Strategy'.

### AREAS REVIEWED

We reviewed the following areas during the course of this audit:

- ▶ Reports prepared by the Council and issued to the PBP on the progress and delivery of collaborative projects to assess whether these provided clear updates on the achievement of shared objectives.
- ▶ The minutes of the Health and Wellbeing Co-production Partnership to assess whether the Council effectively reported to and contributed to the discussions on collaborative projects with partners in the PBP.
- ▶ Whether leisure, health and wellbeing key performance indicators (KPIs) were captured and reported internally in alignment to the priorities agreed by the PBP and in the Gedling Plan.
- ▶ Enquired to management about its plans to adopt and implement the recommendations/actions proposed in the Sport and Physical Activity Strategy and the Playing Pitch and Outdoor Strategy, which are critical to provide facilities for members of the public to participate in leisure and sport to improve physical wellbeing
- ▶ Risk management processes for the leisure, health and wellbeing services to ascertain whether these are identified and monitored at a departmental and corporate level.



## AREAS OF STRENGTH

During our review, we identified the following areas of good practice:


- ▶ The Council have identified four health and wellbeing KPIs which are monitored within the Gedling Plan 2023-27 performance reports to Cabinet on a quarterly basis. While these do not directly match the PBP's priorities, there was a clear correlation to the priorities to provide meaningful data on its contribution to the wider partnership and ICS objectives.
- ▶ Leisure data for performance reporting is extracted from Gladstone (the leisure management system) which interfaces with Pentana (the corporate performance system) to generate the KPI reports. These provide performance data on the following areas:
  - Number of visits to Leisure Centres.
  - Number of Attendance - Bonington Theatre.
  - Current number of DNA members (leisure membership).
  - Average number of swim school members (12 month rolling period).
- ▶ We reviewed the November 2023 report issued to Cabinet and noted that for each KPI a financial target, year to date performance, KPI owner and the trend compared to previous quarter was reported. Detailed performance reports were also reported to the Portfolio Holder for Lifestyles, Health and Wellbeing fortnightly which contain reporting against further service level KPIs. This supported clear performance reporting to inform decision-making around the use of the Council's leisure facilities.
- ▶ The Council have effective and collaborative programmes in partnership with the PBP Board. Funding has been awarded by Principia Partners in Health and the NHS Nottingham & Nottinghamshire Clinical Commissioning Group to deliver programmes (as the funding was issued before the CCG was replaced by the Integrated Care Board), such as the community development and the falls prevention programmes. During the delivery of these programmes, regular progress reports were issued to the PBP, the Health and Wellbeing Co-Production Partnership, to provide it with updates on the progress.
- ▶ The PBP, which the Council are a partner in, have established an Integrated Working Programme to integrate neighbourhoods with local authorities, health and social care, community groups and voluntary sector organisations. The purpose of this is to promote cooperation with communities to find ways to improve the health and wellbeing of local people. The Head of communities and Leisure presented a report to the PBP in December 2023 to outline the governance arrangements within the Partnership to implement the integrated neighbourhood working within Arnold, Cotgrave, Eastwood and Hucknall.
- ▶ The Leisure Services Team maintain an operational risk register with nine live risks. The risk register provides sufficient detail on the description, mitigating controls, inherent and target risk ratings, and the alignment to the wider corporate objectives for each risk. Each risk also has a risk owner. Risks are evaluated for their significance using a risk matrix, which is in line with the wider corporate risk management processes.
- ▶ The PBP work, pioneered by the Council, on community development has successfully secured medium-term resources through the Integrated Care System and Public Health commissioning. The programme has been expanded from one worker in 2020 to five workers proposed for 2024. This is now fully hosted by lead voluntary sector partners and a committed to align these resources to the Integrated Neighbourhood Working model.
- ▶ The Leisure Services Team review the operational risk register on a quarterly basis and update each risk to reflect the impact/likelihood against any changes. When a risk is deemed high, the Head of Communities and Leisure escalates this to the Corporate Management Team so it is captured on the Corporate Risk Scorecard. In 2023, one risk from the Leisure Services

operational risk register was escalated to the Corporate Risk Scorecard relating to sewage and draining issues at the Carlton Forum Leisure Centre.

- ▶ The Council have sought support for short to medium term investment in local facilities using the UK Shared Prosperity Fund with an allocation for Sport Facilities. Priority projects identified by the strategic work will be assessed against specific criteria before capital allocations are approved. Any decision of allocations to non-Council facilities will require a grant and community use agreement to be established. A revenue allocation has also been established to support future feasibility planning.

 <b>AREAS OF CONCERN</b>	Finding	Recommendation and Management Response
	<p>An external review of the Council’s Playing Pitch and Outdoor Sport Strategy was undertaken by a consultant, Knight, Kavanagh and Page, which identifies priorities for development of outdoor sport provision managed by both the Council and other local providers. Additionally, a separate review by Max Associates to develop a SOPM recommended actions for each of the Council’s leisure centres to enable it to meet its leisure and wellbeing strategies. The Council have not yet developed a costed long-term action plan to address the recommendations, prioritising the proposed actions for capital investment. We appreciate that this scale of investment would not be feasible immediately, however, the Council should consider the urgent actions and the impact that this could have on its strategies (Finding 1 - Medium).</p>	<p><u>Recommendation</u></p> <p>The Council should prioritise the recommended actions from the external reviews and assess whether capital funding will be available for its leisure assets. A formal action plan should be developed with a projected timeline for when urgent actions may be completed. This process should be completed by the Head of Leisure and Communities in cooperation with the Finance Team as part of the 2024/25 budget process.</p> <p><u>Management Response</u></p> <p>Short to medium term funding has been allocated to support some feasibility planning for longer-term development and capital contributions to local facility projects identified through the strategy work that are deliverable during 2023-2025. Further prioritisation of investment needs for outdoor sports provision will take place through the FA’s Gedling Local Football Facility Plan a document that guides future Football Foundation grant applications for which the local Playing Pitch and Outdoor Sports Strategy is a key evidence based. There is a commitment to review the Playing Pitch and Outdoor Sports Strategy Action Plan with Sport England and National Governing Bodies for Sport on an annual basis. An outline business case identifying the needs for longer-term plan leisure centre development has been developed through the SOPM work. To take this further, pre-capital programme feasibility work through the RIBA implementation stages is required to develop specific design plans and a strong business case for capital investment. Any future work will involve Finance colleagues as part of wider project team to support the financial modelling on all options.</p> <p>Target date: December 2024</p>
	<p>The Gedling Health and Wellbeing Partnership terms of reference was not up-to-date and did not reflect the current governance structures. The Council is the secretariat to the group (Finding 2 - Low).</p>	<p><u>Recommendation</u></p> <p>As it is responsible for providing the secretariat to the Health and Wellbeing Partnership, the Council should update the terms of reference to ensure it reflects the current partnership governance structures in place to support the delivery of improved health and wellbeing in the borough.</p> <p><u>Management Response</u></p>

		<p>As the audit has highlighted there is no longer a need for a Gedling Strategic Health and Wellbeing Partnership due to the establishment of a South Notts Placed Based Partnership in 2022. The local partnership terms of reference will be reviewed to reflect the current partnership arrangements.</p> <p>Target date: October 2024</p>
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 <p><b>CONCLUSION</b></p>	<p>The Council have adequate controls in place to for the management of community health and wellbeing, with a positive approach to partnership working with other local authorities, charities/volunteer sector organisations and private organisations to deliver shared objectives. The Council led on the Gedling Health and Wellbeing Partnership and contributed to the South Nottinghamshire Place-Based Partnership on specific programmes. For the two projects which have been delivered via an external funding award, there was appropriate reporting to the PBP to ensure it retained oversight of the progress.</p> <p>There are internal strategies in place for the Council to support improved community health and wellbeing, mostly focused on increasing opportunities to participate in physical activity. However, external reviews of the Council’s strategies and facilities have identified that significant investment is required in its leisure facilities to ensure that these remain fit for purpose in the short and long term. Some funding has been claimed from Sport England’s Swimming Pool Support Fund (£127,525) and £300,000 from the UK Shared Prosperity Fund for Sports Facilities has been allocated but an action plan has not yet been developed to identify the longer-term higher priority actions to implement, including budgeting for the capital investment.</p> <p>Therefore, we have concluded that the control design was Moderate and the control effectiveness was Substantial.</p>
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# GENERATING EXTERNAL INCOME

## EXECUTIVE SUMMARY

### CRR REFERENCE: FAILURE TO PREVENT BUDGET OVERHEATING AND FAILURE TO MAINTAIN FINANCIAL INTEGRITY

Design Opinion	 Moderate	Design Effectiveness	 Moderate
Recommendations	 0	 4	 0



## SCOPE

### BACKGROUND

- ▶ Local authorities receive large proportions of its income through council tax and national non-domestic rates receipts. However, there are other opportunities to generate income through other services provided to the public, grant income from central government and marketing.
- ▶ Gedling Borough Council (the Council) have a draft Corporate Charging Policy that outlines its approach towards charging customers the use of its services. Some fees are aimed at covering the cost of provision however, where there is market competition, fees will be set at a competitive rate. At a minimum, the Council apply a 3-5% uplift on its fees annually, but where the cost of providing the service increase at a higher rate, the fee increase should be commensurate. There are some fees for statutory services that are set nationally. Cabinet is responsible for approving the annual fees. The areas that the Council charge fees for include:
  - Leisure services and facilities
  - Garden waste collection
  - Planning and building control applications
  - Pest removal.
- ▶ Grants are awarded by central government to promote specific schemes, projects, or investment by local authorities. The Council are usually notified of grant opportunities via an email to the Section 151 inbox. These are forwarded onto the relevant service area who would be responsible for delivering the scheme, project or initiative. The Finance Team collaborate with service areas to prepare bids for grants.
- ▶ The Council's Sales and Marketing Officer leads on maximising sponsorship income, with support from the Communications Team who prepare the Council's monthly magazine, with advertising space. Other external income sources include the leasing of a solar farm to a tenant at Gedling Country Park.


### AREAS REVIEWED

As part of this audit, we reviewed the following areas:

- ▶ The draft Corporate Charging Policy to ascertain whether the roles and responsibilities of service areas in setting the charges were clearly defined with the Council's commercial approach towards increasing its fees.
- ▶ The assumptions and considerations applied by a selection of service areas when setting fees for 2023/24 to assess whether increases in the costs of providing services were incorporated in the new fee. This focused on Leisure Services, Environmental Services and Building Control.
- ▶ Whether the process and strategic focus of claiming grant income was clearly documented in the External Income Policy. This included an assessment of the Council's arrangements for strategically identifying grant opportunities that align with its Gedling Plan.
- ▶ The Economic Growth Fund grant application for the Hill Crest Park Business Unit Expansion project to ascertain whether there was a clear and strategic approach aligned to the Council's

wider strategic objectives and whether these were clearly outlined in the business case for the grant.

- ▶ Marketing and communications activity and plans to ascertain whether there was a coherent and clear approach for maximising of sponsorship and advertising income.

  
**AREAS OF STRENGTH**

The following areas of good practice were identified:

- ▶ For the setting of building control fees and charges an evidence-based approach of the costs to provide the service were taken to ensure that income generated was sufficient to cover the costs. This is in line with the Council’s charging model.
- ▶ The Council has a centralised marketing strategy focused on optimising reach and impact through data analytics. A quarterly marketing report is prepared to enhance oversight of the effectiveness of marketing campaigns and income generation.
- ▶ We reviewed the recent grant application for funding for the D2N2 Local Enterprise Partnership Economic Growth Fund and noted that the project aligned to the Council’s corporate and strategic priorities for economic growth, jobs and low carbon.
- ▶ Reports are prepared on the effectiveness of marketing campaigns, including an analysis of communication channels that reached a wider audience, to inform future marketing strategies. Additionally, the Council publish its advertising and sponsorship opportunities on its website to generate interest, although the projected income for advertising and sponsorship in 2023/24 is £2,750 and £7,385 respectively.


  
**AREAS OF CONCERN**

Finding	Recommendation and Management Response
<p>Roles and responsibilities for heads of service for annually reviewing and setting charges are not explicitly defined in the draft Corporate Charging Policy. Additionally, this policy has remained in draft for several years (Finding 1 - Medium).</p>	<p><u>Recommendations</u></p> <ol style="list-style-type: none"> <li>The Council should finalise its Corporate Charging Policy ahead of the 2024/25 financial year, with approval from Cabinet. This should be circulated with the Corporate Management Team (CMT) to ensure the heads of service are clear on the Standard Charge model that they are expected to follow when setting their charges and fees for the upcoming year.</li> <li>A section should be included in the policy to clarify the specific roles of the Finance Team, heads of service and members in the annual review. This could include a timetable for when heads of service should complete their annual review of the charges/fees each year and when these will be approved to ensure they can accurately feed into the budget setting.</li> <li>The draft Corporate Charging Policy should clearly outline the requirement to document the rationale and justification for applying a subsidised fee or charge, and the level of approval for these. The documented justification or rationale for the subsidy should explain why subsidising the service aligns to the objectives in the Gedling Plan and/or the Council’s wider priorities.</li> </ol> <p><u>Management Response</u></p> <p>We will complete the draft policy taking into account the recommendations made. Once this is complete, we will carry out training for all heads of service and other officers engaged in setting of fees and charges. Having a dedicated officer responsible for writing Grant Bids is a resource we do not currently have</p>

		<p>budget for, however this will be reviewed by CMT/SLT review and discuss how this can be delivered.</p> <p>Target date: June 2024</p>
	<p>Some service areas applied blanket increases for its discretionary fees and charges of 3-5% without conducting an analysis of the costs associated in providing the service (Finding 2 - Medium).</p>	<p><u>Recommendations</u></p> <ol style="list-style-type: none"> <li>a. In line with Finding 1, the Corporate Charging Policy should be shared with all heads of service once it has been finalised. Heads of service should be clear that the Standard Charge model should apply to fees and charges and that sufficient evidence should be retained of the costs to demonstrate this. Where charges are not increased by the cost of providing the service, a subsidy justification form should be completed and approved by an appropriate officer to explain the rationale, ie changes in demand, market competition, etc.</li> <li>b. As proposed in the draft Corporate Charging Policy, service areas should consider using customer consultation to inform the impact of changes in demand. This should be documented and retained to ensure it can be reported to those responsible for approving the fees and charges increases to inform their decision.</li> <li>c. Service areas should complete a documented process analysing its cost base for each fee and charge, with demand and usage forecasts, to demonstrate clear justification for the setting of fees and charges. The Finance Team should provide support to service areas in providing the cost of service information.</li> <li>d. Trade, garden and bulky waste fees and charges should be published on the Council's website to promote transparency with customers.</li> </ol> <p><u>Management Response</u></p> <p>The draft policy will be completed and shared at CMT/SLT training sessions and one on ones with services areas with Finance Business Partners for the next round of Fees and Charges commencing in September 2024. CMT/SLT will discuss and consider customer consultation however this may not be possible for all fees and service due to resources. Some fees &amp; charges i.e. taxi licencing already go through a consultation process. An exercise to carry out zero based budgeting on some areas in PASC &amp; Waste has already been identified and this will commence in the new financial year, as this is a resource intensive process this may have to be scheduled over a period of time but we will look at a timetable and the areas that would benefit from this the most, this will give us better idea of true cost of delivery of service that have fees and charges.</p>

		<p>We will update the fees and charges booklet and publish this on the website.</p> <p>Target date: February 2025</p>
	<p>Staff were unclear on how to conduct market intelligence to support the setting of fees and charges. As such, there was limited market intelligence conducted for the discretionary fees and charges reviewed within our sample (Finding 3 - Medium)</p>	<p><u>Recommendation</u></p> <p>Once the draft Corporate Charging Policy has been finalised (see Recommendation 1a), the Finance Team should set up training sessions for service areas, focusing on those that provide discretionary services, on gathering market intelligence. This should focus on methods to conduct market intelligence.</p> <p><u>Management Response</u></p> <p>Training sessions will be carried out, however Finance will not be the experts on market intelligence gathering for individual service areas, this responsibility needs to remain within the service area as they are best placed to understand how they should gather this. Some services are very small and spending a lot of time on market analysis is not likely to add any benefit if the fees and take up is small. We will focus on the larger areas in the first instance CMT/SLT will consider this and make proposals which will be added to the charging policy.</p> <p>Target date: June 2024</p>
	<p>The External Funding Strategy had not been reviewed since 2019 or implemented leading to staff being unaware that it existed. Processes were not in place for identifying external funding opportunities and strategically submitting bids for applications that align to the Gedling Plan priorities. As such, there were limited central oversight of funding opportunities which were led by service areas, potentially leading to inconsistent processes (Finding 4 - Medium).</p>	<p><u>Recommendations</u></p> <ol style="list-style-type: none"> <li>a. The External Funding Strategy should be reviewed and updated to reflect the Council’s current governance structures and processes. It should then be shared with all staff to ensure they understand their responsibilities and processes for claiming grants. The contents of the current strategy appear reasonable to support a strategic and targeted approach towards claiming grants.</li> <li>b. The Council should establish the Funding Strategy Steering Group, and develop a terms of reference for it, to oversee all grant funding bids. The Fund Strategy Steering Group should be responsible for:             <ul style="list-style-type: none"> <li>• Reviewing all business cases for grant funding opportunities and formally approving the application, ensuring that the project outcomes align with the Council’s wider priorities.</li> <li>• Monitoring the central bid register to ascertain whether funding has been previously sought for similar projects.</li> <li>• Identifying cross-departmental cooperation opportunities on bids.</li> <li>• Overseeing the pipeline of future grant opportunities to support a strategic approach to claiming external funding.</li> </ul> </li> </ol>

		<p>c. The Council should consider whether a role should be created for a Grants Officer to identify external grant funding opportunities, support services areas to write and prepare bids, and to administer grant management process, including the bids register. We recognise that recruiting to this position would have a resource and financial impact on the Council, however, it could enhance the strategic approach to claiming grants.</p> <p><u>Management Response</u></p> <p>In an ideal situation where budget is not an issue, I would agree that this is the optimal solutions, however, we are a small authority and a dedicated grants/bid officer is likely not possible. CMT/SLT will need to consider this to come up with potential proposals. It is acknowledged that the external grant funding strategy does need to be updated.</p> <p>Target date: September 2024</p>
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 <b>CONCLUSION</b>	<p>Overall, there were moderate controls in place to support the generation of external income, including the setting of fees and charges.</p> <p>We have concluded that there was generally a sound system of internal control designed to achieve system objectives with some exceptions. However, there were some significant gaps identified in the policy framework, such as the Corporate Charging Policy remaining in draft and the lack of a strategic approach towards identifying and bidding for grant income.</p> <p>As a result of this, there were inconsistent approaches for setting fees and charges taken by different service areas and limited use of market intelligence. Across the leisure services and waste fees and charges, there was a lack of clarity over the cost base for providing the service, potentially resulting in prices being set too low to recover the costs. Broadly, both services increase prices by the 3-5% inflationary rate.</p> <p>Similarly, despite the External Funding Policy being in place, this was out-dated and the governance structures of an External Funding Steering Group to oversee grant bids was not in place and the bid register was not maintained. The Council also do not have an officer responsible for identifying and supporting to write grant bids, which could lead to a hap-hazard approach to bidding for grants that are not necessarily aligned to the strategic priorities. Although, we noted that there was a sufficiently robust process followed for the recent Hill Crest Park Business Unit Expansion project grant bid through the Local Enterprise Fund, which does align to the ‘Economy’ priority in the Gedling Plan.</p> <p>There did not appear to be a co-ordinated and strategic approach to generating external income by the Council, with some good practice identified in service areas but not consistently across all services areas. This is a key area for the Council to offset increasing cost pressures, with the risk of “Council to meet its financial commitments in the longer term” identified as a red risk on the Corporate Risk Register.</p>
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## SECTOR UPDATE

This briefing summarises recent publication and emerging issues relevant to local government that may be of interest to your organisation. It is intended to provide a snapshot of current issues for senior management and Members.

### SECTION 114 FEAR FOR ALMOST 1 IN 5 COUNCIL LEADERS AND CHIEF EXECUTIVES AFTER CASHLESS AUTUMN STATEMENT

Almost one in five council leaders and chief executives in England surveyed by the Local Government Association think it is very or fairly likely that their chief finance officer will need to issue a Section 114 notice this year or next due to a lack of funding to keep key services running.

The LGA estimates that councils in England face a £4 billion funding gap over the next two years just to keep services standing still but last month's Autumn Statement failed to provide the additional funding needed to protect services from further cuts. This is despite councils of all political colours and types warning that growing demand and cost pressures are threatening their financial sustainability.

In 2024/25, councils will be able to increase general council tax by 3% without the need for a referendum. Those with social care responsibilities will again be able to increase the adult social care precept by up to a further 2%. This means that councils continue to face the tough choice about whether to increase council tax bills to bring in desperately needed funding to provide services when they are acutely aware of the significant burden that could place on some households.

The LGA survey - of council leaders and chief executives - also revealed:

- ▶ Half are not confident they will have enough funding to fulfil their legal duties next year (2024/25). This includes the delivery of statutory services.
- ▶ Nearly two thirds of council leaders and chief executives said there were no announcements in the Autumn Statement that they thought would help them deal with their council's financial position.

The LGA said the circumstances that have led to a Section 114 notice so far have been unique to each local area and the pressures they face.

However, all those that have had to curb spending in this way have faced the same underlying pressures - councils' core spending power falling by 27 per cent in real terms from 2010/11 to 2023/24, the impact of the pandemic, rising demand for services, in particular statutory services like social care and homelessness support, and the extra costs to provide them.

Section 114 fear for almost 1 in 5 council leaders and chief executives after cashless Autumn Statement | Local Government Association

#### FOR INFORMATION

For the Audit Committee Members and Senior Leadership Team

### BEST VALUE STANDARDS AND INTERVENTIONS

A refresh of the oversight framework seeks to improve clarity around how councils deliver and evaluate services, the Local Government Association has said. In its second consultation on the framework, the LGA said there is no single document that outlines all the elements of council assurance and how they all fit together.

The LGA said creating this single document would increase clarity and transparency within the sector, and improve understanding of how assurance and oversight works. The consultation is seeking views on the principles of assurance and accountability, including performance monitoring against local targets, good quality data and clarity over the responsibilities of officers and councillors.

Abi Brown, chairman of the LGA's Improvement and Innovation Board, said: "Feedback from our initial engagement was really helpful, and has helped us to extend our mapping of the improvement and assurance framework for local government, which hasn't previously been written down anywhere.

"We are taking on board all comments received and now want to follow up with some more detailed questions about how the current framework can be improved.

"It's important we hear the views of all councils, partners and all other stakeholders and I encourage everyone to engage with us, for the benefit of the whole of local government and the wider public."

<https://www.publicfinance.co.uk/news/2023/11/council-performance-reviews-get-refresh>

#### FOR INFORMATION

For the Audit Committee Members and Senior Leadership Team

### PROUCTIVITY PLANNING FOR LOCAL AUTHORITIES

Local authorities will be required to develop productivity plans to be submitted to the Department for Levelling Up, Housing and Communities (DLUHC), to be published by July 2024. These will be reviewed and assessed by a new productivity review panel, made up of sector experts including the Office for Local Government and the Local Government Association.

The productivity plans should cover four key areas:

- ▶ Transformation of services to make better use of resources.
- ▶ Opportunities to take advantage of advances in technology and make better use of data to inform decision making and service design.
- ▶ Ways to reduce wasteful spend within systems, including specific consideration of expenditure on consultants and discredited staff equality, diversity and inclusion programmes.
- ▶ Barriers preventing activity that government can help to reduce or remove.

These plans must be agreed by council leaders and members and be published on local authority websites, with updates on progress made against the plans.

<https://www.gov.uk/government/news/council-funding-package-confirmed>

#### FOR INFORMATION

For the Audit Committee Members and Senior Leadership Team

### INSTITUTE FOR GOVERNMENT CALLS FOR FIVE-YEAR SPENDING REVIEWS

Setting five-year spending reviews (instead of the regular three) that are assessed every three years will give departments more predictable funding and enable more efficient use of public money, an IfG report said.

Researchers said this would allow the government to set budget allocations for the same duration as its main fiscal rule, to show debt falling in the final year of a five-year rolling forecast, improving credibility by preventing ministers from pencilling in “unrealistic” low spending increases in the later years of the forecast.

They said any spending review should also be set at least a year before allocations end to avoid funding cliff edges.

“We need to re-establish the norm of setting long-term spending plans that stand the test of time and move fiscal policymaking from short-term tinkering to be more long-term and strategic,” an IfG spokesperson said.

“Cliff-edges should be eliminated by reviewing and extending spending plans before they expire.

“To achieve this, the chancellor should commit to a new regular cycle of spending reviews covering five years, to be reviewed and extended every three, as part of a wider package of reforms to the fiscal framework.”

The think-tank has joined a growing number of organisations to raise concerns about potential pre-election tax cuts, offset (in terms of the fiscal rule) by real-terms cuts to departmental spending from 2025-26 that will be “impossible” without reducing the quality and quantity of public services.

<https://www.publicfinance.co.uk/news/2024/03/ifg-calls-five-year-spending-reviews>

#### FOR INFORMATION

For the Audit Committee Members and Senior Leadership Team

### SPRING BUDGET ANNOUNCEMENT: IMPACT ON LOCAL GOVERNMENT

The Chancellor announced the Spring Budget on 6 March 2023. We have summarised some of the key announcement impacting local authorities.

**Sector Wide**

- ▶ New plans for public sector productivity will deliver up to £1.8bn worth of benefits by 2029. According to the Office for Budget Responsibility, returning to levels of pre-pandemic productivity could save £20bn a year across the public sector.
- ▶ Local authorities have already been asked to produce productivity plans by July 2024 setting out how they will improve service performance, utilise data and technology, and reduce wasteful spend.

#### **Devolution and Regeneration**

- ▶ A trailblazer devolution deal for the Northeast and three county devolution agreements for Warwickshire, Buckinghamshire and Surrey. These agreements should bring powers closer to communities.
- ▶ The government has announced further details on Investment Zones in Greater Manchester, Liverpool City Region, Northeast of England, South Yorkshire, West Midlands and West Yorkshire. The government has also confirmed that the Tees Valley Investment Zone will focus on the digital and creative sectors.
- ▶ The government is announcing £400m of investment to extend the Long-Term Plan for Towns to a further 20 places across the UK.

#### **Other Specific Measures**

- ▶ Household Support Fund Extension - The government is providing an additional £500m (including Barnett impact) to enable the extension of the Household Support Fund in England from April to September 2024.
- ▶ Expanding counter fraud capability through deploying AI - The government has announced £34m to expand the Public Sector Fraud Authority by deploying AI to help combat fraud across the public sector.
- ▶ The government will provide £45m match funding to local authorities to build an additional 200 open children's home placements and £120m to fund the maintenance of the existing secure children's home estate.
- ▶ Digital Planning - A new pilot will use AI to help speed up development of local plans. In addition, new software will be explored to streamline key processes for planning officers.
- ▶ Allowing local authorities further flexibility in their use of Right to Buy receipts. The government will increase the cap from 40% to 50% on the percentage of the cost of a replacement home that can be funded from Right to Buy receipts.

<https://www.bdo.co.uk/en-gb/microsites/budget-spring-budget-2024>

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#### **FOR INFORMATION**

For the Audit Committee Members and Senior Leadership Team

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## KEY PERFORMANCE INDICATORS

QUALITY ASSURANCE	KPI	RAG RATING
The auditor attends the necessary, meetings as agreed between the parties at the start of the contract	All meetings attended including Audit Committee meetings, pre-meetings, individual audit meetings and contract reviews have been attended by either the Partner and/or Manager.	
Positive result from any external review	Following an External Quality Assessment by the Institute of Internal Auditors in May 2021, BDO were found to 'generally conform' (the highest rating) to the International Professional Practice Framework and Public Sector Internal Audit Standards.	
Quality of Work	Three survey responses have been received in 23/24, with an average score of 4.7/5 for the value added by the audit and the overall audit experience. We will continue to send surveys out to officers with final report.	
Completion of audit plan	The Internal Audit Plan for 23/24 is progressing well, with all fieldwork expected to be complete by the end of March 2024. We have also completed the planning process for the 24/25 Internal Audit Plan which is being presented to this committee.	

# APPENDIX 1

## OPINION SIGNIFICANCE DEFINITION

LEVEL OF ASSURANCE	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION	FINDINGS FROM REVIEW
<b>Substantial</b> 	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
<b>Moderate</b> 	In the main, there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non compliance with some controls, that may put some of the system objectives at risk.
<b>Limited</b> 	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
<b>No</b> 	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non compliance and/or compliance with inadequate controls.

## RECOMMENDATION SIGNIFICANCE DEFINITION

### RECOMMENDATION SIGNIFICANCE

#### High



A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.

#### Medium



A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.

#### Low



Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

**FOR MORE INFORMATION:**

**GURPREET DULAY**

Gurpreet.Dulay@bdo.co.uk

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## Report to Audit Committee

**Subject:** Internal Audit Annual Plan 2024/25  
**Date:** 19 March 2024  
**Author:** Gurpreet Dulay – Internal Audit Partner (BDO)

### Purpose

To detail the three-year Internal Audit Plan for 2024/25 – 2026/27 for Gedling Borough Council.

#### Recommendation(s):

**THAT:**

**1) Members to approve the Internal Audit Plan for 2024/25 – 2026/27.**

### 1. Background

1.1 The draft Internal Audit Plan contains a detailed operational plan for 2024/25 and a three-year strategic plan covering 2024/25 to 2026/27. Each audit has been mapped against the Council's key strategic risks. This is to ensure the audits cover the key risks that may impact the Council in achieving its strategic objectives. The plan has been presented to the Corporate Management Team for comments and was approved in draft, with final approval required by the Audit Committee.

### 2. Proposal

2.1 Members to review and approve the draft Internal Audit Plan.

### 3. Financial Implications

3.1 The Internal Audit Plan will be delivered within the approved budgets.

### 4. Alternative Options

4.1 Not to approve the Internal Audit Plan or to propose different internal audits for completion during the period of the plan. However, the proposed plan has been developed in consultation with the Council's Corporate

Management Team and in consideration of the Council's Corporate Risk Scorecard and in the context of audits completed in recent years to ensure appropriate coverage of key risk issues across the term of the plan. It also considers our broader understanding of the key challenges facing the Council and the local government sector more widely. Variations to the plan may be proposed during the implementation of the plan to address any new emerging risk issues should they arise.

## **5. Legal Implications**

5.1 The Accounts and Audit Regulations 2015 require authorities to undertake effective internal audit to evaluate the effectiveness of risk management, control and governance processes. This report provides the annual position of internal audit for 2023/24 and is provided to Committee in accordance with the Council's Constitution and delegations contained therein.

## **6. Equalities Implications**

6.1 There are no equalities implications arising directly from this report.

## **7. Carbon Reduction/Environmental Sustainability Implications**

7.1 There are no carbon reduction/environmental sustainability implications arising directly from this report.

## **8. Appendices**

8.1 GBC – Internal Audit Plan 2024/25



# INTERNAL AUDIT ANNUAL PLAN AND THREE-YEAR STRATEGIC PLAN

GEELING BOROUGH COUNCIL

2024/25

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# AUDIT RISK ASSESSMENT



## BACKGROUND

Our risk-based approach to internal audit uses Gedling Borough Council's own risk management process and risk register as a starting point for audit planning as this represents your own assessment of the risks to achieving your strategic objectives.

The extent to which we can rely on management's own perception of risk largely depends on the maturity and effectiveness of the Council's own risk management arrangements. In estimating the amount of audit resource required to address the most significant risks, we have also sought to confirm that senior management's own assessment of risk accurately reflects the Council's current risk profile.



## PLANNED APPROACH TO INTERNAL AUDIT 2023/24

The indicative Internal Audit programme for 2024/25 is set out on pages 8 to 14. We met with the Corporate Management Team in order to bring together a full draft plan to be presented to this Audit Committee meeting for formal review and approval. We will keep the programme under continuous review during the year and will introduce to the plan any significant areas of risk identified by management during that period.

The plan is set within the context of a multi-year approach to internal audit planning, such that all areas of key risks would be looked at over a three-year audit cycle. We have suggested future areas of focus as part of the three-year strategic internal audit plan, set out on pages 5 to 7.



## INDIVIDUAL AUDITS

When we scope each review, we will reconsider the anticipated coverage to achieve the objectives established for the work and to complete it to a satisfactory standard in light of the control environment identified within the Council. Where revisions are required, we will obtain approval from the appropriate Executive Director or Head of Service prior to commencing fieldwork.

In determining the timing of our individual audits we will seek to agree a date which is convenient to the Council and which ensures availability of key management and staff and takes account of any operational pressures being experienced.



## VARIATIONS TO THE PLAN

We review the three-year strategic plan each year to ensure we remain aware of your ongoing risks and opportunities. Over the coming pages we have mapped your key risks along with the audit work we propose to undertake, demonstrating we are focussing on your most important issues.

As such, our strategic audit programme follows the risks identified during our planning processes and confirmed via discussions with the Corporate Management Team. If these were to change, or emerging risks were to develop during this period, we would take stock and evaluate our coverage accordingly.

## OUR NEXT GEN INTERNAL AUDIT APPROACH

Our new and innovative Next Gen approach to internal audit ensures you maximise the potential added value from BDO as your internal audit provider and the expertise we bring from our dedicated Public Sector Internal Audit team and wider BDO specialist teams.

The Next Gen approach has allowed us to move away from the traditional approach of compliance auditing, transitioning in to delivering a healthy mix of assurance that is forward looking, flexible and responsive and undertaken in partnership with yourselves. The key components to this approach are outlined below and underpin our proposed plan coverage:

### Core assurance

Reviews of fundamental finance and operational systems to provide assurance that core controls and procedures are operating as intended.

### Soft controls

Reviews seek to understand the true purpose behind control deficiencies and provide a route map to enhance their effectiveness.

### Future focused assurance

Rather than wait for implementation and then comment on identified weaknesses, we will work with you in an upfront / real time way.

### Flexible audit resource

Undertake proactive work across the Council, perhaps in preparation for regulatory reviews or change management programmes.



## MAPPING YOUR STRATEGIC RISKS

Ref	Strategic Risks from your CRR	Score
1	Failure to prevent budget overheating once the Budget has been set	2
2	Failure to maintain financial integrity	20
3	Failure to protect staff, including health and safety issues	9
4	Failure to recruit and retain staff, and maintaining internal capacity	9
5	Failure to properly utilise existing ICT, react to technology changes, and prevent data loss	9
	Failure to protect and utilise physical assets	9
	Failure to react to changes in legislation	9
	Failure of contractors or partnership arrangements - contractual breaches	9
9	Inability to defend one-off challenges to a council decision or new compensation trend emerges	3
10	Failure to maintain service standards, customer satisfaction, and/or meet customer expectations	2
11	Failure to prevent damage to the council's reputation	4
12	Failure to react to an environmental incident or malicious act	9
13	Failure to react to socio-economic trends	4



## MAPPING YOUR CRR TO THE STRATEGIC PLAN (1/3)

Ref	Strategic Risks from your CRR	2024/25	2025/26	2026/27
1	Failure to prevent budget overheating once the Budget has been set	<ul style="list-style-type: none"> <li>Budget Management</li> <li>Temporary Accommodation</li> </ul>	<ul style="list-style-type: none"> <li>Main Financial Systems</li> <li>Productivity Planning</li> </ul>	<ul style="list-style-type: none"> <li>Main Financial Systems</li> <li>Capital Investment Programme               <ul style="list-style-type: none"> <li>Grant Funding Strategy                   <ul style="list-style-type: none"> <li>Risk Management</li> <li>Leisure Services</li> </ul> </li> </ul> </li> </ul>
	Failure to maintain financial integrity	<ul style="list-style-type: none"> <li>Budget Management</li> <li>Housing Benefits</li> <li>Procurement and Contract Management</li> <li>Cemeteries and Pet Crematorium Services</li> </ul>	<ul style="list-style-type: none"> <li>Main Financial Systems</li> </ul>	<ul style="list-style-type: none"> <li>Main Financial Systems</li> <li>Capital Investment Programme               <ul style="list-style-type: none"> <li>Risk Management</li> </ul> </li> </ul>
3	Failure to protect staff, including health and safety issues	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>Waste and Recycling (inc. preparedness for the new Waste Regulations)</li> </ul>	<ul style="list-style-type: none"> <li>Risk Management</li> <li>Leisure Services</li> </ul>
4	Failure to recruit and retain staff, and maintaining internal capacity	<ul style="list-style-type: none"> <li>Equality, Diversity and Inclusion (Workforce)</li> </ul>	<ul style="list-style-type: none"> <li>People (Workforce) Services</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>
5	Failure to properly utilise existing ICT, react to technology changes, and prevent data loss	<ul style="list-style-type: none"> <li>IT Disaster Recovery Plan</li> </ul>	<ul style="list-style-type: none"> <li>Digital Strategy</li> </ul>	<ul style="list-style-type: none"> <li>Cyber Security</li> <li>Community Safety (including CCTV)</li> </ul>
6	Failure to protect and utilise physical assets	<ul style="list-style-type: none"> <li>Temporary Accommodation</li> <li>Fleet Management</li> </ul>	<ul style="list-style-type: none"> <li>Asset Management</li> </ul>	<ul style="list-style-type: none"> <li>Capital Investment Programme</li> <li>Community Safety (including CCTV)               <ul style="list-style-type: none"> <li>Leisure Services</li> </ul> </li> </ul>

## MAPPING YOUR CRR TO THE STRATEGIC PLAN (2/3)

Ref	Strategic Risks from your CRR	2024/25	2025/26	2026/27
7	Failure to react to changes in legislation	<ul style="list-style-type: none"> <li>• Procurement and Contract Management</li> </ul>	<ul style="list-style-type: none"> <li>• Waste and Recycling (inc. preparedness for the new Waste Regulations)</li> </ul>	<ul style="list-style-type: none"> <li>• Community Safety (including CCTV)               <ul style="list-style-type: none"> <li>• Planning Services</li> <li>• Freedom of Information Requests</li> <li>• Risk Management</li> </ul> </li> <li>• Community Safety (including CCTV)</li> <li>• Governance of Partnership Arrangements               <ul style="list-style-type: none"> <li>• Leisure Services</li> </ul> </li> </ul>
9	Failure of contractors or partnership arrangements - contractual breaches	<ul style="list-style-type: none"> <li>• Procurement and Contract Management</li> <li>• Environment - Carbon Management Strategy</li> </ul>	<ul style="list-style-type: none"> <li>• Budget Management</li> </ul>	<ul style="list-style-type: none"> <li>• Main Financial Systems</li> <li>• Customer Experience and Complaints               <ul style="list-style-type: none"> <li>• Productivity Planning</li> </ul> </li> <li>• Parks and Street Care (with a focus on Health and Safety Management)</li> </ul>
10	Inability to defend one-off challenges to a council decision or new compensation trend emerges	<ul style="list-style-type: none"> <li>• Budget Management</li> </ul>	<ul style="list-style-type: none"> <li>• Main Financial Systems</li> <li>• Customer Experience and Complaints               <ul style="list-style-type: none"> <li>• Productivity Planning</li> </ul> </li> <li>• Parks and Street Care (with a focus on Health and Safety Management)</li> </ul>	<ul style="list-style-type: none"> <li>• Main Financial Systems</li> </ul>
10	Failure to maintain service standards, customer satisfaction, and/or meet customer expectations	<ul style="list-style-type: none"> <li>• Fleet Management</li> <li>• Cemeteries and Pet Crematorium Services</li> </ul>	<ul style="list-style-type: none"> <li>• Productivity Planning</li> <li>• Parks and Street Care (with a focus on Health and Safety Management)</li> <li>• Customer Experience and Complaints</li> </ul>	<ul style="list-style-type: none"> <li>• Governance of Partnership Arrangements               <ul style="list-style-type: none"> <li>• Planning Services</li> <li>• Funding Strategy</li> <li>• Leisure Services</li> </ul> </li> </ul>

## MAPPING YOUR CRR TO THE STRATEGIC PLAN (3/3)

Ref	Strategic Risks from your CRR	2024/25	2025/26	2026/27
11	Failure to prevent damage to the council's reputation	<ul style="list-style-type: none"> <li>Budget Management</li> <li>Environment - Carbon Management Strategy</li> </ul>	<ul style="list-style-type: none"> <li>Customer Experience and Complaints</li> </ul>	<ul style="list-style-type: none"> <li>Governance of Partnership Arrangements</li> <li>Freedom of Information Requests               <ul style="list-style-type: none"> <li>Leisure Services</li> </ul> </li> <li>Risk Management</li> </ul>
2	Failure to react to an environmental incident or malicious act	<ul style="list-style-type: none"> <li>Environment - Carbon Management Strategy</li> <li>Fleet Management</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>Risk Management</li> </ul>
3	Failure to react to socio-economic trends	<ul style="list-style-type: none"> <li>Housing Benefits</li> <li>Temporary Accommodation</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>Risk Management</li> <li>Leisure Services</li> </ul>

## INTERNAL AUDIT OPERATIONAL PLAN 2024/25 (1/7)

Area	CRR	Days	Timing	Description of the Review	Reason for Inclusion
<b>Core Assurance</b>					
<b>Budget Management</b>	1, 2	13	Q4	<p>The purpose of this review is to provide assurance over the Council's budget management processes and procedures. This will include:</p> <ul style="list-style-type: none"> <li>• Training and guidance for budget holders</li> <li>• Monthly reporting to budget holders and re-forecasting</li> <li>• Oversight of budget performance and position by Corporate Management Team, Senior Leadership Team and Members.</li> </ul>	<p>Challenges in maintaining financial integrity, including the Council's ability to meet its long-term financial commitments is a high risk on the Corporate Risk Register (Risk Score: E5). This is partly due to the difficulties in meeting the £2.857m efficiency target amidst inflationary pressures, restriction on local government funding and pay rises.</p> <p>There has also been an increase in Section 114 notices issued across the sector, with councils declaring that they will not balance the budget. Therefore, we have included this in the 2024/25 Plan to provide the Council with assurance over its budget management procedures.</p>
<b>Housing Benefits</b>	2, 13	13	Q1	<p>This review will assess the Council's policies and procedures for processing housing benefit applications. As part of the review we will test a sample of housing benefits payments to ensure that these were paid accurately and for a valid application. We will also assess whether 'change in circumstances' have been processed correctly.</p>	<p>It was estimated in FY2022 the rate of overpayment for housing benefits was 5.3%.</p> <p>Our last review of Housing Benefits was in 2021/22 therefore, as this is a high valued areas of spend for the Council, it has included in the Internal Audit Plan for 2024/25 to provide ongoing assurance of the controls.</p>

## INTERNAL AUDIT OPERATIONAL PLAN 2024/25 (2/7)

Area	CRR	Days	Timing	Description of the Review	Reason for Inclusion
<b>Core Assurance</b>					
<b>Fleet Management</b>	6, 10	14	Q2	<p>We will review the Council's management of its fleet of vehicles, including the following areas:</p> <ul style="list-style-type: none"> <li>The vehicle replacement programme to ascertain whether vehicles are replaced at the end of their useful lifecycle and in line with the objectives of the Carbon Management Strategy Action Plan.</li> <li>Scheduling of vehicle maintenance, checks and repairs.</li> <li>Stock management control in the vehicle maintenance workshop.</li> <li>Compliance with the O-Licence conditions.</li> </ul>	<p>The Council have a fleet of 64 vehicles, comprising of heavy goods vehicles, sweepers and vans. The Council declared a climate emergency in 2019 and have developed a Carbon Management Strategy Action Plan to outline its delivery of the plan. This includes decarbonising the fleet and installing Electric Vehicle infrastructure. In its Gedling Plan, the Council have expressed its commitment to being carbon neutral by 2030, therefore, this is a critical area of assurance to support its strategic objectives.</p> <p>Vehicle maintenance, checks and repairs are provided by the workshop. As an operator of heavy goods vehicles, the Council holds an O-Licence. It could have its licence removed, which would significantly impact service delivery, if it fails to comply with the conditions.</p>
<b>Cemeteries and Pet Crematorium Services</b>	2, 10	13	Q1	<p>This review will assess the income charging and collection arrangements from cemeteries and the Gedling Pet Cremations Services.</p> <p>We will also assess the staffing and resource management for cemeteries and pet cremations to ensure that sufficient cover is provided during opening times to maximise income for the Council through the provision of services.</p>	<p>The Council have three cemeteries (Carlton, Redhill and Gedling) and Gedling Pet Cremation Services. To support a breakeven budget, the Council have identified income generation opportunities, including through its cemeteries and pet cremation services.</p>



# INTERNAL AUDIT OPERATIONAL PLAN 2024/25 (3/7)

Area	CRR	Days	Timing	Description of the Review	Reason for Inclusion
<b>Core Assurance</b>					
Temporary Accommodation	1, 6, 13	14	Q3	This will be a risk-based review of the Council’s management of its temporary accommodation, assessing whether individual placements comply with statutory requirements and are cost-effective properties amidst budgetary and inflationary pressures. We will review the budget proposals for investment in further housing stock in 2024/25 to assess whether this is supported by a clear temporary accommodation strategy.	The Council have a statutory responsibility to provide temporary accommodation in certain circumstances when an individual presents as homeless. Due to inflationary and cost-of-living pressures and schemes such as the Afghan Resettlement Programme (to support refugees), there has been increase demands and financial pressures on the provision of temporary accommodation. As such, the Council have invested in housing stock and leased properties from the County Council to reduce the costs of temporary accommodation.
Procurement and Contract Management	2, 7, 8	15	Q2	We will use data analytics to identify high risk procurements using the Council’s purchase ledger data and its Contracts Register. We will then test a sample of non-compliance with procurement rules from our data analytics to get to the root cause of the reason for this.  Our review will also assess the effectiveness of contract management arrangements with key suppliers, to ascertain whether there is robust oversight of contractor performance and escalation where appropriate.	Our use of data analytics will allow us to focus the review on higher risk cases, providing the Council with deeper insights into non-compliance with procurement rules to ascertain the root cause. Procurement is a key risk for all local authorities, to demonstrate value for money with its stakeholders.  Similarly, effective contract management procedures are critical to ensure that contracts are delivered effectively and in line with agreed conditions. Failure of contractors or partnerships is a medium risk on the Corporate Risk Register (Risk Score: C3). Additionally, the Council are rolling out a new e-procurement system, Intend. Bolsover District Council (BDC) provide the procurement function to the Council so it will be critical to understand the role of each party to ensure the system is used effectively.

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# INTERNAL AUDIT OPERATIONAL PLAN 2024/25 (4/7)

Area	CRR	Days	Timing	Description of the Review	Reason for Inclusion
<b>Soft Controls</b>					
Equality, Diversity and Inclusion	4	14	Q4	<p>This review will provide assurance over the Council’s policies, processes and procedures to promote and support EDI within its workforce. It will also assess the effectiveness of data collection, monitoring and reporting for EDI purposes. We will assess what data is shared across the organisation and how this is used to inform corporate and departmental decision-making.</p> <p>We will seek supporting evidence for the status of actions agreed in the amended Equality and Diversity Policy 2024-27.</p> <p>We have undertaken EDI reviews at other local authorities, and we will therefore seek to share best practice identified in our review.</p>	<p>EDI is a key issue across the local government sector. The Council has made a commitment in its Gedling Plan to embracing all aspect of EDI to create a health workforce. Therefore, this review will provide assurance over actions taken to achieve this objective.</p> <p>The Council have an Equality and Diversity Framework 2021-24 which is monitored and overseen by the Strategy Equality and Diversity Group. The Council is in the process of amending its Equality and Diversity Policy 2024-27, which was presented to Cabinet in January 2024 with the recommendation to go out to consultation. Therefore, our review has been deliberately timed for Quarter 4 to assess the actions that the Council have taken towards implementing its new policy, allowing time for the policy to be embedded.</p>

# INTERNAL AUDIT OPERATIONAL PLAN 2024/25 (5/7)

Area	CRR	Days	Timing	Description of the Review	Reason for Inclusion
<b>Future Focussed Assurance</b>					
<b>IT Disaster Recovery Plan</b>	5	14	Q3	<p>We will provide assurance over the Council’s IT disaster recovery planning to assess whether sufficient systems and controls are in place to prevent the loss of data or systems in the event of a disaster. This will include and assessment of system and data back-ups.</p> <p>We will use our specialist IT Audit Team to deliver this piece of work.</p>	<p>The Council is in the process of updating its Digital/IT Strategy. The risk of failing to properly utilise existing ICT, react to technology changes, and prevent data loss is identified as a medium risk on the Corporate Risk Register (Risk Score: C3), recognising the increase in risk facing local authorities. More widely, there is an increase in the number of reported cyber-attacks on local authorities, by 50% in some instances. This is alongside an increase in other natural disasters such as flooding which could cause disruption to the Council’s IT systems and data.</p> <p>Therefore, it is critical that local authorities have sufficient controls to support effective IT disaster recovery planning.</p>
<b>Environment - Carbon Management Strategy</b>	8, 11, 12	15	Q2	<p>This review will assess the Council’s governance, monitoring and oversight of its Carbon Management Strategy Action Plan, including whether climate-related actions are incorporated into key decision-making. We will also assess the Environment data collection and reporting to ascertain whether it is used effectively to feed into the overarching strategy and priorities. The review will assess training provided to staff on their roles and responsibilities for managing climate change.</p>	<p>Managing climate change is a key feature of the ‘Place’ priority in the Gedling Plan 2023-27, following the climate emergency declaration by the Council in 2019. It has developed its Carbon Management Strategy Action Plan to support the delivery of its climate objective of being carbon neutral by 2030. The Council has appointed a Climate Change Officer to lead and guide on this ambition.</p> <p>Climate change is becoming increasingly significant to local authorities, particularly following recent weather events, including heatwaves and flooding. This is recognised on the CRR as a medium risk (Risk Score: C3).</p>

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# INTERNAL AUDIT OPERATIONAL PLAN 2024/25 (6/7)

Area	CRR	Days	Timing	Description of the Review	Reason for Inclusion
Flexible Live Assurance - To be allocated during the year as required but could include the example shown below					
Contingency	N/A	5	All	Contingency days left to allocate to flexible work.	We have built in an allocation of flexible days into our plan to support the Council on emerging risks or projects during the year.

## INTERNAL AUDIT OPERATIONAL PLAN 2024/25 (7/7)

Area	CRR	Days	Timing	Description of the Review	Reason for Inclusion
<b>Contract Management</b>					
Planning / liaison / management	N/A	8	Q1 - Q4	Creation of audit plan, meeting with Executive Directors	Effective contract management
Recommendation follow up	N/A	7	Q1 - Q4	Assessment and reporting of status of implementation of recommendations raised	Assurance for Executive Team and Audit Committee
Audit Committee	N/A	5	Q1 - Q4	Attendance at Audit Committee meetings, pre-meets and Audit Committee Chair liaison	Effective contract management
<b>Summary</b>					
Core assurance	Various	82			
Soft controls	Various	14			
Future focused	Various	29			
Flexible audit resource	Various	5			
Contract Management		20			
<b>Total days</b>		<b>150</b>			

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## APPENDIX I (1/5)

### Internal Audit Charter - Role and Scope of Internal Audit

#### PURPOSE OF THIS CHARTER

This charter is a requirement of Public Sector Internal Audit Standards (PSIAS).

The charter formally defines internal audit's mission, purpose, authority and responsibility. It establishes internal audit's position within Gedling Borough Council (the Council) and defines the scope of internal audit activities.

Final approval resides with the Full Council (the Board), in practice the charter shall be reviewed and approved annually by management and by the Audit Committee on behalf of the Board of the Council.

#### INTERNAL AUDIT'S MISSION

Internal audit's mission is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

#### STANDARDS OF INTERNAL AUDIT PRACTICE

To fulfil its mission, internal audit will perform its work in accordance with PSIAS, which encompass the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF): Definition of Internal Auditing, Code of Ethics, and International Standards for the Professional Practice of Internal Auditing.

#### INTERNAL AUDIT DEFINITION AND ROLE

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Internal audit acts primarily to provide the Audit Committee with information necessary for it to fulfil its own responsibilities and duties. Implicit in internal audit's role is that it supports management to fulfil its own risk, control and compliance responsibilities. The range of work performed by internal audit is set out in PSIAS and not repeated here.

#### INTERNAL AUDIT'S SCOPE

The scope of internal audit activities includes all activities conducted by the Council. The Internal Audit Plan sets out those activities that have been identified as the subject of specific internal audit engagements.

The provision of assurance services is the primary role for internal audit in the UK public sector. This role requires the chief audit executive to provide an annual internal audit opinion based on an objective assessment of the framework of governance, risk management and control.

Assurance engagements involve the objective assessment of evidence to provide an independent opinion or conclusions regarding an entity, operation, function, process, system or other subject matter. The nature and scope of the assurance engagement are determined by internal audit.

Consulting engagements are advisory in nature and are generally performed at the specific request of management, with the aim of improving governance, risk management and control and contributing to the overall opinion. The nature and scope of consulting engagement are subject to agreement with management. When performing consulting services, internal audit should maintain objectivity and not assume management responsibility.

#### EFFECTIVE INTERNAL AUDIT

Our internal audit function is effective when:

- It achieves the purpose and responsibility included in the internal audit charter
- It conforms with the Standards
- Its individual members conform with the Code of Ethics and the Standards
- It considers trends and emerging issues that could impact the organisation.

## APPENDIX I (2/5)

### Internal Audit Charter - Role and Scope of Internal Audit

The internal audit activity adds value to the Council (and its stakeholders) when it considers strategies, objectives and risks, strives to offer ways to enhance governance, risk management and control processes and objectively provides relevant assurance.

We will agree with you an audit plan for a total number of days activity. Once agreed, we will turn this into a cash budget which we will work to, in order to ensure that you have certainty around the fees you will pay us.

#### INDEPENDENCE AND INTERNAL AUDIT'S POSITION WITHIN Gedling BOROUGH COUNCIL

We provide for internal audit's independence, its personnel and external partners report to the Head of Internal Audit, who reports functionally to the Audit Committee. The Head of Internal Audit has free and full access to the Chair of the Audit Committee. The Head of Internal Audit reports administratively to the Interim Corporate Director who provides day-to-day oversight.

The appointment or removal of the Head of Internal Audit will be performed in accordance with established procedures and subject to the approval of the Chair of the Audit Committee.

The internal audit service will have an impartial, unbiased attitude and will avoid conflicts of interest. The internal audit service is not ordinarily authorised to perform any operational duties for the Council.

In the event that internal audit undertakes non-audit activities, safeguards will be agreed to ensure that independence or objectivity of the internal audit activity are not impaired. This might include a separate partner review of the work or a different team undertaking the work. Approval of the arrangements for such engagements will be sought from the Audit Committee prior to commencement.

In the event that internal audit provides assurance services where it had previously performed consulting services, an assessment will be undertaken to confirm that the nature of the consulting activity did not impair objectivity and safeguards will be put in place to manage individual objectivity when assigning resources to the engagement. Such safeguards will be communicated to the Audit Committee.

Internal audit must be free from interference in determining the scope of internal auditing, performing work and communicating results. Should any interference take place, internal audit will disclose this to the Audit Committee to discuss the implications.

#### INTERNAL AUDIT'S ROLE IN COUNTERING FRAUD, BRIBERY AND CORRUPTION

Management, not internal auditors are responsible for the prevention and detection of fraud, bribery and corruption. Auditors will, however, be alert in all their work to risks and exposures that could allow fraud or corruption as well as seeking to identify indications that fraud and corruption may have been occurring. Audit procedures alone, even when performed with due professional care, cannot guarantee that fraud and corruption will be detected. In the event that internal audit suspects a fraud, this will be referred to appropriate management in the first instance and then the Audit Committee.

#### ACCESS TO RECORDS AND CONFIDENTIALITY

There are no limitations to internal audit's right of access to the Council's officers, records, information, premises, or meetings which it considers necessary to fulfil its responsibilities.

When the auditors receive confidential information about your affairs it shall at all times be kept confidential, except as required by law or as provided for in regulatory, ethical or other professional pronouncements applicable. All information will be maintained in line with appropriate regulations, for example the Data Protection Act 2018.

## APPENDIX I (3/5)

### Internal Audit Charter - Role and Scope of Internal Audit

#### COORDINATION AND RELIANCE WITH OTHER ASSURANCE PROVIDERS

In co-ordinating activities internal audit may rely on the work of other assurance and consulting service providers.

A consistent approach is adopted for the basis of reliance on internal audit will consider the competency, objectivity, and due professional care of the assurance and consulting service providers. Due regard will be given to the understanding of the scope, objectives and results of the work performed by other providers of assurance and consulting services.

Where reliance is placed upon the work of others, internal audit is still accountable and responsible for ensuring adequate support for conclusions and opinions reached by the internal audit activity.

#### INTERNAL AUDIT'S COMMITMENTS TO THE COUNCIL

Internal audit commits to the following:

- Working with management to improve risk management, controls and governance within the organisation
- Performing work in accordance with PSIAS

- Complying with the ethical requirements of PSIAS
- Dealing in a professional manner with the Council's staff, recognising their other commitments and pressures
- Raising issues as they are identified, so there are no surprises and providing practical recommendations
- Liaising with external audit and other regulators to maximise the assurance provided to the Council.
- Reporting honestly on performance against targets to the Audit Committee.

#### INTERNAL AUDIT PERFORMANCE MEASURES AND INDICATORS

The tables on the following pages contain some of the performance measures and indicators that are considered to have the most value in assessing the efficiency and effectiveness of internal audit.

The Audit Committee should approve the measures which will be reported to each meeting and / or annually as appropriate. In addition to those listed here we also report on additional measures as agreed with management and included in our Progress Report.

#### QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME

As required by PSIAS, an external assessment of the service will be performed at least every five years. BDO also has an internal quality assurance review process in place, which takes place annually. This is performed by a separate team independent to the internal audit team.

The results of internal and external assessments will be communicated to the Audit Committee as part of the internal audit annual report, along with corrective action plans.



## APPENDIX I (4/5)

### Internal Audit Charter - Role and Scope of Internal Audit

#### TABLE ONE: PERFORMANCE MEASURES FOR INTERNAL AUDIT

##### Measure / Indicator

##### Audit Coverage

Annual Audit Plan delivered in line with timetable.

Actual days are in accordance with Annual Audit Plan.

##### Relationships and customer satisfaction

Customer satisfaction reports - overall score at average at least 3.5 / 5 for surveys issued at the end of each audit.

Annual survey to Audit Committee to achieve score of at least 70%.

Internal audit can rely on the work undertaken by internal audit (where planned).

##### Staffing and Training

At least 60% input from qualified staff.

##### Audit Reporting

Issuance of draft report within 3 weeks of fieldwork 'closing' meeting.

Finalise internal audit report 1 week after management responses to report are received.

90% recommendations to be accepted by management.

Information is presented in the format requested by the customer.

##### Audit Quality

High quality documents produced by the auditor that are clear and concise and contain all the information requested.

Positive result from any external review.

#### MANAGEMENT AND STAFF COMMITMENTS TO INTERNAL AUDIT

The management and staff of **Gedling Borough Council** commit to the following:

- Providing unrestricted access to all of the Council's records, property, and personnel relevant to the performance of engagements
- Responding to internal audit requests and reports within the agreed timeframe and in a professional manner
- Implementing agreed recommendations within the agreed timeframe
- Being open to internal audit about risks and issues within the organisation
- Not requesting any service from internal audit that would impair its independence or objectivity
- Providing honest and constructive feedback on the performance of internal audit.

#### MANAGEMENT AND STAFF PERFORMANCE MEASURES AND INDICATORS

The three indicators on the following page are considered good practice performance measures but we go beyond this and report on a suite of measures as included in each Audit Committee Progress Report.

## APPENDIX I (5/5)

### Internal Audit Charter - Role and Scope of Internal Audit

#### TABLE TWO: PERFORMANCE MEASURES FOR MANAGEMENT AND STAFF

##### Measure / Indicator

##### Response to Reports

Audit sponsor to respond to terms of reference within one week of receipt and to draft reports within two weeks of receipt.

##### Implementation of recommendations

Audit sponsor to implement all audit recommendations within the agreed timeframe.

##### Co-operation with internal audit

Internal audit to confirm to each meeting of the Audit Committee whether appropriate co-operation has been provided by management and staff.

#### BDO CONTACTS

Name	Grade	Telephone	Email
Gurpreet Dulay	Partner	+44 (0)787 055 5214	Gurpreet.Dulay@bdo.co.uk
Max Armstrong	Manager	+44 (0) 781 246 4822	Max.Armstrong@bdo.co.uk
Charlotte Thomas	Manager	+44 (0) 781 363 4683	Charlotte.Thomas@bdo.co.uk

FOR MORE INFORMATION:

**Gurpreet Dulay**

+44 (0)787 055 5214

Gurpreet.Dulay@bdo.co.uk

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