

AUDIT AND GOVERNANCE COMMITTEE

AGENDA



5th November 2024

at 5pm

**in Council Chamber
Civic Centre, Hartlepool**

MEMBERS: AUDIT AND GOVERNANCE COMMITTEE

Councillors Boddy, Vacancy, Darby, Hall, Holbrook, Jorgeson, Moore, Morley, Roy and Thompson.

Standards Co-opted Independent Members: - Mr Martin Slimings.

Standards Co-opted Parish Council Representatives: Parish Councillor Kane Forrester (Wynyard) and Parish Councillor Patricia Andrews (Headland)

Local Police Representative

1. **APOLOGIES FOR ABSENCE**
2. **TO RECEIVE ANY DECLARATIONS OF INTEREST BY MEMBERS**
3. **MINUTES**

3.1 To confirm the minutes of the meeting held on 24th September 2024.

4. **STATUTORY SCRUTINY ITEMS**

Health Scrutiny Issues

4.1 None

Crime and Disorder Issues

4.2 Retail Crime Investigation – *Statutory Scrutiny Manager*

5. **AUDIT ITEMS**

CIVIC CENTRE EVACUATION AND ASSEMBLY PROCEDURE

In the event of a fire alarm or a bomb alarm, please leave by the nearest emergency exit as directed by Council Officers. A Fire Alarm is a continuous ringing. A Bomb Alarm is a continuous tone.

The Assembly Point for everyone is Victory Square by the Cenotaph. If the meeting has to be evacuated, please proceed to the Assembly Point so that you can be safely accounted for.

- 5.1 Treasury Management Strategy Update 2024-25 - *Director of Finance, IT and Digital*
- 5.2 Internal Audit Plan 2024-25 Update - *Head of Audit and Governance*
- 5.3 Risk Management Framework Update - *Assistant Director – Development and Growth*

6. STANDARDS ITEMS

- 6.1 None

7. OTHER ITEMS FOR DECISION

- 7.1 Crustacean Deaths Working Group - Verbal Update

8. MINUTES FROM RECENT MEETINGS FOR RECIEPT BY THE COMMITTEE

- 8.1 Health and Wellbeing Board – None
- 8.2 Finance and Policy Committee relating to Public Health issues – None
- 8.3 Tees Valley Health Scrutiny Joint Committee – None
- 8.4 Safer Hartlepool Partnership – None
- 8.5 Tees Valley Area Integrated Care Partnership – None
- 8.6 Regional Health Scrutiny – None
- 8.7 Durham, Darlington and Teesside, Hambleton, Richmondshire and Whitby STP Joint Health Scrutiny Committee - None

9. ANY OTHER BUSINESS WHICH THE CHAIR CONSIDERS URGENT

For information: - forthcoming meeting dates: -

Tuesday 10 December, 2024 at 5.00 pm
Tuesday 28 January, 2025 at 5.00 pm
Tuesday 4 March, 2025 at 5.00 pm
Tuesday 1 April, 2025 at 5.00 pm



AUDIT AND GOVERNANCE COMMITTEE

MINUTES AND DECISION RECORD

24 SEPTEMBER 2024

The meeting commenced at 5.05 pm in the Civic Centre, Hartlepool.

Present:

Councillor: Shane Moore (In the Chair).

Councillors: Boddy, Hall, Jorgeson.

Standards Co-opted Members:

Also Present: Gavin Barker
Nasir Alkobir
James Collins

Officers: Tony Hanson, Executive Director of Development,
Neighbourhoods and Regulatory Services
Sylvia Pinkney, Assistant Director, Regulatory Services
James Magog, Director of Finance, IT and Digital
Noel Adamson, Head of Audit and Governance
Joan Stevens, Statutory Scrutiny Manager
Gemma Jones, Scrutiny and Legal Support Officer

28. Apologies for Absence

Apologies for absence were received from:

Councillors Buchan, Darby, Holbrook, Morley, Roy and Thompson
Martin Slimings, Independent Member
Parish Councillors Forrester (Wynyard) and Andrews (Headland)

29. Declarations of Interest

None

30. Minutes of the meeting held on 16 July 2024

Confirmed.

31. Auditor's Annual Report Year Ended 31 March 2023 *(Director of Finance, IT and Digital)*

A representative from Mazars was in attendance and updated the Committee on the work Mazars had undertaken as the auditor for the Council. This was for the year end 31 March 2023 and in relation to financial statements, value for money arrangements and wider reporting responsibilities.

Details of the key messages were included in the main body of the report, a copy of which was attached at Appendix 1. The Representative advised they had not identified any evidence to indicate a significant weakness in the Council's arrangements. They added the Council had done all it could to manage the financial position, but the financial pressures were considerable. Emphasis was placed on the need to monitor the delivery of the financial plan very closely to ensure financial sustainability is achieved and reliance on reserves is eliminated over the period.

The Director of Finance, IT and Digital responded to a query raised regarding the risks in relation to the significant overspend and explained a budget announcement was awaited. It was envisaged that the budget could not be balanced without using reserves.

Recommended

- i) That the content of the report be noted, including the recommendation in relation to value for money.

32. Auditor's Strategy Memorandum *(Director of Finance, IT and Digital)*

The Mazar's Representative presented the Audit Strategy Memorandum to Members highlighting the key sections and points set out in the memorandum. The Representative referenced the timetable set by government for the preparation and publication of the audited accounts. The significant risks and key judgement areas were referred to as well as value for money, future budget and audit fees, as detailed in the report.

In the discussion that followed the Representative responded to issues raised arising from the report. Clarification was provided in relation to the challenges facing the external audit sector and the potential impact of delays in the sign-off of accounts. In response to a query raised, clarification was provided in relation to audit planning arrangements of key financial systems.

Concerns were raised in relation to the increase in audit fees. An explanation was provided on the rationale of the increase in audit fees and details were given regarding the makeup of the audit team.

A Member requested details of any significant issues in terms of governance weaknesses to which the Representative advised there were none.

The cut off level for the reporting of accounting errors to Committee was discussed and it was noted that errors under £200,000 were not reported to Committee. In response to concerns regarding the £200,000 cut off for committee reporting, Members were reassured that other mechanisms / processes are in place to bring errors under £200,000 to the attention of Members.

Recommended

- i) That the contents of the report be noted.

33. Internal Audit Plan 2024/25 Update *(Head of Audit and Governance)*

The Head of Audit and Governance reported on progress made to date on completing the Internal Audit Plan for 2024/25. The report outlined the three levels of assurance given as part of the internal audit process, from 'no assurance' to 'satisfactory assurance' which was the highest level of assurance that could be awarded.

A summary of the assurances placed on completion of each individual audit was provided, alongside identified risks and action plans. Information was also provided in relation to ongoing audits. Particular attention was drawn to three services areas where there had been 'no assurance' audits (the drug and alcohol contract, health and safety and insurances). The Head of Audit and Governance indicated that progress was being made in response to these audits. It was agreed that Assistant Directors responsible for each of the service areas would be requested to provide the committee with assurances around service improvements and timescales in response to the issues identified.

In the discussion that followed, the Head of Internal Audit and Governance responded to a query raised arising from the report. Clarification was sought regarding the inclusion of 'Landlord Accreditation' in table 4 of the report. The Head of Audit and Governance advised he would clarify this following the meeting.

Recommended

- (i) The report be noted.
- (ii) That Assistant Directors be invited to a future meeting to provide assurances around service improvements and timescales in relation to the audit items deemed to have 'No Assurance' (the drug and alcohol contract, health and safety and insurances).
- (iii) That clarification be provided to Members on the inclusion of 'Landlord Accreditation' in the report.

34. Internal Audit Annual Report and Opinion 2023/24 *(Head of Audit and Governance)*

This report provided Members with the Head of Audit and Governance assurance opinion on the adequacy and effectiveness of the Council's internal control environment. Detailed in section 8 of the report was a summary of the internal audit work used to inform the opinion. Based on the work undertaken, the internal control environment was

deemed to be well established and operating effectively. Section 10 of the report also detailed the Internal Quality Assurance and Improvement Programme and it was advised that this was in line with professional requirements. This was deemed to be a positive report with a positive opinion. Audits that resulted in 'Limited/No assurance' would continue to be monitored.

A Member drew attention to the actions implemented in response to the previous 'no assurance' audit of the Town Hall Theatre / Borough Hall and it was requested that a further update be provided on the implementation of the required actions. Members were informed that the Town Hall had recently reopened, with officers currently working to implement the actions agreed in the audit. Once new processes were embedded, this item could be brought back to a future meeting to inform Members about the actions that have been implemented.

Members appreciated the requirement to utilise audit terminology in the description of audit levels and suggested that it would be beneficial to review the format of the report to incorporate 'context' into the description of each level of assurance where appropriate. This was agreed by the Head of Audit and Governance.

Recommended

- i) The report be noted.
- ii) An update be provided on the implementation of required actions in relation to the previous 'no assurance' audits of the Town Hall Theatre / Borough Hall.
- iii) An explanation of each assurance level be contained within future reports where appropriate.

35. New Global Internal Audit Standards Effective January 2025

(Head of Audit and Governance)

Members were informed of the new International Professional Practices Framework 2024 (IPPF 2024), consisting of the Global Internal Audit standards, Topical Requirements and Guidance that become effective from 9th January 2025. Reference was made to the Committees responsibilities, outlined in section 4.9 of the report. Further documents and links will be provided to the Committee and training can be provided on these topics if this was felt necessary.

The Chair queried what challenges these new standards would bring and assurances were given in relation to this. It was also agreed that training in these areas could be provided to Members if deemed necessary.

Recommended

- i) The report be noted.
- ii) Training would be provided to members of the Audit and Governance Committee if deemed necessary.

36. Treasury Management Strategy Update 2024/25 *(Director of Finance, IT and Digital Services)*

The Director of Finance, IT and Digital Services submitted a report providing a review of Treasury Management activity for 2023/24 including the 2023/24 outturn Prudential Indicators and a first quarter update of the 2024/25 Treasury Management activity. The Director highlighted:

- The challenging nature of the budget situation facing the local authority. The Council benefitted from interest on reserves while rates were high, however, this position was expected to change as rates were forecast to fall over the next 3 years. In addition to this, borrowing for capital programmes was expected to increase given the forecast use of reserves.
- The Interest Rate Forecast and current level of under borrowing. The council will be required to borrow up to £45m over the coming years to fund its capital programme. The current position of being underfunded was a risk in itself but ensures costs to the council are minimised whilst borrowing rates are high. This risk will need to be managed going forward with borrowing entered into as appropriate.

Recommended

- i) The report be noted.

37. Draft Community Safety Plan 2024 – 2027 (*Executive Director of Development, Neighbourhoods and Regulatory Services*)

The purpose of the report was for Members to consider and comment on the Safer Hartlepool Partnership Draft Community Safety Plan 2024-27. It was explained by the Assistant Director of Regulatory Services that there had been a delay in entering into the consultation period due to the recent general election. It is a statutory responsibility to develop and implement a Community Safety strategy and that this be reviewed on a 3 year basis. The Plan detailed how to address crime and disorder and the priorities for 2024-2027 were outlined. Details of the 6-week consultation period were outlined including how the consultation would be shared and promoted. At the end of the consultation period the plan will be taken back to the Safer Hartlepool Partnership.

Members expressed concerns regarding some members of the public not being able to access the consultation online or be able to complete a paper copy. It was advised that these would be made available in community hubs and there would also be engagement with residential groups to share the consultation. The consultation would be available on the Council's platform sharing site.

The Chair questioned the mechanisms to hold external partners to their contribution. The Assistant Director explained that the action plan was a fluid document and that partners can feed into the plan the work they are doing, this does overlap with some documents but that this all comes back as an action plan. Identified on the action plan were some gaps through discussion and that workshops would be offered to address this. The Chair advised that the Committee may feed further questions or comments back.

Recommended

- i) The plan be considered, and the Committees comments fed in to the consultation response for consideration by the Safer Hartlepool Partnership.

38. Setting of the Scrutiny Work Programme 2024/25 and scoping of Investigation *(Statutory Scrutiny Manager)*

A report was presented to the Committee to reaffirm the process for the determination of the Overview and Scrutiny Work Programme and to seek further consideration of topics for inclusion in the Statutory Work Programme for 2024/25.

To progress the identification of work programme topics for 2024/25, a working group was held in September 2024. A number of issues were discussed in relation to 3 potential topics; Retail Crime, night time economy related serious violence and the public health budget. A PICK scoring matrix, appended to the report, was used to identify the most valid topic whilst making the best use of resources.

Night time economy related serious violence was noted as being an issue of significant concern but Members felt this was not timely to undertake this investigation. However, given the importance of this issue this may have the potential to roll over to a future year. The Public Health budget was also considered to be extremely important but this was also considered not timely to be investigated this year. Retail crime also scored high on the PICK matrix and after Members received significant information and evidence from Cleveland Police, this issue was chosen as the appropriate topic of investigation. The focus of the investigation would be to look at ways of designing out and reducing incidents of retail crime.

In the discussion that followed Members commented that they felt night time economy related serious violence was of real significance, however it was noted that the Police representative at the working group gave a detailed and panoramic view in terms of the issue of retail crime. The Committee had come to the view that the retail crime proposition covered many areas and was the item to be selected for investigation in 2024/25.

Recommended

- i) That Retail Crime be the focus of the investigation for 2024/25.
- ii) Members considered the scoping proposal appended to the report.

39. Crustacean Deaths Group

No update.

40. Minutes from recent meetings for receipt by the Committee

The following minutes were presented to the Committee for information, with a view to identifying any issues Members may wish to discuss in greater detail:

- Health and Wellbeing Board – 8th July 2024
- Finance and Policy Committee relating to Public Health Issues – None
- Tees Valley Health Scrutiny Joint Committee – None
- Safer Hartlepool Partnership – 15th July 2024
- Tees Valley Area Integrated Care Partnership – None
- Regional Health Scrutiny – None
- Durham, Darlington and Teesside, Hambleton, Richmondshire and Whitby STP and Joint Health Scrutiny Committee – None.

Recommended

- i) The minutes be noted.

41. Any Other Items which the Chairman Considers are Urgent

None

The meeting concluded at 6.30pm.

Chair

AUDIT AND GOVERNANCE COMMITTEE

5th November 2024



Report of: Statutory Scrutiny Manager

Subject: RETAIL CRIME INVESTIGATION

1. COUNCIL PLAN PRIORITY

Hartlepool will be a place*:

where people will be safe and protected from harm.

with a Council that is ambitious, fit for purpose and reflects the diversity of its community.

1. PURPOSE OF REPORT

2.1 To progress the next stage of the Committee's Retail Crime investigation.

2. BACKGROUND INFORMATION

3.1 The Audit and Governance Committee at its meeting on the 24th September 2024 concluded the process for identification of its 2024/25 work programme and agreed:

- That an investigation of 'Retail Crime in Hartlepool' would be undertaken, providing a significant opportunity for partnership working with Cleveland Police (including support for ongoing prevention and detection activities).
- The aim, terms of reference and timetable for the investigation, as detailed in **Appendix A**.

3.2 The Committee, at its meeting on the 15th October 2024, received an overview of retail crime in Hartlepool from a police perspective and conducted an interactive question and answer session. Details of the process for consultation and engagement with residents, businesses and offenders were agreed by the Committee:-

Residents - via the face to face Police Ward Survey (to be concluded by the end of December 2024).

Businesses and their staff - via an online survey (to be undertaken between Oct 2024 – Nov 2024) and a dedicated Working Group (November 2024).

Offenders - via the Police following arrest (to be concluded by the end of December 2024).

- 3.3 The aim of the consultation and engagement exercise being to obtain first hand input in relation to the drivers of retail crime and its impact.

4. PRESENTATION OF EVIDENCE

- 4.1 As part of the committee's second evidence gathering session, input / views have been sought from:

- The Member of Parliament for Hartlepool (who is also Chair of the Safer Hartlepool Partnership);
- The Police and Crime Commissioner for Cleveland; and
- The Chair of the Council's Neighbourhood services Committee.

- 4.2 The factors that drive retail crime are also to be discussed further.

5. RECOMMENDATION

- 5.1 That the Committee receive the information provided, as part of the second stage of the investigation.

Contact Officer: - Joan Stevens
Statutory Scrutiny Manager
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01429 284142

BACKGROUND PAPERS

The following background paper(s) was/were used in the preparation of this report:-

- Presentation by Superintendent Hopps at the Audit and Governance Committee Meeting on 16th July 2024
- Report and minutes of the A&G meeting held on the 16th July 2024, 24th September 2024 and 15th October 2024.

The above items can be viewed at [Agendas, reports and minutes | Hartlepool Borough Council](#)

Appendix A

The **aim** of the investigation would be to ‘look at ways of designing out and reducing incidents of retail crime’

The **Terms of Reference** for the investigation would be:

- (a) To gain an understanding of the issue and its impact on residents, employees and businesses;
- (b) To explore the factors that drive retail crime (national and local data inc. police information in relation to high level offenders);
- (c) To examine existing approaches used to tackle the issue and investigate their effectiveness (preventative and reactive). E.g.
 - i) Potential ways of designing out and reducing incidents of retail crime.
 - ii) How are we encouraging retailers to maximise the use of new technologies for the prevention and detection of retail crime, including the facilitation of digital CCTV evidence?
 - iii) How are we encouraging Community Safety Partnerships to direct investment to design out crime to areas they perceive to be a problem, including reducing opportunities to sell stolen goods?
 - iv) How are we actively encouraging the use of appropriate funding to invest in local retailers?
 - v) Are there sufficient interventions / support pathways for those who commit retail theft offences?
 - vi) Are there sufficient food banks, advertised, accessible and with ongoing funding for those use retail theft as a means during the cost of living crisis?
 - vii) What are the out of court resolution pathways available to residents of Hartlepool?
- (d) To seek views on the issue, the impact and what could / should be done from:
 - Residents (survey – as part of Police Ward surveys),
 - Stakeholders and businesses (HBC survey and face to face Working Group)
- (e) To gain an understanding of the impact of current and future budget pressures on the way in which services are provided.
- (f) To identify potential ways of designing out and reducing incidents of retail crime.

The **timetable** for the investigation:

15th October 2024

- To gain an understanding of the issue from a police perspective.
- Agree a process to seek the views of residents, stakeholders and businesses on the issue and what could / should be done to tackle it (survey / face to face session / potential working group)

5th November 2024

- Views / input from the Member of Parliament for Hartlepool (also Chair of the Safer Hartlepool Partnership), Cleveland Police, Police and Crime Commissioner and Chair of Neighbourhood services Committee.
- Exploration of the factors that drive retail crime

(date tbc) December - Working Group with businesses / stakeholders to discuss the issue, their experiences (experiences of staff) and what could / should be done to respond to it.

10th December 2024

- To examine existing approaches used to tackle the issue and investigate their effectiveness (preventative and reactive). E.g.
 - i) What are the potential ways of designing out and reducing incidents of retail crime?
 - ii) How are we encouraging retailers to maximise the use of new technologies for the prevention and detection of retail crime, including the facilitation of digital CCTV evidence?
 - iii) How are we encouraging Community Safety Partnerships to direct investment to design out crime to areas they perceive to be a problem, including reducing opportunities to sell stolen goods?
 - iv) What funding is there to invest in local retailers and other interventions and how are we actively encouraging its use?
 - v) Are there sufficient interventions / support pathways for those who commit retail theft offences?
 - vi) Are there sufficient food banks, advertised, accessible and with ongoing funding for those use retail theft as a means during the cost of living crisis?
 - vii) What are the out of court resolution pathways available to residents of Hartlepool?

28th January 2024

- Consider best practice in other areas.
- Further exploration of the factors that drive retail crime (offender lived experience evidence).
- Feedback from surveys / views of residents, stakeholders and businesses on the issue and what could / should be done to tackle it.
- How effective are interventions / resolution activities put in place for businesses and offenders.
- To gain an understanding of the impact of current and future budget pressures on the way in which services are provided.

(Date TBC) February – Working Group to discuss formulation of recommendations

4th March 2024 – Approval of Final report by the Audit and Governance Committee

AUDIT AND GOVERNANCE COMMITTEE

5th November 2024



Report of: Director of Finance, IT and Digital

Subject: TREASURY MANAGEMENT STRATEGY UPDATE
2024/25

1. COUNCIL PLAN PRIORITY

Hartlepool will be a place:
- where people are enabled to live healthy, independent and prosperous lives.
- where those who are vulnerable will be safe and protected from harm.
- of resilient and resourceful communities with opportunities for all.
- that is sustainable, clean, safe and green.
- that has an inclusive and growing economy.
- with a Council that is ambitious, fit for purpose and reflects the diversity of its community.

2. PURPOSE OF REPORT

2.1 The purposes of the report is to provide the second quarter update of the 2024/25 Treasury Management activity.

3. BACKGROUND

3.1 The Treasury Management Strategy covers:

- the borrowing strategy relating to the Council's core borrowing requirement in relation to its historic capital expenditure (including Prudential Borrowing);
- the borrowing strategy for the use of Prudential Borrowing for capital investment approved as part of the Medium Term Financial Strategy; and
- the annual investment strategy relating to the Council's cash flow.

- 3.2 The Treasury Management Strategy needs to ensure that the loan repayment costs of historic capital expenditure do not exceed the available General Fund revenue budget. Similarly, for specific business cases the Treasury Management Strategy needs to ensure loan repayment costs do not exceed the costs built into the business cases.
- 3.3 The Local Government Act 2003 requires the Council to ‘have regard to’ the CIPFA (Chartered Institute of Public Finance and Accountancy) Prudential Code and to set prudential indicators for the next three years to ensure capital investment plans are affordable, prudent and sustainable.
- 3.4 The Act also requires the Council to set out a Treasury Management Strategy for borrowing and to prepare an Annual Investment Strategy, which sets out the policies for managing investments and for giving priority to the security and liquidity of those investments. The Secretary of State has issued Guidance on Local Government Investments which came into force on 1st April 2004, with subsequent updates.
- 3.5 The Council is required to nominate a body to be responsible for ensuring effective scrutiny of the Treasury Management Strategy and policies, before making recommendations to full Council. This responsibility has been allocated to the Audit and Governance Committee.
- 3.6 This report covers the following areas:
- Economic background and outlook for interest rates; and
 - Treasury Management Strategy 2024/25 second quarter review.

4. ECONOMIC ENVIRONMENT AND OUTLOOK FOR INTEREST RATES

- 4.1 **UK** –The Bank of England’s Monetary Policy Committee (MPC) initiated its loosening cycle in August with 25bps rate cut, lowering interest rates from 5.25% to 5.0%. In its September meeting the Bank opted to hold rates at 5.0%, signaling a more gradual approach to rate reductions. Monetary policy will need to remain restrictive until the risk to the 2% medium term inflation target dissipates further. The Committee will closely monitor the risks of inflation persistence and will decide the appropriate degree of monetary policy restrictiveness at each meeting.
- 4.2 The Chancellor’s Autumn budget will be held on 30th October, where the MPC will learn more about the Government’s fiscal policies, which will further inform the MPC’s next Quarterly Monetary Policy Report in November. Any amendments to tax and spending plans will inform a fuller and more complete analysis of how the economy is going to be positioned in 2025 and beyond.
- 4.3 The latest Consumer Price Index (CPI) data shows that the UK CPI measure of inflation remained at 2.2% in August, but services inflation rose from a two-year low of 5.2% in July to 5.6%, significantly above its long-run average of 3.5%. CPI inflation is expected to rise in the coming months, potentially

reaching 2.9% in November, before declining to around 2.0% by mid-2025. The increasing uncertainties in the Middle East may also exert an upward pressure on inflation, with oil prices rising in the aftermath of Iran's missile attack on Israel on 1st October 2024.

- 4.4 The Office for Budget Responsibility's revised growth forecast up to 2028 are set out in the following table, however, these will be revised at the next budget.

Year	March 2023 Growth Forecast	March 2024 Growth Forecast
2024	1.8%	0.8%
2025	2.5%	1.9%
2026	2.1%	2.0%
2027	1.9%	1.8%
2028		1.7%

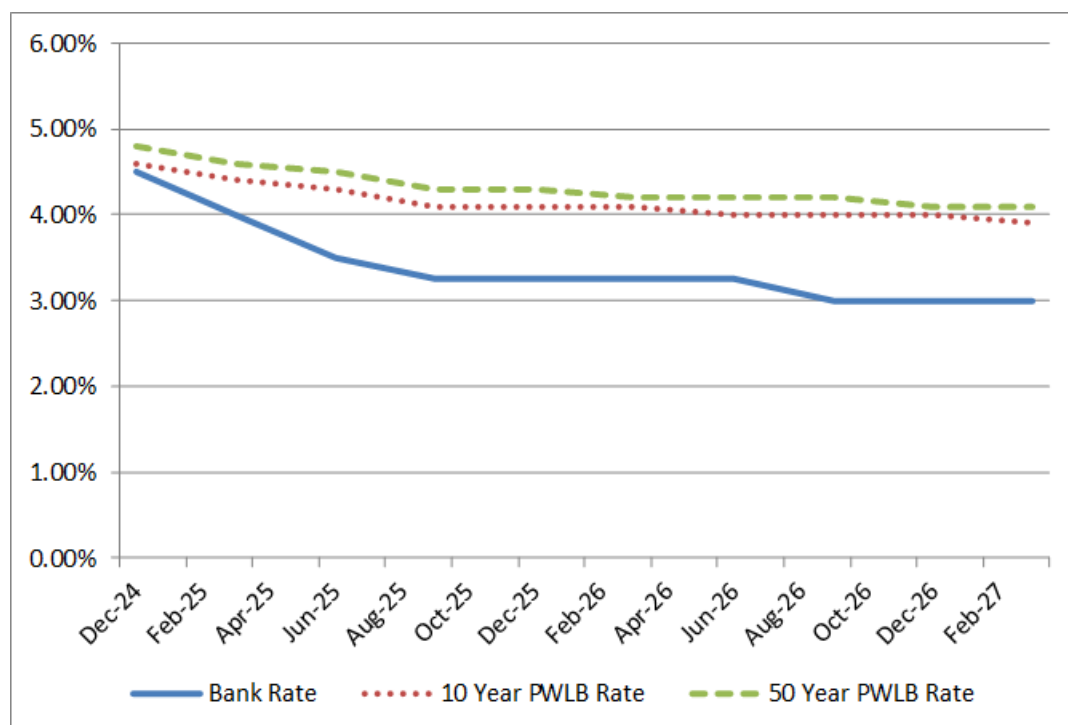
- 4.5 **European Union (EU)** – Annual inflation rates in the Eurozone fell to 1.8% in September, the lowest since April 2001, compared to 2.2% in August. The annual core inflation rate in the Eurozone, excluding volatile items such as energy, food, alcohol and tobacco, decreased to a 5-month low of 2.7% in September from 2.8% in August, below expectations of 2.8%. The unemployment rate in the Eurozone was unchanged from the prior month at 6.4% in August, holding at its lowest on record, and in line with market expectations.
- 4.6 **Other Economies** – The US Federal Reserve cut the target range in September by 50bps to 4.75%-5.00%, the first reduction in borrowing costs since March 2020. Whilst the decision to cut rates was anticipated, there was speculation about whether the central bank would choose a more conservative 25bps reduction instead. The People's Bank of China lowered its one-year medium term lending facility by 30bps to 2.0% from 2.3% on 25th September 2024. The central bank introduced its most comprehensive economic stimulus measures since 2015 to revive the economy and restore market confidence amid ongoing economic headwinds, including weak domestic demands and deflation risks.

Interest Rate Forecasts

- 4.7 Link Group (the Council's Treasury Management advisors) continue to update their interest rate forecasts to reflect statements made by the Governor of the Bank of England and changes in the economy.
- 4.8 In September the MPC held the Base Rate at 5.0%, voting 8-1 in favour of no change.
- 4.9 Link Group suggest that November still looks a reasonable estimate for when the next Bank Rate cut will occur, with rates forecast to fall to 4.5% by the end of 2024 and further cuts likely throughout 2025.

- 4.10 Economic and interest rate forecasting remains difficult with so many influences impacting on the economy. UK gilt yields (i.e. Government borrowing) and PWLB rates forecasts made by Link Group may be liable to further amendment depending on how the political and economic developments transpire over the next year.

- 4.11 Link's Interest Rate Forecasts up to March 2027 are shown below:



- 4.12 Since the late 1990s Base Rate (bank rate) averaged 5% until 2009 when the Bank of England reduced it to historically low levels. Over the same period PWLB rates were significantly higher than they are at present.

5. TREASURY MANAGEMENT STRATEGY 2024/25 2nd QUARTER REVIEW

- 5.1 The Treasury Management Strategy for 2024/25 was approved by Council on 22nd February 2024. The Council's borrowing and investment position as at 30th September 2024 is summarised as follows:

	£m	Average Rate
PWLB Loans	26.5	3.44%
Market Loan (Annuity)	16.2	2.31%
Market Loans (Maturities)	25.0	3.92%
Non-Market Loans (Maturities)	0.5	0.00%
Market Loans (LOBOs)	15.0	3.71%
Gross Debt	83.2	3.39%
Investments	53.1	5.17%
Net Debt as at 30 September 2024	30.1	

- 5.2 Net Debt has decreased since 30th June 2024 (first quarterly review) following the receipt of capital grants from TVCA. The Council continues to actively manage cash flows on a day to day basis to maximise investment/interest returns.
- 5.3 No new borrowing has been entered into during 2024/25.
- 5.4 As at the 30th September, the funds managed by the Council's in house team amounted to £53.1m. All investments complied with the Annual Investment Strategy and are shown on the table below.

Borrower	Duration	Value of Loan (£m)	Rate (%)	Start Date	Maturity Date
Call Accounts*					
NatWest Bank	On Call	0.035	1.150		Call
		0.035	1.150		
Fixed term Deposits					
Lloyds	1 year	15.000	5.910	06/10/23	04/10/24
NatWest Markets Plc	1 year	10.000	5.120	05/07/24	04/07/25
SMBC Bank International plc	1 year	5.000	4.470	18/09/24	18/09/25
Natwest Markets Plc	1 year	5.000	4.560	20/09/24	19/09/25
Debt Management Office	<1 month	2.000	4.940	23/09/24	04/10/24
Debt Management Office	<1 month	0.977	4.940	24/09/24	03/10/24
Debt Management Office	<1 month	0.500	4.940	25/09/24	17/10/24
Debt Management Office	<1 month	1.000	4.940	26/09/24	08/10/24
Debt Management Office	<1 month	1.952	4.940	26/09/24	11/10/24
Debt Management Office	<1 month	1.585	4.940	30/09/24	17/10/24
		43.014	5.221		
Money Market Funds					
Blackrock	On Call	10.000	4.940		Call
		10.000	4.940		
Total Deposits		53.049	5.166		

*On Call interest rate can vary on a day to day basis. The figure quoted here is as at 30/9/24

- 5.5 There are no changes to the counter party investment limits as agreed as part of the Investment Strategy and set out in the table below.

Category	Fitch	Moody's	Standard & Poor's	Proposed Counterparty Limit	Proposed Time Limit
A	F1+/AA-	P-1/Aa3	A-1+/AA-	£20m	1 Year
B	F1/A-	P-1/A3	A-1/A-	£15m	1 Year
C	Debt Management Office/Treasury Bills/Gilts			£40m	1 Year
D	Part Nationalised Banks			£15m	1 Year
E	Other Local Authorities Individual Limits per Authority: - £8m County, Metropolitan or Unitary Councils - £3m District Councils, Police or Fire Authorities			£40m	1 Year
F	Three Money Market Funds (AAA) with maximum investment of £10m per fund			£20m	Liquid (instant access)

- 5.6 As part of the Treasury Strategy for 2024/25 the Council set a number of prudential indicators. Compliance against these indicators is monitored on a regular basis and there are no breaches to report.

6. CIPFA Treasury Management Code of Practice

- 6.1 The Council has adopted the current CIPFA Treasury Management Code of Practice, effective from December 2021.

Treasury Management Advisors

- 6.2 The Council uses Link Group as its external treasury management advisors.
- 6.3 The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.
- 6.4 It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

7. RISK CONSIDERATIONS

- 7.1 There is a risk in relation to the level of interest rates the Council is able to secure for long term borrowing and the proposals detailed in this report are designed to manage these risks.
- 7.2 There are also risk implications in relation to the investment of surplus cash and these are addressed in the strategy recommended in the Counterparty limits.

8. OTHER CONSIDERATIONS

Financial Considerations	As set out in report.
Legal Considerations	The report details how the Council will comply with the relevant legal and regulatory requirements in relation to Treasury Management activities.
Child and Family Poverty	None
Equality and Diversity Considerations	None
Staff Considerations	None
Asset Management Considerations	None
Environment, Sustainability and Climate Change Considerations	None
Consultation	Not applicable

9. RECOMMENDATIONS

- 9.1 It is recommended that Members note the following:
- i) Note the 2024/25 Treasury Management 2nd Quarter Position detailed in section 5.

10. REASON FOR RECOMMENDATIONS

- 10.1 To allow Members to fulfil their responsibility for scrutinising the Treasury Management Strategy

11. BACKGROUND PAPERS

Treasury Management Strategy, report to Audit and Governance Committee 30th January 2024.

Treasury Management Strategy Update 2024/25, report to Audit and Governance Committee 24th September 2024.

12. CONTACT OFFICER

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AUDIT AND GOVERNANCE COMMITTEE

5th November 2024



Report of: Head of Audit and Governance

Subject: INTERNAL AUDIT PLAN 2024/25 UPDATE

1. COUNCIL PLAN PRIORITY

Hartlepool will be a place:

- that has an inclusive and growing economy.
- with a Council that is ambitious, fit for purpose and reflects the diversity of its community.

2. PURPOSE OF REPORT

- 2.1 To inform Members of the progress made to date completing the internal audit plan for 2024/25

3. BACKGROUND

- 3.1 In order to ensure that the Audit and Governance Committee meets its remit, it is important that it is kept up to date with the ongoing progress of the Internal Audit section in completing its plan. Regular updates allow the Committee to form an opinion on the controls in operation within the Council. This in turn allows the Committee to fully review the Annual Governance Statement, which will be presented at this meeting of the Committee, and after review, will form part of the statement of accounts of the Council.

4. PROPOSALS

- 4.1 That members consider the issues within the report in relation to their role in respect of the Councils governance arrangements. In terms of reporting internally at HBC, Internal Audit produces a draft report which includes a list of risks currently faced by the client in the area audited. It is the responsibility of the client to complete an action plan that details the actions proposed to

mitigate those risks identified. Once the action plan has been provided to Internal Audit, it is the responsibility of the client to provide Internal Audit with evidence that any action has been implemented by an agreed date. The level of outstanding risk in each area audited is then reported to the Audit and Governance Committee.

- 4.2 The benefits of this reporting arrangement are that ownership of both the internal audit report and any resulting actions lie with the client. This reflects the fact that it is the responsibility of management to ensure adequate procedures are in place to manage risk within their areas of operation, making managers more risk aware in the performance of their duties. Greater assurance is gained that actions necessary to mitigate risk are implemented and less time is spent by both Internal Audit and management in ensuring audit reports are agreed. A greater breadth of assurance is given to management with the same Internal Audit resource and the approach to risk assessment mirrors the corporate approach to risk classification as recorded corporately. Internal Audit can also demonstrate the benefit of the work it carries out in terms of the reduction of the risk faced by the Council.
- 4.3 Table 1 of the report detailed below, sets out the school's audit that has been completed and the recommendations made. Recommendations to mitigate the risks identified have been agreed and a follow up audit will be carried out to ensure satisfactory implementation.

Table 1

Audit	Objectives	Recommendations	Agreed
Fens Primary	Ensure school finance and governance arrangements are in line with best practice.	-The Governing body of the school alongside the Senior Leadership Team are formulating a Risk Register which will be implemented on completion.	Y
		-Purchase orders are created at the time of ordering goods and services.	Y

- 4.4 Table 2 summarises the assurance placed on those audits completed with more detail regarding each audit and the risks identified and action plans agreed provided in **Appendix A**.

Table 2

Audit	Assurance Level
IT Disaster Recovery	Satisfactory
Highways Capital Grant	Satisfactory
Non-Domestic Rates	Satisfactory
Gladstone Leisure Management System	Limited Assurance
Council Tax	Satisfactory
Social Care – Safeguarding/Referral system	Satisfactory

Special Guardianship Allowances	Satisfactory
Highways Repairs and Maintenance	Satisfactory
Members Allowances	Satisfactory
Levelling Up Fund Grant	Satisfactory
Loans and Investments	Satisfactory
Risk Management	Limited Assurance
Highways Pothole Fund	Satisfactory
Supporting Families Grant	Satisfactory

- 4.5 For Members information, Table 3 below defines what the levels of assurance Internal Audit places on the audits they complete and what they mean in practice:

Table 3

Assurance Level	Meaning
Satisfactory Assurance	Controls are operating satisfactorily, and risk is adequately mitigated.
Limited Assurance	Several key controls are not operating as intended and need immediate action.
No Assurance	A complete breakdown in control has occurred needing immediate action.

- 4.6 Members will have noted that Gladstone Leisure Management System and Risk Management were assessed as limited assurance. I have outlined in the paragraphs below the reasons for these assessments.
- 4.7 The purpose of the Gladstone Leisure Management System audit was to establish if adequate arrangements are in place to mitigate risks regarding Finance (Direct Debits; Online Payments; Cash Up and Banking) and Block Bookings (including Debtor Invoicing). The audit was assessed as limited assurance due to issues identified in the following areas:
- Because of the complexity of the Block Bookings process it was not possible to fully complete the testing to verify that all invoices due had been issued, that all invoices issued were to the correct person, for the correct amount. This is a material risk to Leisure Services as the block booking income stream is a significant portion of budget.
 - Bookings taken via Gladstone are paper forms or emails that must then be input into Gladstone rather than the booker being able to log bookings to be accepted.
 - Block booker accounts in Gladstone are in the name of the individual and there is no current link to the booking organisation or the person who needs to receive an invoice (or the supplier's number/name in Integra).
 - On producing the reports from Gladstone listing the bookings that need invoicing for that month, there is a large amount of time being spent

identifying the supplier in Integra and collating the bookings from each organisation prior to raising the invoices in Integra, this is inefficient.

- A large volume of information needs to be input into the invoice (dates booked, name of booker and cost per session) in Integra as it cannot be uploaded directly from Gladstone, this is time consuming and inefficient and disproportionately affects the officers at Brierton as that site has a very large volume of bookings and therefore invoices to manage.
- No reconciliation between the invoices expected to be raised (Gladstone reports) and those raised (Integra) and to do so would not be a quick or easy process.

4.8 In order to mitigate the risks identified, comprehensive actions have been agreed with the Assistant Director (Preventative and Community Based Services). The agreed actions are detailed in **Appendix A** and cover the following areas:

- A list of procedures we need staff to follow will be drawn up, the list will be prioritised to reflect which procedures need to be developed first. We will develop the procedures for each task as per our prioritised list and roll them out to staff with some training. The procedures will be in a format that can be made available to as many staff as possible for easy reference while they may be undertaking the task. Review and action data cleanse in line with retention policies on all insurance related systems and documentation stores.
- As each procedure note is developed, we will provide a brief training session for the staff who complete that task to advise of the procedure and what the risks are if it is not followed to help understanding. These training sessions may be in a variety of forms, whichever is most suitable for the procedure and the staff involved.
- A workshop session is planned to achieve the following:
 - Identify all the current issues in the block booking and invoicing tasks and how they impact
 - Make suggestions for fixes to the issues (these should be separated into immediate fixes, short to medium term fixes and long-term fixes)
 - Identify any potential barriers (or possible impacts to other processes) to implementing the fixes and possible solutions
 - Identifying any other HBC officers or Gladstone who need to be involved in the development of each of the fixes
 - Involving Internal Audit in reviewing the fixes so they can verify that the risk exposure should be effectively mitigated by the controls in place
 - Agreeing the fixes chosen to implement to correct the issues
 - Drawing up an action plan to implement the immediate fixes, the short to medium terms fixes and the long-term fixes and allocating responsible officers and deadlines for action
 - Adding in potential test or pilot time for some of the fixes as applicable
 The action plan would be monitored at 1-21's and other relevant meetings.

4.9 The purpose of the Risk Management audit was to undertake an assessment of the current Risk Management Framework and Toolkit to

verify it is up to date, fit for purpose and in line with industry best practice. The audit was assessed as limited assurance due to issues identified in the following areas:

- Lack of central repository for holding/storing risks captured and no central coordinating point at departmental or corporate level to ensure compliance with the HBC Risk Management Framework over the whole organisation
- No specific awareness or training campaigns for risk management in the last 5 years, during this time there has been staffing changes in key senior roles and there may be a knowledge gap
- The framework itself could be more robust, with a list of possible improvements for consideration set out

4.10 In order to mitigate the risks identified, comprehensive actions have been agreed with the Assistant Director (Development and Growth). The agreed actions are detailed in Appendix A and cover the following areas:

- Incorrect names/job titles/references have been updated and the published version on the intranet has been replaced (August 2024). All names, job titles, and contact details will be updated again during the refresh of the Risk Management Framework and Toolkit.
- Once the Risk Management Framework and Toolkit have been refreshed, including the roles and responsibilities of each layer of staff, we will:
 - determine what complexity of training each layer of staff requires.
 - decide if any of the training for any of the layers of staff should be mandatory.
 - develop (in liaison with Internal Audit and HR) appropriate training packages for each layer of staff and determine the best delivery method (Corporate E-Learning tool, Teams Videos, All Staff Emails, New Manager Training, Induction, Corporate Compliance Calendar etc).
 - begin delivering the training to each relevant group of staff via the agreed delivery method.
 - agree how frequently the training should be refreshed for each individual and ensure there is a reminder trigger to ensure this happens.
- During the refresh of the Risk Management Framework and Toolkit we will:
 - add in reference to and describe risk appetite, note how it may apply to departments and services, and include risk appetite in the training developed.
 - add in reference to and describe how to use risk categories, also liaise with Internal Audit and align categories as far as is possible and sensible.
 - remove the reference to performance and risk management group and replace with details of any other group which will take on the corporate responsibility for risk management assurance.
 - determine whether the risk review schedule can be triggered, need to link this to the development of the solution to hold all risks/provide management information on risk (PowerBI, Pentana etc).
 - determine if it is appropriate to include a more formal reporting schedule for risks managed at an operational or departmental level, this

will also link to the solution for providing management information on risk if a trigger is required to initiate the reporting

- add in reference to and describe how staff should check controls are operating as intended when reviewing their risks, this may also link to the solution for providing management information on risk if it is decided that there need to be a trigger for control review.
- add in description of how/where the risk capture forms should be used (may need to liaise with CICT and NEC with regards to functions available in MS365 SharePoint).
- include who should undertake which training and whether this is mandatory, and whether it requires refreshing at specific intervals, and where it can be accessed.
- Once the Risk Management Framework and Toolkit have been refreshed, we will advise all staff as it is rolled out of their roles and responsibilities and any training requirements.
- We will determine what management information will help provide assurance on risk management for Members, ELT, Departmental Managers and Heads of Service/Team Leaders (this may link to the council plan and the performance assurance framework) and then will consider solutions to providing this in the most cost effective and efficient way. This may include consideration of PowerBI dashboards, bespoke risk management software and other access database or MS365 SharePoint solutions. We will liaise with all relevant parties including Internal Audit, CICT and NEC. Once a solution has been decided on, we will facilitate and assist departments and services to move their risk capture information to the solution and help to provide any training/guidance required to use the solution.

4.11 Table 4 below details the audits that were ongoing at the time of compiling the report.

Table 4

Audit	Objectives
Housing Aid and Homelessness.	Ensure landlord services are provided in line with statutory requirement sand best practice.
National Fraud Initiative (NFI)	Manage NFI process.
Housing Benefits	Ensure adequate procedures are in place to meet statutory duties.
Budgetary Control	Ensure adequate procedures are in place to meet statutory duties.
Local Council Tax Support Scheme	Ensure adequate procedures are in place to meet statutory duties.
ResourceLink/MyView IT application	Ensure IT application controls in place
Employee Protection Register	Ensure adequate procedures are in place to meet statutory duties.
NEC Revenues and Benefits IT system	Ensure IT application controls in place

Creditors	Ensure adequate procedures are in place to meet statutory duties.
ICS Liquidlogic IT application	Ensure IT application controls in place

5. OTHER CONSIDERATIONS/IMPLICATIONS

RISK IMPLICATIONS	There is a risk that Members of the Audit and Governance Committee do not receive the information needed to enable a full and comprehensive review of governance arrangements at the Council, leading to the Committee being unable to fulfil its remit.
FINANCIAL CONSIDERATIONS	No relevant issues.
SUBSIDY CONTROL	No relevant issues.
LEGAL CONSIDERATIONS	No relevant issues.
CHILD AND FAMILY POVERTY CONSIDERATIONS	No relevant issues.
EQUALITY AND DIVERSITY CONSIDERATIONS	No relevant issues.
STAFF CONSIDERATIONS	No relevant issues.
ASSET MANAGEMENT CONSIDERATIONS	No relevant issues.
ENVIRONMENT, SUSTAINABILITY AND CLIMATE CHANGE CONSIDERATIONS	No relevant issues.
CONSULTATION	No consultation required.

6. RECOMMENDATIONS

- 6.1 It is recommended that Members note the contents of the report.

7. REASON FOR RECOMMENDATIONS

- 7.1 To ensure that the Audit and Governance Committee meets its remit, it is important that it is kept up to date with the ongoing progress of the Internal Audit section in completing its plan.

8. BACKGROUND PAPERS

8.1 Internal Audit Reports.

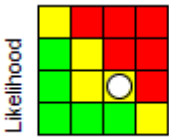

9. CONTACT OFFICER

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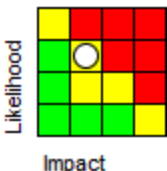
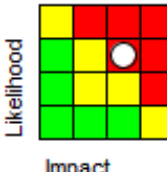
Email: noel.adamson@hartlepool.gov.uk

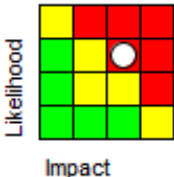
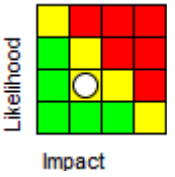
Appendix A

Audit	Objective			Assurance Level
IT Disaster Recovery	Ensure IT application controls in place			Satisfactory
Risk Identified	Risk Level prior to action implemented	Action Agreed	Risk Level after action implemented	
There is no recovery plan in place, which could lead to recovery of key/critical services, activities or applications not being achieved, in turn this could result in poor decision making, financial loss, data loss/breach, and reputational damage.	 <p>Likelihood</p> <p>Impact</p>	<p>A sentence will be added to the IT Disaster Recovery Plan to note that the plan will be reviewed at least annually, and that testing will be conducted annually. As the lead for Business Continuity / Disaster Recovery is the Assistant Director (Regulatory Services) they will need to determine what exactly the testing will include and when it will be undertaken and how it will link to other parts of the BC/DR plan framework.</p> <p>The IT Disaster Recovery Plan will be presented to the Assistant Director (Regulatory Services) who will determine how the plan is signed off and rolled out including determining any additional appropriate officers for communicating the Plan to. There is a planned training session due with Elected Members which will include Cyber Security and Digital Services, the intention is to also briefly mention that there is an IT Disaster Recovery Plan in relation to the Cyber Security element.</p>	 <p>Likelihood</p> <p>Impact</p>	

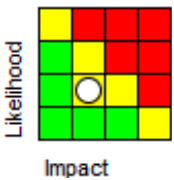
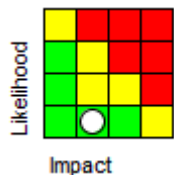
Audit	Objective			Assurance Level
Highways Capital Grant	Grant is managed in line with terms and conditions.			Satisfactory
Risk Identified	Risk Level prior to action implemented	Action Agreed	Risk Level after action implemented	
No unmitigated risk identified.				

Audit	Objective		Assurance Level
Non-Domestic Rates	Ensure adequate procedures are in place to meet statutory duties.		Satisfactory
Risk Identified		Risk Level prior to action implemented	Action Agreed
No unmitigated risk identified.			

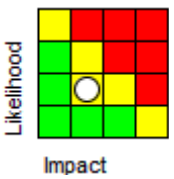
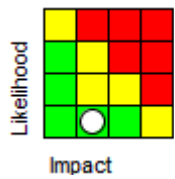
Audit	Objective		Assurance Level
Gladstone Leisure Management System	Ensure IT application controls in place		Limited
Risk Identified		Risk Level prior to action implemented	Action Agreed
There are no documented procedures and/or they are not available to the relevant staff; and/or the staff using each module have not been trained in the procedures, leading to staff not following expected procedure, resulting in the information in the Leisure Management System being incorrect or not up to date. This may have a knock-on risk effect on other areas of the organisation with whom information is shared which could ultimately result in fines, sanctions and /or reputational and financial damage to the organisation.			A list of procedures we need staff to follow will be drawn up The list will be prioritised to reflect which procedures need to be developed first We will develop the procedures for each task as per our prioritised list and roll them out to staff with some training (see action for Issue 2). The procedures will be in a format that can be made available to as many staff as possible for easy reference while they may be undertaking the task.
There are no documented procedures and/or they are not available to the relevant staff; and/or the staff using each module have not been trained in the procedures, leading to staff not following expected procedure, resulting in the information in the Leisure Management System being incorrect or not up to date. This			As each procedure note is developed (see action for Issue 1) we will provide a brief training session for the staff who complete that task to advise of the procedure and what the risks are if it is not followed to help understanding. These training sessions may be in a variety of forms, whichever is most suitable for the procedure and the

may have a knock-on risk effect on other areas of the organisation with whom information is shared which could ultimately result in fines, sanctions and /or reputational and financial damage to the organisation.		staff involved.	
New bookings from clubs/organisations are incorrectly set up and/or relevant documents have not been provided, leading to facilities not being available as requested, prices quoted being inaccurate, insurance and other requirements not being in place, resulting in damage to the Council's reputation, loss of income and/or fines or other sanctions if an event occurs and no insurance is in place. Invoices have not been raised for any/all relevant bookings or the invoices raised are incorrect, leading to customers not being charged or being incorrectly charged, resulting in loss of income and reputational damage.		<p>A workshop session is planned to achieve the following:</p> <ul style="list-style-type: none"> -Identify all the current issues in the block booking and invoicing tasks and how they impact -Make suggestions for fixes to the issues (these should be separated into immediate fixes, short to medium term fixes and long-term fixes) -Identify any potential barriers (or possible impacts to other processes) to implementing the fixes and possible solutions -Identifying any other HBC officers or Gladstone who need to be involved in the development of each of the fixes -Involving Internal Audit in reviewing the fixes so they can verify that the risk exposure should be effectively mitigated by the controls in place -Agreeing the fixes chosen to implement to correct the issues -Drawing up an action plan to implement the immediate fixes, the short to medium terms fixes and the long-term fixes and allocating responsible officers and deadlines for action -Adding in potential test or pilot time for some of the fixes as applicable <p>The action plan would be monitored at 1-21's and other relevant meetings.</p>	

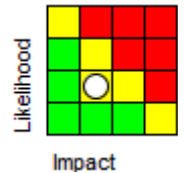
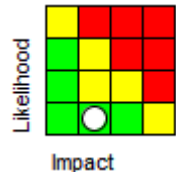
Audit	Objective		Assurance Level
Council Tax	Adequate processes are in place to ensure compliance with legislative requirements.		Satisfactory
Risk Identified	Risk Level prior to action implemented	Action Agreed	Risk Level after action implemented

Regular checks are not undertaken on the validity of account with credit balances, leading to a failure identifying potential mis postings and/or refund legitimate overpayments resulting in an increase in queries and complaints received and adverse criticism of the Authority for retaining billpayers monies.		Will be starting to look at open accounts within the next 3 months and then an ongoing process to look at both closed and open accounts will be implemented.	
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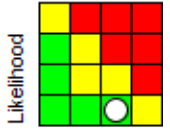


Audit	Objective			Assurance Level
Social Care – Safeguarding/Referral system	Adequate processes are in place to ensure compliance with legislative requirements.			Satisfactory
Risk Identified	Risk Level prior to action implemented	Action Agreed	Risk Level after action implemented	
No unmitigated risk identified.				

Audit	Objective			Assurance Level
Special Guardianship Allowances	Adequate processes are in place to ensure compliance with legislative requirements.			Satisfactory
Risk Identified	Risk Level prior to action implemented	Action Agreed	Risk Level after action implemented	
Special guardianship support service plan has not been prepared/completed with due regard to regulations and guidance leading to the Authority being unable to meet statutory responsibilities resulting in non-compliance with the Authority's Special Guardianship Policy, legislation/regulations and/or reputational damage.		Panel terms of reference to be completed and include full list of participants necessary to make a quorate panel for decision making.		

Special guardianship support service plan has not been prepared/completed with due regard to regulations and guidance leading to the Authority being unable to meet statutory responsibilities resulting in non-compliance with the Authority's Special Guardianship Policy, legislation/regulations and/or reputational damage.	<p>Likelihood</p> <p>Impact</p>	Financial Assessment form updated to include a declaration form the social worker to this effect, The form has been sent to Lisa Cushlow for review and approval.	<p>Likelihood</p> <p>Impact</p>
<p>Special guardianship support services provided by a 3rd party is awarded without due regard to regulations and guidance leading to the Authority being unable to meet statutory responsibilities resulting in non-compliance with, legislation/regulations and/or reputational damage.</p> <p>Ineffective procurement processes leading to improper awarding of a contract resulting in insufficient provision to achieve the required service and potential reputational damage.</p> <p>A service level agreement setting out the agreed contracted service and associated costs is not established leading to the provision not meeting the needs of the child/family resulting in non-compliance with regulations, potential loss of income and reputational damage.</p> <p>Ineffective provider payment controls may be in place leading to payments differing to contracted amounts agreed, paid to the incorrect provider or not processed in a prompt and timely manner resulting in over/under payments being made to the provider.</p>	<p>Likelihood</p> <p>Impact</p>	Meeting with procurement officer to take place and ensure that correct procedures are followed for third party services being commissioned. 2023 -2024 return is due for submission on 31.07.2024 and once completed a copy will be sent to audit.	<p>Likelihood</p> <p>Impact</p>
Ineffective management of Special Guardianship Allowance payments leading to inaccurate payment amounts, paid to the incorrect guardian or not processed in a prompt and timely manner resulting in over/under payments being made to the guardian and non-compliance with guidance requirements.	<p>Likelihood</p> <p>Impact</p>	Finance Officer will carry out a check of the payment file before is it sent for processing. This will be a check against master sheet and previous payment file to check that total payments, number of payments are within usual range and check a sample of payments to ensure accuracy. Finance Officer will then email to confirm that payment file can be sent.	<p>Likelihood</p> <p>Impact</p>

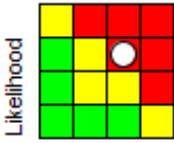
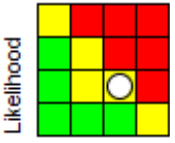
<p>Ineffective payment controls may be in place leading to SGA payments differing to amounts agreed, paid to the incorrect guardian or not processed in a prompt and timely manner resulting in over/under payments being made to the guardian.</p> <p>Special Guardianship Allowance payments may not be accurate, complete and properly authorised due to processing errors leading to inaccurate payment of allowance and financial loss to the Authority.</p>			
<p>Ineffective management of Special Guardianship Allowance payments leading to inaccurate payment amounts, paid to the incorrect guardian or not processed in a prompt and timely manner resulting in over/under payments being made to the guardian and non-compliance with guidance requirements.</p> <p>Ineffective payment controls may be in place leading to SGA payments differing to amounts agreed, paid to the incorrect guardian or not processed in a prompt and timely manner resulting in over/under payments being made to the guardian.</p> <p>Special Guardianship Allowance payments may not be accurate, complete and properly authorised due to processing errors leading to inaccurate payment of allowance and financial loss to the Authority.</p>		<p>Integra reconciliation is part of budget monitoring process although this is due to be picked up by a new member Senior Finance Officer going forward. Auditor may not be able to fully reconcile data from payment file to cost centre as some SGO payments are made on the weekly fostering payment file, the 6 weekly run in between fostering and means tested payment runs would also make it difficult reconcile the cost centre. Monthly reconciliation will be part of budget monitoring from July monitoring.</p>	

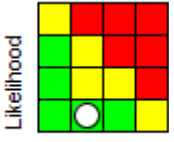

Audit	Objective			Assurance Level
Highways - Repairs and Maintenance	Adequate arrangements are in place for the management and monitoring of the function.			Satisfactory
Risk Identified		Risk Level prior to action implemented	Action Agreed	Risk Level after action implemented

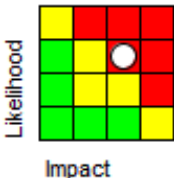
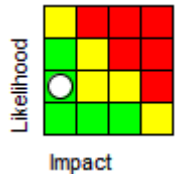
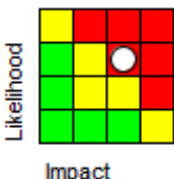
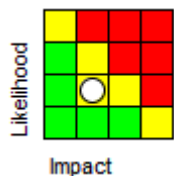
Key Performance Indicators (KPIs) have not been developed or are inadequately monitored and/or reported leading to inaccurate or no data being used in the decision-making process or reported which may result in non-compliance with the legislative requirements and/or have an adverse impact on the budget		Information retention arrangements to be reviewed and implemented to ensure only required information retained.	
Inadequate inspection, assessment and recording of defects is undertaken leading to defects not being rectified effectively or in a timely manner resulting in insurance claims against the Authority.		A return to monthly monitoring of the status of internal works will take place in the coming weeks and the Highways Team Leader (and immediate staff) will be included in their distribution.	

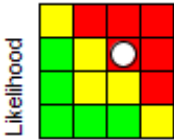

Audit	Objective		Assurance Level
Members Allowances	Ensure systems are in place to manage and monitor claims in line with scheme.		Satisfactory
Risk Identified	Risk Level prior to action implemented	Action Agreed	Risk Level after action implemented
No unmitigated risk identified.			

Audit	Objective		Assurance Level
Levelling Up Fund Grant 2024-25: Production Village Q3 & Q4 2023 & Town Deal May 24 returns	Grant is managed in line with terms and conditions.		Satisfactory
Risk Identified	Risk Level prior to action implemented	Action Agreed	Risk Level after action implemented
No unmitigated risk identified.			

Audit	Objective			Assurance Level
Loans and Investments	Adequate processes are in place to ensure compliance with legislative requirements and best practice.			Satisfactory
Risk Identified		Risk Level prior to action implemented	Action Agreed	Risk Level after action implemented
Relationships with external service providers are not effectively managed, leading to Treasury Management activities not delivering value for money resulting in failure to secure optimum benefits for the Authority.			HBC have a meeting 27th September with our treasury advisor at LINK, will discuss the renewal of the contract.	



Audit	Objective			Assurance Level
Risk Management	Assessment of the current Risk Management Framework and Toolkit to verify it is up to date, fit for purpose and in line with industry best practice			Limited
Risk Identified		Risk Level prior to action implemented	Action Agreed	Risk Level after action implemented
The Risk management Framework and Toolkit in place are out of date, and/or not fit for purpose and/or do not provide assurance that risks are being effectively identified, assessed and managed in accordance with best practice and HBC guidance resulting in risks materialising and impacting on the authority's ability to achieve its aims and objectives or costly control measures being implemented where they are not required. No training, lack of training or training the wrong personnel, leading to the risk management process being utilised incorrectly			Incorrect names/job titles/references have been updated and the published version on the intranet has been replaced (August 2024). All names, job titles, and contact details will be updated again during the refresh of the Risk Management Framework and Toolkit.	

or not at all, resulting in the overall ability to achieve aims and objectives if risks are not mitigated or are over resourced/controlled.			
<p>The Risk management Framework and Toolkit in place are out of date, and/or not fit for purpose and/or do not provide assurance that risks are being effectively identified, assessed and managed in accordance with best practice and HBC guidance resulting in risks materialising and impacting on the authority's ability to achieve its aims and objectives or costly control measures being implemented where they are not required.</p> <p>No training, lack of training or training the wrong personnel, leading to the risk management process being utilised incorrectly or not at all, resulting in the overall ability to achieve aims and objectives if risks are not mitigated or are over resourced/controlled.</p>		<p>Once the Risk Management Framework and Toolkit have been refreshed, including the roles and responsibilities of each layer of staff, we will:</p> <ul style="list-style-type: none"> -determine what complexity of training each layer of staff requires. -decide if any of the training for any of the layers of staff should be mandatory. -develop (in liaison with Internal Audit and HR) appropriate training packages for each layer of staff and determine the best delivery method (Corporate E-Learning tool, Teams Videos, All Staff Emails, New Manager Training, Induction, Corporate Compliance Calendar etc). -begin delivering the training to each relevant group of staff via the agreed delivery method. -agree how frequently the training should be refreshed for each individual and ensure there is a reminder trigger to ensure this happens. 	
<p>The Risk management Framework and Toolkit in place are out of date, and/or not fit for purpose and/or do not provide assurance that risks are being effectively identified, assessed and managed in accordance with best practice and HBC guidance resulting in risks materialising and impacting on the authority's ability to achieve its aims and objectives or costly control measures being implemented where they are not required.</p> <p>No training, lack of training or training the wrong personnel, leading to the risk management process being utilised incorrectly or not at all, resulting in the overall ability to achieve aims and objectives if risks are not mitigated or are over resourced/controlled.</p>		<p>During the refresh of the Risk Management Framework and Toolkit we will:</p> <ul style="list-style-type: none"> -add in reference to and describe risk appetite, note how it may apply to departments and services, and include risk appetite in the training developed. -add in reference to and describe how to use risk categories, also liaise with Internal Audit and align categories as far as is possible and sensible. -remove the reference to performance and risk management group and replace with details of any other group which will take on the corporate responsibility for risk management assurance. -determine whether the risk review schedule can be triggered, need to link this to the development of the solution to hold all risks/provide management information on risk (PowerBI, Pentana etc). -determine if it is appropriate to include a more formal reporting schedule for risks managed at an operational 	

		<p>or departmental level, this will also link to the solution for providing management information on risk if a trigger is required to initiate the reporting</p> <p>-add in reference to and describe how staff should check controls are operating as intended when reviewing their risks, this may also link to the solution for providing management information on risk if it is decided that there need to be a trigger for control review.</p> <p>-add in description of how/where the risk capture forms should be used (may need to liaise with CICT and NEC with regards to functions available in MS365 SharePoint).</p> <p>-include who should undertake which training and whether this is mandatory, and whether it requires refreshing at specific intervals, and where it can be accessed.</p> <p>Once the Risk Management Framework and Toolkit have been refreshed, we will advise all staff as it is rolled out of their roles and responsibilities and any training requirements.</p>	
<p>The Risk Management Framework and Toolkit are not being used/complied with, leading to:</p> <ul style="list-style-type: none"> - risks not being identified, resulting in key risks not being considered or inappropriate risks being managed, and resources wasted. - risks not being correctly assessed, resulting in resources to mitigate risks not being focused in the correct areas. - the controls being identified not effectively mitigating the risk to the level stated, resulting in the risk materialising and the impact being greater than anticipated or the controls may be excessive proportionate to the risk, resulting in the risk becoming over controlled and creating an unnecessary resource cost. - changes in risks and new/emerging risks not being promptly identified, resulting in inaccurate information being reported that may affect decisions made particularly in relation to 	 <p>Likelihood</p> <p>Impact</p>	<p>We will determine what management information will help provide assurance on risk management for Members, ELT, Departmental Managers and Heads of Service/Team Leaders (this may link to the council plan and the performance assurance framework) and then will consider solutions to providing this in the most cost effective and efficient way. This may include consideration of PowerBI dashboards, bespoke risk management software and other access database or MS365 SharePoint solutions. We will liaise with all relevant parties including Internal Audit, CICT and NEC. Once a solution has been decided on, we will facilitate and assist departments and services to move their risk capture information to the solution and help to provide any training/guidance required to use the solution.</p>	 <p>Likelihood</p> <p>Impact</p>

budgetary position and/or opportunities may be missed. - risks, controls (whether they are operating as intended), impact, likelihood, and score are not reviewed with an appropriate frequency, resulting in services being unable to achieve their objectives as risks materialise or controls fail. - risks not being reported in an accurate and timely manner to the correct people, resulting in decisions being made utilising incorrect information.			
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Audit	Objective			Assurance Level
Highways Pothole Fund	Grant is managed in line with terms and conditions.			Satisfactory
Risk Identified		Risk Level prior to action implemented	Action Agreed	Risk Level after action implemented
No unmitigated risk identified.				

Audit	Objective	Assurance Level		
Supporting Families Grant	Grant is managed in line with terms and conditions.	Satisfactory		
Risk Identified		Risk Level prior to action implemented	Action Agreed	Risk Level after action implemented
Insufficient evidence to verify eligibility and achievement of successful outcomes may lead to claims for results payment being invalid resulting in a reduction of the amount to be claimed.			Everything possible is being done to expedite the recruitment and training of a Community Safety Analyst. However, even once the post has been recruited to, Cleveland Police have made clear that their vetting process to allow access to Police data can take up to six months. This is because they must prioritise front line officers. Senior management of both organisations are aware of the situation, as are the DfE. Temporary workarounds will be used until the proper procedure can be implemented again.	

AUDIT AND GOVERNANCE COMMITTEE

5th November 2024



Report of: Assistant Director – Development and Growth

Subject: RISK MANAGEMENT FRAMEWORK UPDATE

1. COUNCIL PLAN PRIORITY

Hartlepool will be a place:
- where people are enabled to live healthy, independent and prosperous lives.
- where people will be safe and protected from harm.
- of resilient and resourceful communities with opportunities for all.
- that is connected, sustainable, clean and green.
- that has an inclusive and growing economy.
- with a Council that is ambitious, fit for purpose and reflects the diversity of its community.

2. PURPOSE OF REPORT

- 2.1 The purpose of this report is to inform Audit and Governance Committee of recent work to update the Council's Risk Management Framework and seek their confirmation that it provides adequate assurance.

3. BACKGROUND

- 3.1 The current Risk Management Framework has been in place since 2019 and annual light touch reviews have taken place since it was rolled out. When the Framework was introduced training was delivered to the Departmental Lead Officers and this was then cascaded to other officers within Departments. Since the introduction of the Framework the Strategic Risk Register has been regularly reviewed by the Executive Leadership Team and the identified Risk Owners (Directors and Assistant Directors) and reported to Finance and Policy Committee within the Council Plan update reports.

However, this approach has not always been consistently replicated for service or departmental level risks. The recent audit of risk management found that there was Limited Assurance and identified a number of areas of weakness where improvements could be made to embed risk management and make the process more robust. These included:

- A lack of central repository for holding/storing risks captured and no central coordinating point at departmental or corporate level to ensure compliance with the Framework over the whole organisation;
- No specific awareness or training campaigns for risk management in the last 5 years, during which time there have been staffing changes in key senior roles and there may be a knowledge gap;
- That the framework itself could be more robust, and the report identified a list of improvements.

4. RISK MANAGEMENT FRAMEWORK UPDATE

4.1 As it is five years since the implementation of the Framework it was intended that there would be a detailed review this year and the recent audit has assisted in informing that review. There are no fundamental changes proposed to the Framework however a number of improvements have been made to ensure that it is more robust. The updated Framework is included as appendix 1 and Members are requested to note:

- An explanation of the Council's risk appetite has been included (Appendix 1 - page 3);
- The section on roles and responsibilities has been updated to provide greater clarity (Appendix 1 - pages 8-12);
- Departmental and operational risk registers will be considered by Departmental Management Teams at least annually (Appendix 1 - page 10);
- The Risk Capture Form has been updated to include:
 - Type of risk - specific risk categories have been identified and officers will now be required to identify what area(s) the risk relates to and will enable similar types of risk to be considered collectively. (Appendix 1 - page 14);
 - Dealing with risks using the four T's – officers will now be required to identify how they intend to deal with the identified risk. The four T's are Transfer, Tolerate, Terminate or Treat and further information on this is included within the Risk Management Toolkit. (Appendix 1 – page 14);
 - Risk Review section which includes a checklist and space to record the evidence from the review. Risk owners are instructed to specifically check the controls that they have identified in the risk capture form and record their findings (Appendix 1 - page 16).

4.2 To support officers in considering risk and preparing risk assessments a Risk Management Toolkit sits alongside the Framework. This has been amended to reflect the updated Framework and includes further information on the

assessment of risk and instructions on the storage of risks. The updated Toolkit will be available to all employees via the intranet. In addition, the Executive Leadership Team has agreed that there will be mandatory training on the Risk Management Framework for all Council Managers which will be accessed via the Council's online training platform.

5. NEXT STEPS

- 5.1 The updated Framework, Officer Toolkit and the new mandatory training for Managers will be launched in November 2024 following consideration by Audit and Governance Committee. All Managers will be expected to complete the online training by the end of December 2024 and to have reviewed and updated their risks by the end of March 2025. In future, any new Managers will be expected to complete the online training within their first 3 months as part of their New Managers Induction and all Managers will be expected to undertake refresher training every 2 years.
- 5.2 Work is underway to develop a new central repository for the storing of risks. This will ensure that risks across the Council can be easily accessed, updated, compared and escalated for consideration by Departmental Management Teams and the Executive Leadership Team as appropriate. This will include review schedules and where possible automated prompts for updates.
- 5.3 In addition, a more general online risk management awareness mandatory training session will be prepared and made available to all employees via the Council's online training platform in spring 2025.

6. RISK IMPLICATIONS

- 6.1 The updated Risk Management Framework will ensure that the identification and management of risk is embedded across the Council and provide Members with assurance.

7. STAFF CONSIDERATIONS

- 7.1 Managers will be expected to undertake mandatory training on the Risk Management Framework however there are no changes to their responsibilities.

8. OTHER CONSIDERATIONS

8.1

Legal Considerations	No relevant issues
Child and Family Poverty	No relevant issues
Equality and Diversity	No relevant issues

Asset Management Considerations	No relevant issues
Environment, Sustainability and Climate Change Considerations	No relevant issues

9. RECOMMENDATIONS

- 9.1 Audit and Governance Committee is requested to confirm that the updated Risk Management Framework as set out in appendix 1 provides adequate assurance.

10. REASONS FOR RECOMMENDATIONS

- 10.1 One of the functions of the Audit and Governance Committee is to consider the overall effectiveness of the Council's approach to risk management and to seek assurance that action is taken on risk related issues identified by internal and external audit. The internal audit review of Risk Management in 2024 was assessed as limited assurance and the Risk Management Framework has been updated in response to the findings identified in that report.

11. BACKGROUND PAPERS

- 11.1 Risk Management Framework Report to Audit and Governance Committee 6th June 2019.

12. CONTACT OFFICERS

- 12.1 Beverley Bearne
Assistant Director – Development and Growth
Beverley.Bearne@hartlepool.gov.uk
Tel: 01429 523002

Hartlepool Borough Council Risk Management Framework



Introduction

Hartlepool Borough Council recognises that effective risk management strategies, systems and processes support organisations in meeting their objectives. The Council delivers a wide range of services to the people of Hartlepool and this inevitably means we need to identify and manage risk.

We are committed to adopting best practice to manage risk in order to maximise opportunities in the achievement of our outcomes and priorities.

The Council strives to manage risk in the most effective and efficient way as this will support our objective of delivering the best possible services to our residents within the available resources.



Our Vision Statement

To embed the identification and management of risk in order to support the achievement of our strategic priorities.

WHY DO WE DO IT?

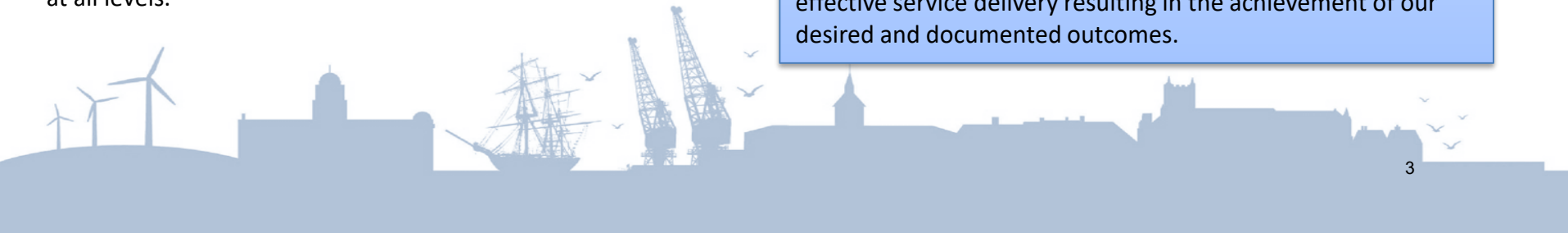
Regulatory Requirement: Organisations need to manage risks arising from the delivery of services and to do this in a way which protects people and resources. These requirements are specifically addressed in the Accounts and Audit Regulations which require authorities to produce an Annual Governance Statement (AGS) which is attached to our Annual Accounts. This sets out the processes we have in place for managing the most significant risks to the achievement of our priorities. Our risk management processes are an integral part of the AGS.

Reassurance: We need to demonstrate to the public, elected members and senior managers that we have a structured approach to risk management, which is embedded into our planning and reporting cycles and decision making processes at all levels.

Risks do need to be taken in order to improve and move Hartlepool Borough Council forward to meet the challenges currently facing local authorities such as government budget cuts, increasing demand on services and changing customer expectations.

The Council does not have a single risk appetite, but rather appetites across the range of its activities. We recognise that in pursuing our strategic priorities and service objectives we may choose to accept different degrees of risk in different areas. For example we may be prepared to take greater risk in some service areas but be more risk averse when it comes to financial matters or in health and safety.

Our risk management process needs to ensure compliance with regulatory requirements, provide assurance to members and the senior management team and contribute to efficient and effective service delivery resulting in the achievement of our desired and documented outcomes.



Benefits of an embedded risk management system

Reduces the level of risk which threatens the delivery of our vision and objectives

Improves decision making at all levels of the organisation

Helps improve the use of valuable and limited resources

Increases willingness and confidence in embarking on innovative projects

Provides confidence that partnership activities are soundly and effectively conducted with clear objectives and outcome monitoring arrangements

Improves the management and delivery of organisational change

Protects the organisation's reputation by demonstrating we have robust and effective risk management arrangements

Ensures that suitable mitigation arrangements are in place to transfer or reduce the impact of unavoidable risks

Ensures that any controls in place are not over controlling the risk or spending resources on ineffective or unnecessary controls



Aims and Measurable Outcomes

Our aim is to have risk aware employees throughout the organisation, trained in the basics of risk management who:

- Identify risk and opportunity at every level of the organisation in everything they do, including projects, partnerships, policies and strategies;
- Recognise risks from a variety of sources to give the most informed view;
- Evaluate risks and take reasonable action to mitigate those which are considered to be above the organisations appetite;
- Communicate risk information so it forms part of the decision making process;
- Demonstrate that risks have been considered and proportionate action taken;
- Use risk management as an enabler to move the Council forward and take on challenges that are well managed.



Our measurable outcomes will be:

To design and provide appropriate training to all staff;

To provide a risk framework that supports the recording of risks and their internal controls and allows for the communication, monitoring/management and reporting of risks

To define the Authority's risks appetite and ensure that all risks at whatever level are managed within it

To reduce, where necessary, the amount of risk faced by the Authority

To provide independent assurance that Hartlepool Borough Council's Risk Management Framework is followed



Risk Management Process



The risk management process is a series of logical steps which are carried out in sequence to progress through each stage of managing a risk. The process is cyclical (as shown on the left) and it is often necessary to revisit earlier steps and carry them out again to ensure you have a complete picture of the risks to the activity/outcome being assessed.

The risk management process begins by establishing the context around which you want to identify and assess risks (see Appendix 1 for details). A decision is then taken as to how the risk will be managed and whether any controls are necessary. Risk should always be reviewed and reported on in a timely manner depending on the level of risks assessed. This will be at least annually but more frequently where the risk score is high.

Full details of the risk management process can be found in the [Risk Management Officer Toolkit](#).

Roles and Responsibilities – Elected Members

Finance and Policy Committee

- Agree the Risk Management Framework
- Review progress in the management of strategic risks
- Ensure consideration of risk

Audit and Governance Committee

- Review the Risk Management Framework to confirm it provides the necessary assurance
- Review the effectiveness of risk management arrangements
- Provide comment and challenge on risk management activity and progress



Roles and Responsibilities – Senior Management

Executive Leadership Team and Senior Management Team

- Overall accountability for the effective delivery of the organisation's approach to risk management in accordance with best practice.
- Ensuring the strategic risk register is a live and up to date record of current risk exposure.
- Establish a control environment and culture where risk can be effectively assessed and managed.
- Regularly discuss and review the strategic risk register and associated risk reports including horizon scanning to identify emerging risks.
- Ensure risk is appropriately considered in items that require political and management direction and decision.



Roles and Responsibilities – Senior Leaders

Director of Finance, IT and Digital (Section 151 Officer)

- Ensure risk management features as part of the organisations proper administration to protect the authority from financial and reputational risk.

Departmental Management Teams

- Ensure adherence with the risk management framework.
- Champion the benefits of effective risk management.
- Consider departmental and operational risk registers at least annually.
- Take ownership for risks within their function and ensure all risk registers are regularly discussed, reviewed, updated and escalated as appropriate.
- Ensure department is horizon scanning to identify any emerging risks



Roles and Responsibilities – Senior Leaders

Heads of Service

- Record and manage risks effectively in their service area, in accordance with the risk management framework including horizon scanning to identify emerging risks.
- Where necessary escalate risks to Departmental Management Teams.
- Ensure their staff have appropriate understanding and training on risk management.
- Champion the benefits of risk management across their service and communicate the corporate approach to managing risk.

Head of Audit and Governance

- Provide independent assessment of the risk management framework.
- Support the implementation and operation of the risk management framework across the Council.
- Provide oversight, challenge and assurance that risk is being effectively managed.

Roles and Responsibilities – Employees

Employees

- Manage risk as part of their role and report risks to their managers.
- Maintain awareness of risks, their impact, including costs, and feed these through the adopted risk management process.



Appendix 1

Contents:

1. **Risk Capture Form** – this is a blank copy of the form that officers will use to develop and record risks.
2. **Impact (Consequences) Table** – this provides further clarity about what the 4 levels of impact mean for each of the categories for type of risk.
3. **Likelihood (Probability) Table** – this provides further clarity about what the 4 levels of likelihood mean.
4. **Risk Matrix (Scoring of individual risks)** – this is the Risk Matrix that we have adopted for the scoring of individual risks. Officers use this matrix to combine the identified level of Impact with the identified level of Likelihood to get an overall score which is then RAG rated Red (High risk), Amber (Medium risk) or Green (Low risk).

Further information and advice on each of the above is included within the Risk Management Toolkit.



1. Risk Capture Form

RISK TITLE:	Risk...	Leading to...	Resulting in...
DETAILED DESCRIPTION OF CURRENT RISK:			
CAUSES - what could make it happen?	IMPLICATIONS - what impact would it have if it did?	EXISTING INTERNAL CONTROLS – what are we already doing to reduce the likelihood and/or impact of it happening?	
•	•	•	

TYPE OF RISK: TICK RELEVANT BOXES BELOW	
Service Delivery	
Financial	
Reputation	
Information Governance	
People (Internal/External)	
Governance	

CURRENT RISK ASSESSMENT:					
		IMPACT			
		NEGLIGIBLE (1)	MINOR (2)	MAJOR (3)	CRITICAL (4)
LIKELIHOOD	ALMOST CERTAIN (4)	AMBER (4)	RED (8)	RED (12)	RED (16)
	PROBABLE (3)	GREEN (3)	AMBER (6)	RED (9)	RED (12)
	POSSIBLE (2)	GREEN (2)	AMBER (4)	AMBER (6)	RED (8)
	HARDLY EVER (1)	GREEN (1)	GREEN (2)	GREEN (3)	AMBER (4)

DEALING WITH RISKS USING THE FOUR T'S: TICK RELEVANT BOX BELOW	
Transfer - the risk to another party	
Tolerate – the risk and its likely impact	
Terminate stop doing activity generating risk	
Treat – the risk to reduce likely impact or exposure	

RESPONSIBLE OFFICER	
DIVISION	
DEPARTMENT	
DATE OF ASSESSMENT	
NEXT REVIEW DATE (Quarterly or Annual)	

ADDITIONAL CONTROLS TO BE PUT IN PLACE:			
ADDITIONAL CONTROL	WHAT NEEDS TO BE DONE? (ACTION)	LEAD OFFICER	DUE DATE

Risk Review

When completing your risk review you will need to consider the following items on this checklist. Please record your evidence of consideration in the text box below:

- Is the risk still relevant?
- Are the causes and implications still the same?
- Existing controls –
 - a. Are they doing what they are meant to be doing? i.e. are they effective
 - b. Are they providing tangible benefits – is it too little or too much?
 - c. How are you measuring their success / value for money
 - d. Where is the assurance that risks are being considered and reviewed e.g. In 1-2-1's, by exception reporting, from other assurance bodies such as Internal Audit, CQC, Ofsted etc.
- Does the risk rating need amending?
- Is the responsible officer still correct?
- Additional controls – have they been completed and do they need adding into existing control box?
- Are there any new additional controls that need adding to risk?

Record your evidence of review below:

2. Impact (Consequences) Table

	SERVICE DELIVERY - PERFORMANCE MANAGEMENT, COMMISSIONING AND PROCUREMENT	FINANCIAL	REPUTATION	INFORMATION GOVERNANCE	PEOPLE – INTERNAL/STAFF	PEOPLE – EXTERNAL/ RESIDENTS	GOVERNANCE
4 CRITICAL	Prolonged interruption to core services; Failure of key strategic projects	Severe cost incurred; Impact on whole Council; Statutory intervention	National media interest seriously affecting public opinion	Large data breach attracting national media attention; possible fine from ICO (Max £17.5 million or 4% of turnover)	Loss of life of staff; Failure to deliver statutory services through lack of staff or untrained staff or major issues with recruitment/retention	Loss of life; multiple public casualties;	Substantial breach of a statutory legislation or formal policy; Adverse national publicity
3 MAJOR	Key targets missed; Some services compromised	Significant costs incurred; Re-jig of budgets required; Service budgets exceeded	Local media interest; Comments from inspectors; Impact on public opinion	Data breach of multiple clients attracting local media interest; Large fine from ICO	Serious injuries to staff; Reduction in all services through lack of staff; High staff sickness levels	Serious injuries; Traumatic experiences; Exposure to dangerous conditions	Major breach of legislation or formal policy
2 MINOR	Management action required to overcome short term difficulties	Some costs incurred; Minor impact on budgets; Handled by line manager	Limited local publicity; Mainly within local government community; Causes staff concern	Minor data breach with limited publicity. ICO fine	Some issues delivering some service due to low staff levels. Less productive/efficient staff	Minor injuries or discomfort; Felling of unease	Minor failure on delivering policies/complying with legislation
1 NEGLIGIBLE	Handled within day to day routines	Little loss anticipated	Little or no publicity; Little staff comment	Minor data breach with no external publicity	Staff working below optimum productivity		

3. Likelihood (Probability) Table

1 HARDLY EVER	2 POSSIBLE	3 PROBABLE	4 ALMOST CERTAIN
Never happen; No more than once in 10 years: Extremely unlikely to happen.	Happened a few times in 10 years; Happened in last 3 years; Could happen again this year.	Numerous times on 10 years; Happened last year; Likely to happen again in year.	Often in the last 10 years; More than once in last year; Expected to happen again in year.



4. Risk Matrix (Scoring of individual risks)

LIKELIHOOD	IMPACT			
	1 NEGLIGIBLE	2 MINOR	3 MAJOR	4 CRITICAL
4 ALMOST CERTAIN	AMBER 4	RED 8	RED 12	RED 16
3 PROBABLE	GREEN 3	AMBER 6	RED 9	RED 12
2 POSSIBLE	GREEN 2	AMBER 4	AMBER 6	RED 8
1 HARDLY EVER	GREEN 1	GREEN 2	GREEN 3	AMBER 4



For more information about this Framework contact:

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