



GOVERNANCE COMMITTEE
MONDAY 28 NOVEMBER 2022 AT 10:00AM
CIVIC CENTRE, RIDLEY STREET, REDCAR, YORKSHIRE, TS10 1TD

CONTACT

Mr David Boville
(01642) 444617
17 November 2022

CIRCULATION

Councillors Morgan (Chair), Waterfield (Vice Chair), B Clarke, Gallacher, Holyoake, G Jeffery, I Nightingale, L Quartermain, Rider and V Smith.

Ms Lavelle, Mr Monson, Parish Councillor Clayton and a representative from Loftus Town Council.

Councillor G Nightingale (Cabinet Member – for information)

Managing Director (Head of Paid Service)

The Press [except for Confidential item(s)]

Questions on Governance Committee Agenda Items

In order that Members questions can be answered more fully at Governance Committee and to ensure good use of time, please would Members submit any questions they may have on the agenda items in advance of the meeting.

Questions should be sent to David Boville in advance of the meeting. The sooner questions are submitted the more likely it will be that the relevant information can be collected in time for the meeting. Questions can be submitted via email or hard copy using the form overleaf. Your Group Assistants will have a copy of this form. The questions received will be referred to the relevant officer to enable a response to be prepared in readiness for the meeting.

This does not preclude questions being asked at the meeting itself, however, it may not be possible to provide a full answer to these questions. In these circumstances, the question will be referred to the appropriate officer following the meeting and a response will be provided.

Questions should be sent to:

David Boville, Democratic Services Assistant

Civic Centre

01642 444617

David.boville@redcar-cleveland.gov.uk

Governance Committee Questions

Date of Meeting _____

Question submitted by _____

Agenda item	Para Ref	Question



GOVERNANCE COMMITTEE

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A G E N D A

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26 September 2022

GOVERNANCE COMMITTEE

A meeting of the Governance Committee was held on 26 September 2022 at the Redcar & Cleveland Leisure and Community Heart.

PRESENT Councillor Morgan (Chair);
Councillors Foley-McCormack, Gallacher,
V Smith and Waterfield and Ms Lavelle and
Mr Monson (Independent Members).

OFFICIALS D Boville (Democratic Services Officer),
R Davisworth (Chief Accountant),
S Newton (Governance Director),
V Smith (Business Manager – Corporate
Resources) and
M Thomas (Chief Executive – Veritau).

9. **TO ELECT A VICE CHAIR OF THE GOVERNANCE COMMITTEE**

RESOLVED that Councillor Waterfield be appointed as Vice Chair of the Governance Committee.

10. **APOLOGIES FOR ABSENCE** were submitted on behalf of Councillors B Clarke, G Nightingale, I Nightingale, L Quartermain and Rider.

11. **MINUTES**

RESOLVED that the minutes of the Governance Committee meeting held on 25 July 2022 be confirmed and signed by the Chair as a correct record.

12. **INTERNAL AUDIT AND COUNTER FRAUD PROGRESS REPORT**

The Chief Executive of Veritau presented an update on internal audit and counter fraud work undertaken to date.

A debate took place on the issues contained in the report. Some of the matters raised and discussed included:

- There were processes in place regarding Members ward allowances, these just needed to be strengthened and made more robust. An action plan had been agreed with the service with most actions due to be completed by the end of September 2022.
- Although there was an overspend in adult services, the audit had an opinion of reasonable assurance due to the processes in place to manage that pressure.
- The volunteers strategy was currently being revised to reflect the

26 September 2022

opinions of the Employment, Health & Safety Committee:-**NOTED**

13. **COUNTER FRAUD FRAMEWORK REPORT**

The Chief Executive of Veritau presented the annual review of the Council's counter fraud framework.

A debate took place on the issues contained in the report. Some of the matters raised and discussed included:

- Generally, incidents of fraud were increasing across the public sector. It was difficult to determine at this stage whether this was due to an increase in fraud activity or better detection.
- The Council was taking appropriate action to counter council tax fraud. The Council had regular meetings with investigators for the Department for Work and Pensions and joint investigations did take place where appropriate.

RESOLVED that the revised Anti-Fraud, Bribery and Corruption Policy be approved.

14. **BUSINESS CONTINUITY ANNUAL MEMBER UPDATE**

The Business Manager – Corporate Resources, on behalf of the Managing Director (Head of Paid Service), presented the annual update of the Business Continuity arrangements within the Council:-**NOTED**

15. **COMMITTEE WORK PROGRAMME**

The Chief Accountant, on behalf of the Managing Director (Head of Paid Service), presented the Governance Committee Work Programme for information:-**NOTED**

Governance Committee

ATTENDANCE RECORD - 2022/23

Surname	First name	25.07.22	26.09.22	28.11.22	dd.mm.yy	dd.mm.yy	dd.mm.yy	dd.mm.yy	dd.mm.yy	dd.mm.yy	Total Meetings Attended / total possible
Foley McCormack	Chris	✓	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
Quartermain	Leah	✓	Apols								
Brady	Charlie	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
Gallacher	Chris	✓	✓								
Morgan	Carol	✓	✓								
Nightingale	Irene	✓	Apols3								
Jeffery	Graham	✓	X								
Berry	Peter	✓	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
Lockwood	Mike	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
Clarke	Bill	✓	Apols1								
Smith	Vince	✓	✓								
Waterfield	Stephen	✓	✓								
Holyoake	Shelagh	Apols 1	X								
Monson	Mr	Apols3	✓								
Lavelle	Mrs	Apols1	✓								
Clayton	Anne	X	X								
Rider	Vera	n/a	Apols4								

Substitutes

Key	
✓	Attended
RA	Apologies Submitted (replacement attended)
Apols	Apologies Submitted (no replacement)
X	Did Not Attend (no apologies received)
C	Cancelled Meeting
n/a	Not a Member

Reason for Absence (NB Full details may not be provided for reasons of confidentiality)	
1	Personal Commitment
2	Work Commitment
3	Illness/Medical
4	Conflicting Council Commitment
5	Other
6	Civic Duties

GOVERNANCE ASSESSMENT SUB-COMMITTEE

1 February 2021

GOVERNANCE ASSESSMENT SUB-COMMITTEE

A meeting of the Governance Assessment Sub-Committee was held on 1 February 2021.

PRESENT Mr Monson (Chair and Independent Member);
Councillors Foggo and Morgan.

OFFICIALS S Fenwick, A Nixon and C Stannard

APOLOGIES FOR ABSENCE Mr L Manship

14. **EXCLUSION OF THE PRESS & PUBLIC**

RESOLVED that the press and public be excluded from the meeting on the grounds that items 5 and 6 contained exempt information as defined in Paragraphs 1 of and 2 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended).

15. **DISCLOSURE/CONFLICTS OF INTERESTS**

The Monitoring Officer circulated the Governance Committee Local Assessment/Conflicts of Interest Guidance for Members and Officers. The Sub-Committee considered the guidance and agreed that, in relation to the complaint, there were no conflict of interests of the Members or Officers in attendance: - **NOTED**.

16. **ARRANGEMENTS FOR DEALING WITH COMPLAINTS ABOUT THE CODE OF CONDUCT FOR MEMBERS.**

For the Sub-Committee's information, the Monitoring Officer circulated a copy of the arrangements for dealing with complaints about the Code of Conduct for Members: - **NOTED**.

17. **INVESTIGATING OFFICER'S REPORT INTO AN ALLEGATION OF A BREACH OF THE MEMBERS' CODE OF CONDUCT -REF: GC/12/2020**

At a meeting on 4 November 2020, the Assessment Sub-Committee considered a complaint made against a Borough Councillor in respect of their conduct on 2 July 2020 when the subject Member visited the complainant's home uninvited. The complainant alleged that the Councillor had breached the Code of Conduct by acting in an intimidating and aggressive manner.

At that meeting the Assessment Sub-Committee unanimously agreed that the case be referred to the Monitoring Officer for other action in the first instance. Namely, that the Monitoring Officer meets with the Councillor

GOVERNANCE ASSESSMENT SUB-COMMITTEE

1 February 2021

concerned to discuss the use of social media and the attending of residents' homes uninvited. Members also agreed that disposal of the matter was subject to the subject Member apologising to the complainant and their family and that, if no such apology was forthcoming, then the matter be referred for a formal investigation. (Minute No.4 - 4 November 2020 refers)

As a result of non compliance with the recommendations of that Assessment Sub-Committee an Investigating Officer was appointed and an Independent Investigation report was submitted to this meeting for consideration.

Following a detailed discussion on the report it was unanimously:

RESOLVED that in respect of Case Ref: GC/12/2020 the case be referred to the Monitoring Officer for other action. Namely that the Monitoring Officer meets with the Councillor concerned to discuss the attending of residents' homes uninvited.

Reasons for the Decision

The Assessment Sub Committee based its decision on all the information provided and took into consideration the following points as set out within the Code of Conduct:

1.1 You must treat others with respect;

1.3 You must not conduct yourself in a manner which is contrary to the Council's duty to promote and maintain high standards of conduct of Members;

1.4 You must not conduct yourself in a manner which could reasonably be regarded as bringing your office or the Council into disrepute;

1.5 You must not bully any person;

1.6 You must not intimidate or attempt to intimidate any person who is or is likely to be (a) a complainant.

In reaching this decision the Assessment Sub-Committee also took into account the views of the Independent Person

GOVERNANCE ASSESSMENT SUB-COMMITTEE

22 April 2021

GOVERNANCE ASSESSMENT SUB-COMMITTEE

A meeting of the Governance Assessment Sub-Committee was held on 22 April 2021.

PRESENT Mr Monson (Chair and Independent Member);
Councillors Foggo and R Clark.

OFFICIALS S Fenwick and A Nixon

EXCLUSION OF THE PRESS & PUBLIC

RESOLVED that the press and public be excluded from the meeting on the grounds that items 5 and 6 contained exempt information as defined in Paragraphs 1 of and 2 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended).

DISCLOSURE/CONFLICTS OF INTERESTS

The Monitoring Officer circulated the Governance Committee Local Assessment/Conflicts of Interest Guidance for Members and Officers. The Sub-Committee considered the guidance and agreed that, in relation to the complaint, there were no conflict of interests of the Members or Officers in attendance: - **NOTED**.

ARRANGEMENTS FOR DEALING WITH COMPLAINTS ABOUT THE CODE OF CONDUCT FOR MEMBERS.

For the Sub-Committee's information, the Monitoring Officer circulated a copy of the arrangements for dealing with complaints about the Code of Conduct for Members: - **NOTED**.

REPORT INTO ALLEGATION OF BREACH OF THE MEMBERS' CODE OF CONDUCT - REF: GC/04/2021

The Sub-Committee considered a complaint made against a Councillor in respect of remarks that were made in Facebook posts in March 2021.

RESOLVED that in respect of Case Ref: GC/04/2021 there was no evidence of any action requiring investigation and therefore no further action be taken. This decision was made for the following reason:

1. The Sub-Committee considered the Council's Code of Conduct and did not feel that there had been a breach.

GOVERNANCE ASSESSMENT SUB-COMMITTEE

6 July 2021

GOVERNANCE ASSESSMENT SUB-COMMITTEE

A meeting of the Governance Assessment Sub-Committee was held on 6 July 2021.

PRESENT Mr Monson (Chair and Independent Member);
Councillors B Clarke and R Clark.

OFFICIALS S Fenwick and A Nixon

Apologies Mr L Manship, Independent Person.

EXCLUSION OF THE PRESS & PUBLIC

RESOLVED that the press and public be excluded from the meeting on the grounds that items 5 and 6 contained exempt information as defined in Paragraphs 1 of and 2 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended).

DISCLOSURE/CONFLICTS OF INTERESTS

The Monitoring Officer circulated the Governance Committee Local Assessment/Conflicts of Interest Guidance for Members and Officers. The Sub-Committee considered the guidance and agreed that, in relation to the complaint, there were no conflict of interests of the Members or Officers in attendance: - **NOTED**.

ARRANGEMENTS FOR DEALING WITH COMPLAINTS ABOUT THE CODE OF CONDUCT FOR MEMBERS.

For the Sub-Committee's information, the Monitoring Officer circulated a copy of the arrangements for dealing with complaints about the Code of Conduct for Members: - **NOTED**.

REPORT INTO ALLEGATION OF BREACH OF THE MEMBERS' CODE OF CONDUCT - REF: GC/05/2021

The Sub-Committee considered a complaint made against a Councillor in respect of his conduct whilst sitting on a Regulatory Committee that was considering a planning application. The complainant alleged that the Councillor had pre-determined a planning application and sought to influence other Members.

The views of the Independent Person were sought by the Sub-Committee who suggested that the case should be referred to the Monitoring Officer for other action.

GOVERNANCE ASSESSMENT SUB-COMMITTEE

6 July 2021

In addition, the Subject Member also submitted a written response which was considered by the Sub-Committee.

RESOLVED that in accordance with Sections 28(6)(a) and 28(6)(b) of the Localism Act 2011, the Assessment Sub-Committee of the Governance Committee unanimously agreed that, in respect of Case Ref: GC/05/2021 the case be referred to the Monitoring Officer for other action. Namely that the Monitoring Officer meets with the Councillor concerned to discuss the importance of ensuring the separation of the roles of Ward Councillor and Regulatory Committee Member so that planning decisions are made in a completely transparent way and free of any perceptions of impartiality.

GOVERNANCE ASSESSMENT SUB-COMMITTEE

5 November 2021

GOVERNANCE ASSESSMENT SUB-COMMITTEE

A meeting of the Governance Assessment Sub-Committee was held on 5 November 2021.

PRESENT Councillor Foggo (Chair);
Councillors B Clarke and Morgan.

Mr L Manship (Independent Person)

OFFICIALS S Fenwick and A Nixon

1. **EXCLUSION OF THE PRESS & PUBLIC**

RESOLVED that the press and public be excluded from the meeting on the grounds that item 5 contained exempt information as defined in Paragraphs 1 of and 2 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended).

2. **DISCLOSURE/CONFLICTS OF INTERESTS**

The Monitoring Officer circulated the Governance Committee Local Assessment/Conflicts of Interest Guidance for Members and Officers. The Sub-Committee considered the guidance and agreed that, in relation to the complaint, there were no conflict of interests of the Members or Officers in attendance: - **NOTED**.

3. **ARRANGEMENTS FOR DEALING WITH COMPLAINTS ABOUT THE CODE OF CONDUCT FOR MEMBERS.**

For the Sub-Committee's information, the Monitoring Officer circulated a copy of the arrangements for dealing with complaints about the Code of Conduct for Members: - **NOTED**.

4. **REPORT INTO ALLEGATION OF BREACH OF THE MEMBERS' CODE OF CONDUCT - REF: GC07/2022**

The Sub-Committee considered a complaint made against two Parish Councillors (one of which was no longer a member of the Parish Council), relating to their conduct during an incident that occurred at the Lingdale Village Hall in August 2021.

RESOLVED that in respect of Case Ref: GC/07/2021, the Sub-Committee agreed that there was no evidence to investigate this complaint any further.

GOVERNANCE ASSESSMENT SUB-COMMITTEE

5 November 2021

REPORT INTO ALLEGATION OF BREACH OF THE MEMBERS' CODE OF CONDUCT - REF: GC08/2022

The Sub-Committee considered a complaint made against seven Parish Councillors (two of which were no longer members of the Parish Council) who allegedly had made comments about the complainant's ability to carry out his job.

RESOLVED that in respect of Case Ref: GC/08/2021, the Sub-Committee agreed this case be defer pending further information.

GOVERNANCE ASSESSMENT SUB-COMMITTEE

1 December 2021

GOVERNANCE ASSESSMENT SUB-COMMITTEE

A meeting of the Governance Assessment Sub-Committee was held on 1 December 2021.

PRESENT Mr Monson (Chair and Independent Member);
Councillors B Clarke and Morgan.

Mr L Manship (Independent Person)

OFFICIALS S Fenwick and S Newton

1. **EXCLUSION OF THE PRESS & PUBLIC**

RESOLVED that the press and public be excluded from the meeting on the grounds that item 5 contained exempt information as defined in Paragraphs 1 of and 2 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended).

2. **DISCLOSURE/CONFLICTS OF INTERESTS**

The Monitoring Officer circulated the Governance Committee Local Assessment/Conflicts of Interest Guidance for Members and Officers. The Sub-Committee considered the guidance and agreed that, in relation to the complaint, there were no conflict of interests of the Members or Officers in attendance: - **NOTED**.

3. **ARRANGEMENTS FOR DEALING WITH COMPLAINTS ABOUT THE CODE OF CONDUCT FOR MEMBERS.**

For the Sub-Committee's information, the Monitoring Officer circulated a copy of the arrangements for dealing with complaints about the Code of Conduct for Members: - **NOTED**.

4. **REPORT INTO ALLEGATION OF BREACH OF THE MEMBERS' CODE OF CONDUCT - REF: GC10/2021 and GC14/2021**

The Sub-Committee considered two separate (but overlapping) complaints made against a Councillor in respect of the Cenotaph at Easington and its surrounding land.

The Independent Person was in attendance at the meeting and his views were sought by the Sub-Committee. The Independent Person felt that a formal investigation was required.

GOVERNANCE ASSESSMENT SUB-COMMITTEE

1 December 2021

RESOLVED that in respect of Case Ref: GC/10/2021 and GC14/2020 a formal investigation take place and that in light of the issues the Panel considered that an external investigator would be appropriate. The Panel asked that the scope of the investigation be confirmed by the Monitoring Officer in consultation with the Chair of the Assessment Sub-Committee.

GOVERNANCE ASSESSMENT SUB-COMMITTEE

10 December 2021

GOVERNANCE ASSESSMENT SUB-COMMITTEE

A meeting of the Governance Assessment Sub-Committee was held on 10 December 2021.

PRESENT Mr Monson (Chair and Independent Member);
Councillors Foggo and C Foley McCormack.

OFFICIALS S Fenwick and A Nixon

APOLOGIES FOR ABSENCE were submitted on behalf of Mr Manship, Independent Person.

5. **EXCLUSION OF THE PRESS & PUBLIC**

RESOLVED that the press and public be excluded from the meeting on the grounds that item 5 contained exempt information as defined in Paragraphs 1 of and 2 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended).

6. **DISCLOSURE/CONFLICTS OF INTERESTS**

The Monitoring Officer circulated the Governance Committee Local Assessment/Conflicts of Interest Guidance for Members and Officers. The Sub-Committee considered the guidance and agreed that, in relation to the complaint, there were no conflict of interests of the Members or Officers in attendance: - **NOTED**.

7. **ARRANGEMENTS FOR DEALING WITH COMPLAINTS ABOUT THE CODE OF CONDUCT FOR MEMBERS.**

For the Sub-Committee's information, the Monitoring Officer circulated a copy of the arrangements for dealing with complaints about the Code of Conduct for Members: - **NOTED**.

8. **REPORT INTO ALLEGATION OF BREACH OF THE MEMBERS' CODE OF CONDUCT - REF: GC12/2021**

The Sub-Committee considered a complaint made against a Councillor in respect of their conduct. The complainant alleged that the Councillor acted against the Code of Conduct by abusing the position and power in their role.

The views of the Independent Person were sought by the Sub-Committee and written response was received. The Independent Person felt that the Monitoring Officer should speak to the Councillor involved.

GOVERNANCE ASSESSMENT SUB-COMMITTEE

10 December 2021

In addition, the Councillor involved had also submitted a written response for consideration by the Sub-Committee.

RESOLVED that in respect of Case Ref: GC/12/2021 no further action be taken but the Monitoring Officer be advised to remind the Subject Member of the Council's policy regarding this complaint.

9. **REPORT INTO ALLEGATION OF BREACH OF THE MEMBERS' CODE OF CONDUCT - REF: GC13/2021**

The Sub-Committee considered two complaints made against a Councillor in respect of their conduct, which the complainant stated were both linked.

With regards to the first complaint, the complainant alleged that the Councillor had acted against the Code of Conduct as confidentiality had been breached from one or more members of a Panel of which the Councillor concerned was part of.

The second element of the complaint was more specific as the complainant alleged that the Councillor was targeting him and contributing to a sustained case of bullying and harassment, by sharing social media stories, commenting and reacting to comments on other people's posts and actively questioning why Facebook would not run hate stories against him.

In addition, the Assessment Sub-Committee considered the following information that had been submitted:

1. An addendum to the factual summary prepared for the Assessment Sub-Committee by the Monitoring Officer;
2. A written response from the Councillor concerned; and,
3. The views of the Independent Person who felt that the Monitoring Officer should speak to the Councillor involved.

RESOLVED that in respect of Case Ref: GC/13/2021 Members unanimously agreed that no further action be taken as the complainant had not submitted any substantive evidence that members of the Panel or the Councillor concerned had breached confidentiality.

GOVERNANCE ASSESSMENT SUB-COMMITTEE

4 February 2022

GOVERNANCE ASSESSMENT SUB-COMMITTEE

A meeting of the Governance Assessment Sub-Committee was held on 4 February 2022

PRESENT Mr Monson (Chair and Independent Member)
Councillors Foggo and Morgan.

Mr L Manship – Independent Person

OFFICIALS S Fenwick and A Nixon

10. **EXCLUSION OF THE PRESS & PUBLIC**

RESOLVED that the press and public be excluded from the meeting on the grounds that item 5 contained exempt information as defined in Paragraphs 1 of and 2 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended).

11. **DISCLOSURE/CONFLICTS OF INTERESTS**

The Monitoring Officer circulated the Governance Committee Local Assessment/Conflicts of Interest Guidance for Members and Officers. The Sub-Committee considered the guidance and agreed that, in relation to the complaint, there were no conflict of interests of the Members or Officers in attendance.

Mr Monson declared that he was part of a walking group that Councillor Kay attended but felt that there was no conflict of interest: - **NOTED.**

12. **ARRANGEMENTS FOR DEALING WITH COMPLAINTS ABOUT THE CODE OF CONDUCT FOR MEMBERS.**

For the Sub-Committee's information, the Monitoring Officer circulated a copy of the arrangements for dealing with complaints about the Code of Conduct for Members: - **NOTED.**

13. **REPORT INTO ALLEGATION OF BREACH OF THE MEMBERS' CODE OF CONDUCT - REF: GC16/2021**

The Sub-Committee considered a complaint made against a Councillor in respect of their conduct. The complainant alleged that the Councillor acted against the Code of Conduct by using social media to try and damage the reputation of his business.

The views of the Independent Person were sought by the Sub-Committee who suggested that the Councillor should be given further training on the use of social media.

GOVERNANCE ASSESSMENT SUB-COMMITTEE

4 February 2022

In addition, the Councillor had also submitted a written response which was considered by the Sub-Committee.

RESOLVED that in respect of Case Ref: GC16/2021 the Sub-Committee agreed to refer the case to the Monitoring Officer for other action, namely that the Monitoring Officer meets with the Councillor to discuss the appropriate use of social media following a post identifying them as a Councillor, and the obligations as a Councillor when dealing with Members of the public.

14. **REPORT INTO ALLEGATION OF BREACH OF THE MEMBERS' CODE OF CONDUCT - REF: GC01/2022**

The Sub-Committee considered a complaint made against a Councillor in respect of their conduct. The complainant alleged that the Councillor acted against the Code of Conduct by using his position to direct council resources to victimise and harass him.

The views of the Independent Person were sought by the Sub-Committee who suggested that as there was no evidence of victimisation or harassment from the Councillor, no further action should be taken on this matter.

In addition, the Councillor had also submitted a written response which was considered by the Sub-Committee.

RESOLVED that in respect of Case Ref: GC01/2022 the Sub-Committee agreed not to refer the case for any further investigation.

GOVERNANCE ASSESSMENT SUB-COMMITTEE

A meeting of the Governance Assessment Sub-Committee was held on 22 February 2022 in the Redcar & Cleveland Leisure and Community Heart.

PRESENT Mr Monson (Chair and Independent Member)
Councillors Foggo and Morgan.

OFFICIALS S Fenwick and A Nixon

APOLOGIES FOR ABSENCE were submitted on behalf of Mr L Manship – Independent Person.

15. **EXCLUSION OF THE PRESS & PUBLIC**

RESOLVED that the press and public be excluded from the meeting on the grounds that item 5 contained exempt information as defined in Paragraphs 1 of and 2 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended).

16 **DISCLOSURE/CONFLICTS OF INTERESTS**

The Monitoring Officer circulated the Governance Committee Local Assessment/Conflicts of Interest Guidance for Members and Officers. The Sub-Committee considered the guidance and agreed that, in relation to the complaint, there were no conflict of interests of the Members or Officers in attendance.

17. **ARRANGEMENTS FOR DEALING WITH COMPLAINTS ABOUT THE CODE OF CONDUCT FOR MEMBERS.**

For the Sub-Committee's information, the Monitoring Officer circulated a copy of the arrangements for dealing with complaints about the Code of Conduct for Members: - **NOTED**.

18. **REPORT INTO ALLEGATION OF BREACH OF THE MEMBERS' CODE OF CONDUCT - REF: GC05/2022**

The Sub-Committee considered two individual complaints made against a Councillor in respect of their conduct. Both complainants alleged that the Councillor acted against the Code of Conduct by using social media to insinuate that one of the complainants was "some kind of criminal" by publicly indicating that an alleged burglary at the complainant's property was not true.

The views of the Independent Person were sought by the Sub-Committee who suggested that the Councillor should be given further training on the use of social media.

In addition, the Councillor had also submitted a written response which was considered by the Sub-Committee.

RESOLVED that in respect of Case Ref: GC05/2022 the Sub-Committee unanimously upheld both the complaints and referred the case to the Monitoring Officer for other action, namely that the Monitoring Officer meets with the Councillor to discuss the appropriate use of social media when posting comments identifying himself as a Councillor.

19. **REPORT INTO ALLEGATION OF BREACH OF THE MEMBERS' CODE OF CONDUCT - REF: GC06/2022**

The Sub-Committee considered two complaints (from the same complainant) made against a Councillor in respect of their conduct.

The first complaint concerned negative and derogatory comments which the Councillor had posted on a public Facebook account. The complainant alleged that the Councillor had abused his position and was in breach of the code of conduct.

The second complaint was a follow on to a previous complaint made by the complainant concerning the conduct of a Councillor in terms of harassment and breaches of confidentiality. This complaint had previously been considered by the Assessment Sub-Committee on 10 December 2021 (Minute No. 9 refers) which deemed to have insufficient evidence. The complainant alleged that he was now able to present clear evidence that the Councillor had taken confidential information and placed it in the public domain.

The views of the Independent Person were sought by the Sub-Committee who suggested that the Councillor should be given further training on the use of social media.

RESOLVED that in respect of Case Ref: GC06/2022 the Sub-Committee agreed that with regards to:

1. Complaint 1, this matter be referred to the Monitoring Officer for other action, namely that the Monitoring Officer meets with the Councillor to discuss the appropriate use of social media when posting comments identifying himself as a Councillor; and,
2. Complaint 2, the complaint be not upheld at this stage and if the complainant wishes this matter to be taken any further the Assessment Sub-Committee be provided with a timeline of evidence which conclusively showed the events that had occurred at each stage, and which conclusively showed that the post by the Councillor was the first to be put into the public domain.

GOVERNANCE ASSESSMENT SUB-COMMITTEE

24 May 2022

GOVERNANCE ASSESSMENT SUB-COMMITTEE

A meeting of the Governance Assessment Sub-Committee was held on 24 May 2022.

PRESENT Mr Monson (Chair and Independent Member);
Councillors Clarke and Morgan.

Mr Manship (Independent Person)

OFFICIALS D Boville, A Nixon and R Puggmurr

1. **EXCLUSION OF THE PRESS & PUBLIC**

RESOLVED that the press and public be excluded from the meeting on the grounds that item 5 contained exempt information as defined in Paragraphs 1 of and 2 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended).

2. **DISCLOSURE/CONFLICTS OF INTERESTS**

The Monitoring Officer circulated the Governance Committee Local Assessment/Conflicts of Interest Guidance for Members and Officers. The Sub-Committee considered the guidance and agreed that, in relation to the complaint, there were no conflict of interests of the Members or Officers in attendance: - **NOTED**.

3. **ARRANGEMENTS FOR DEALING WITH COMPLAINTS ABOUT THE CODE OF CONDUCT FOR MEMBERS.**

For the Sub-Committee's information, the Monitoring Officer circulated a copy of the arrangements for dealing with complaints about the Code of Conduct for Members: - **NOTED**.

4. **REPORT INTO ALLEGATION OF BREACH OF THE MEMBERS' CODE OF CONDUCT - REF: GC07/2022**

The Sub-Committee considered a complaint made against a Councillor in respect of their conduct. The complainant alleged that the Councillor acted against the Code of Conduct by abusing the position and power in their role.

The views of the Independent Person were sought by the Sub-Committee. The Independent Person felt that the Councillor had acted within the powers afforded to them.

GOVERNANCE ASSESSMENT SUB-COMMITTEE

24 May 2022

In addition, the Councillor involved had also submitted a written response for consideration by the Sub-Committee.

RESOLVED that in respect of Case Ref: GC07/2022 no further action be taken.

GOVERNANCE ASSESSMENT SUB-COMMITTEE

4 August 2022

GOVERNANCE ASSESSMENT SUB-COMMITTEE

A meeting of the Governance Assessment Sub-Committee was held on 4 August 2022.

PRESENT Mr Monson (Chair and Independent Member);
Councillors Clarke and Morgan.

Mr Manship (Independent Person)

OFFICIALS D Boville and A Nixon

1. **EXCLUSION OF THE PRESS & PUBLIC**

RESOLVED that the press and public be excluded from the meeting on the grounds that items 5 & 6 contained exempt information as defined in Paragraphs 1 of and 2 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended).

2. **DISCLOSURE/CONFLICTS OF INTERESTS**

The Monitoring Officer circulated the Governance Committee Local Assessment/Conflicts of Interest Guidance for Members and Officers. The Sub-Committee considered the guidance and agreed that, in relation to the complaint, there were no conflict of interests of the Members or Officers in attendance: - **NOTED**.

3. **ARRANGEMENTS FOR DEALING WITH COMPLAINTS ABOUT THE CODE OF CONDUCT FOR MEMBERS.**

For the Sub-Committee's information, the Monitoring Officer circulated a copy of the arrangements for dealing with complaints about the Code of Conduct for Members: - **NOTED**.

4. **REPORT INTO ALLEGATION OF BREACH OF THE MEMBERS' CODE OF CONDUCT - REF: GC08/2022**

The Sub-Committee considered a complaint made against two Parish Councillors in respect of their conduct. The complainant alleged that a Parish Councillor acted against the Code of Conduct by acting in an intimidatory and bullying manner, and that the Chair of the meeting where this occurred allowed this to happen through lack of action and had failed to conduct a vote on the issue being discussed.

The views of the Independent Person were sought by the Sub-Committee. The Independent Person felt that there was no clear evidence provided that the allegations had taken place.

GOVERNANCE ASSESSMENT SUB-COMMITTEE

4 August 2022

In addition, the Parish Councillors involved had also submitted a written response for consideration by the Sub-Committee.

RESOLVED that in respect of Case Ref: GC08/2022 the complaint was not upheld and no further action be taken.

5. **REPORT INTO ALLEGATION OF BREACH OF THE MEMBERS' CODE OF CONDUCT - REF: GC10/2022**

The Sub-Committee considered two complaints made against a Councillor in respect of their conduct. The complainant alleged that the Councillor acted against the Code of Conduct by acting in an aggressive and bullying manner and contravening a number of the Nolan Principles in their conduct on social media.

The views of the Independent Person were sought by the Sub-Committee. The Independent Person felt that it was clear that the subject Member was acting as a Councillor at the time and that an investigation may be appropriate.

In addition, the Councillor involved had also submitted a written response for consideration by the Sub-Committee.

RESOLVED that in respect of Case Ref: GC10/2022 the complaint be referred for investigation.

Member Report

Internal Audit and Counter Fraud Progress Report



Public

To: Governance Committee **Date:** 28.11.22

From: Managing Director (Head of Paid Services) **Decision type:** For information

Portfolio: Resources **Forward Plan Reference:**

Priority: All Priorities

HEADLINE POSITION

1 Summary of report

- 1.1 The report provides an update on internal audit and counter fraud work undertaken to date in 2022/23.

2 Recommendation

- 2.1 It is recommended that the Governance Committee notes the progress of and outcomes from internal audit and counter fraud work to date, in 2022/23.

DETAILED PROPOSALS

3 What are the objectives of the report and how do they link to the Council's priorities?

- 3.1 Internal audit provides independent and objective assurance and advice about the Council's operations. It helps the organisation to achieve overall objectives by bringing a systematic, disciplined approach to the evaluation and improvement of the effectiveness of risk management, control and governance processes.
- 3.2 The work of internal audit is governed by the Accounts and Audit Regulations 2015 and relevant professional standards. These include the Public Sector Internal Audit Standards (PSIAS), CIPFA guidance on the application of those standards in Local Government and the CIPFA Statement on the role of the Head of Internal Audit.
- 3.3 Fraud is a significant risk to the public sector. Annual losses are estimated to exceed £51.8 billion in the United Kingdom. Councils are encouraged to prevent, detect and deter fraud in order to safeguard public finances.
- 3.4 The purpose of this report is to provide Members with an update on audit reports issued, counter fraud activity and other work completed since the last update report to this committee. It also provides an update on ongoing work.

Internal audit progress report

- 3.5 The internal audit progress report is contained in annex 1. It reports on progress against the internal audit work programme. This includes a summary of current work in progress, revised internal audit priorities for the year, completed work, and follow-up of previously agreed audit actions. We are currently on track to complete our planned level of work during the year.

Counter fraud progress report

- 3.6 The counter fraud progress report is contained in annex 2. It reports on progress against the counter fraud work programme. A range of work is detailed including activity to promote awareness of fraud, work with external agencies, and information on the level of fraud reported to date.
- 3.7 The counter fraud team has completed 12 investigations in the year to date. One investigation led to the police prosecuting an individual for theft from a family member that they were financially abusing. In addition, a business was issued a warning for incorrectly obtaining a business rates relief.
- 3.8 In October, Veritau undertook a cybersecurity awareness campaign, to highlight the risks of cyber fraud to employees.

4 What options have been considered

- 4.1 There are no other options, the report is for information and comment.

5 Impact assessment

Type of Risk/ Implication	Details
Climate Emergency Impact	There are no direct implications from this report, although elements of council arrangements for managing climate risks may be considered as part of the internal audit plan. This applies to a number of the other risk areas below.
Health and Safety	The work of Veritau contributes to the effective management of the council's health and safety risks
Social Value	The work of Veritau supports overall aims and priorities by promoting probity, integrity and honesty and by helping to make the council a more effective organisation.
Legal	The work of Veritau contributes to the effective management of the council's legal and regulatory risks
Financial	The work of Veritau contributes to the effective management of the council's financial risks
Human Resources	The work of Veritau contributes to the effective management of employment related risks
Equality and Diversity	The work of Veritau contributes to the effective management of risks associated with equalities and diversity

Other (please specify)	No other specific risks
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6 Consultation and Engagement

6.1 Not relevant for the purposes of the report.

7 Appendices and background papers

7.1 Annex 1 – internal audit progress report November 2022
Annex 2 – counter fraud progress report November 2022

8 Contact officer

8.1 Name: Max Thomas
Position: Head of Internal Audit – Veritau
Address: Redcar and Cleveland House
Telephone: 01904 5529340
Email: max.thomas@veritau.co.uk

INTERNAL AUDIT PROGRESS REPORT 2022/23

Date: 28 November 2022

Annex 1





BACKGROUND

- 1 Internal audit provides independent and objective assurance and advice about the Council's operations. It helps the organisation to achieve overall objectives by bringing a systematic, disciplined approach to the evaluation and improvement of the effectiveness of risk management, control and governance processes.
- 2 The work of internal audit is governed by the Accounts and Audit Regulations 2015 and relevant professional standards. These include the Public Sector Internal Audit Standards (PSIAS), CIPFA guidance on the application of those standards in Local Government and the CIPFA Statement on the role of the Head of Internal Audit.
- 3 The internal audit work programme was agreed by this committee in April 2022. The plan is flexible in nature and work is being kept under review to ensure that audit resources are deployed to the areas of greatest risk and importance to the Council.
- 4 The purpose of this report is to update the committee on internal audit activity up to 31 October 2022.



INTERNAL AUDIT PROGRESS

- 5 Work is underway on a range of audits across Council directorates. One audit is currently at draft report stage. A summary of internal audit work currently underway, as well as work finalised in the year, is included at appendix 1.
- 6 The work programme, showing current priorities for internal audit work, is included at appendix 2. Alongside the work in the 'do now' and 'do next' categories are indicative timescales for when work commenced or is expected to commence, and projected dates for final reports to be produced. These timescales may be subject to change, for example if work priorities change as a result of ongoing risk assessment and work planning.
- 7 The programme includes several audits in the 'do later' category. The internal audit work programme is designed to include all potential areas that should be considered for audit in the short to medium term, recognising that not all of these will be carried out during the current year (work is deliberately over programmed).
- 8 Overall, we are on schedule to complete planned work during 2022/23. We recognise that priorities and risks may change during the year, and will adjust our programme of work as needed. We will continue to meet with senior officers on an ongoing basis to discuss current risks and agree priorities for audit.
- 9 Three audit reports have been finalised since the last report to this committee in September 2022. A summary of the findings from the audit are included at appendix 3.

- 10 Appendix 4 lists our current definitions for action priorities and overall assurance levels.



FOLLOW-UP OF AGREED ACTIONS

- 11 All actions agreed with services as a result of internal audit work are followed up to ensure that underlying control weaknesses are addressed. A summary of the status of actions being followed up is included at appendix 5.

APPENDIX 1: 2022/23 INTERNAL AUDIT WORK

Audits in progress

Audit	Status
Supplier relief	In progress
Project management	In progress
Performance management and data quality	In progress
Benefits & Council Tax support	In progress
Council Tax and NNDR	In progress
ICT strategy and governance	In progress
Payroll – mileage claims	Draft report issued

Final reports issued

Audit	Reported to Committee	Opinion
Schools audit – governance	July 2022	Reasonable Assurance
ICT asset management	July 2022	Substantial Assurance
Emergency planning	July 2022	Reasonable Assurance
Main accounting	September 2022	Substantial Assurance
Debtors	September 2022	Substantial Assurance
Adult Social Care debt	September 2022	Reasonable Assurance
Working from home	September 2022	Reasonable Assurance
Members' ward allowances	September 2022	Limited Assurance
Homecare	November 2022	Substantial Assurance
Creditors	November 2022	Substantial Assurance
Payroll – IR35	November 2022	Limited Assurance

Other work in 2022/23

Internal audit work has been undertaken in a range of other areas during the year, including those listed below.

- A review of grant claims including the Bus Service Operators Grant, Tees Valley Combined Authority grants and claims relating to Scambusters.
- A review of returns completed by the Council for the Supporting Families scheme.
- A review of grant claims for Covid-19 support including Track & Trace and the Contain Outbreak Management Fund
- An investigation into highways related issues at Saltburn.
- An ongoing pilot of assurance mapping to review how the Council receives assurance on its risks from various sources including internal audit.

APPENDIX 2: CURRENT PRIORITIES FOR INTERNAL AUDIT WORK

Audit / Activity	Rationale / Comments on progress	Actual / Expected start	Expected finish
Corporate & cross cutting			
Category 1 (do now)			
Project governance and management	Key assurance area. There have been some delays receiving information from the service area but we expect to complete the work by the end of the year.	April 2022	December 2022
Supplier relief (Covid 19)	Significant priority for the Council. We have had delays in obtaining information from the external providers. We have agreed to undertake additional work, since the audit was originally scheduled.	November 2021	December 2022
Performance management and data quality	A key assurance area reflecting its significant contribution to the achievement of Council objectives. Some initial support and advice has been provided and an audit is now planned to commence in November 2022.	November 2022	February 2023
Category 2 (do next)			
Procurement & Contract Management	Key assurance area. The focus will be on use of local suppliers. The service area have requested that the start of the audit be postponed until January 2023.	January 2023	March 2023
Interests, gifts, hospitality	Follow-up of previous audit which had an opinion of limited assurance. The service area have requested the audit be postponed until January 2023 to allow the previous actions to be fully embedded.	January 2023	March 2023

Audit / Activity	Rationale / Comments on progress	Actual / Expected start	Expected finish
Category 3 (do later)			
Financial planning and resilience Governance and decision making Workforce planning Corporate complaints Insurance	These areas will be considered for audit later in 2022/23.		
Budgeting and savings plans Strategic planning Risk management Partnerships HR Information governance Health & safety Business continuity	The audits listed here are not considered an immediate priority. This is due to relative risk or where prior assurance can be taken, including from any recent internal audit work.		

Audit / Activity	Rationale / Comments on progress	Actual / Expected start	Expected finish
Financial / Corporate systems			
Category 1 (do now)			
Payroll – mileage claims	Duplicate payments were identified as an issue in a previous audit.	May 2022	November 2022
Council Tax/NNDR	This audit is a key financial system and has a high inherent risk.	August 2022	December 2022
Benefits and Council Tax Support	This audit is a key financial system and has a high inherent risk.	August 2022	November 2022
Payroll	Payroll is a key financial system with a high inherent risk. The audit will commence following the audit of mileage claims.	December 2022	April 2023
Energy rebate scheme	A review of the implementation of the government’s energy rebate scheme.	December 2022	February 2023
Category 2 (do next)			
Debtors – commercial property rentals	This has emerged as an area of risk in discussion with the Chief Accountant.	January 2023	April 2023
Category 3 (do later)			
Capital accounting and assets	The audits listed here are not considered an immediate priority. This is due to relative risk or where prior assurance can be taken, including from any recent internal audit work.		

Audit / Activity	Rationale / Comments on progress	Actual / Expected start	Expected finish
Treasury Management VAT accounting			
ICT			
Category 1 (do now)			
ICT Strategy and governance	Key assurance area and not reviewed in previous 2 years.	September 2022	December 2022
Category 2 (do next)			
None			
Category 3 (do later)			
ICT risk management ICT information security Cyber security ICT change management Digitalisation and automation	Priorities for further ICT audits will be discussed with officers later in 2022.		

Audit / Activity	Rationale / Comments on progress	Actual / Expected start	Expected finish
Operational audits			
Category 1 (do now)			
Home to school transport	Raised as a priority area for review by the DMT.	November 2022	March 2023
SEN Place Planning	Raised as an area for review by the DMT.	November 2022	March 2023
Direct payments	Significant risk area and raised as a potential area for review by the Governance Committee.	January 2023	April 2023
Energy management	Emerging national risk; the focus to be agreed at a later date.	December 2023	April 2023
Recruitment of foster carers	Raised as a priority area for review by the DMT and is an increased risk nationally.	December 2023	April 2023
Schools themed audit – School’s Financial Value Standard	There have been changes to the requirements relating to related party transactions for schools and this will be considered as part of the audit.	November 2023	March 2023

Audit / Activity	Rationale / Comments on progress	Actual / Expected start	Expected finish
Category 2 (do next)			
Recruitment & Retention	This is an increasing risk for the Council, particularly in Children’s and Adult Services. The audit will include the use of agency staff.	January 2023	April 2023
Public health governance	This has not been reviewed for some time.	January 2023	April 2023
Category 3 (do later)			
Liberty Protection Safeguards Domestic abuse Environmental health Homelessness Special Educational Needs Contracts and commissioning Highways and fleet management Planning Economic Development Waste management	The audits listed here are not considered an immediate priority. This is due to other work taking priority, relative risk or where prior assurance can be taken, including from any recent internal audit work.		

APPENDIX 3: SUMMARY OF KEY ISSUES FROM AUDITS FINALISED SINCE THE LAST REPORT TO THE COMMITTEE

System/area	Opinion	Area reviewed	Date issued	Comments / Issues identified	Management actions agreed
Homecare	Substantial Assurance	Receipting and recording of data; the link between care paid for and care received.	17 October 2022	No major issues were identified; systems are working well.	Completion of a key spreadsheet will be the responsibility of the finance team so that effective forecasts of demand can be made.
Creditors	Substantial Assurance	Changes to supplier details, separation of duties, ordering of goods and services, paying of invoices.	8 November 2022	No major issues were identified; systems are working well.	Supplier amendment forms will always be completed; targeted action will take place for service areas performing poorly on raising of purchase orders and payment of invoices.

Limited Assurance reports

System/area	Opinion	Area reviewed	Date issued
Payroll – IR35	Limited Assurance	Compliance with the off-payroll working regulations (IR35).	16 November 2022

Summary of actions agreed

Finding	Priority	Agreed Action	Responsible Officer	Timescale
There is no clear ownership within the Council of responsibility for adhering to IR35 regulations.	1	IR35 guidance is currently being produced. Once this has been finalised and agreed, the responsibility for ensuring it is adhered to will be identified.	Strategic HR Manager	31 March 2023
The Council's IR35 guidance is out of date.	2	IR35 guidance will be produced and agreed and approved by DMT/EMT.	Strategic HR Manager	31 March 2023
Status determinations of contractors are not always being produced or are not checked to ensure compliance with IR35 regulations.	2	The new IR35 guidance will include clear instructions for this including a link to relevant HMRC tools.	Strategic HR Manager	31 March 2023
There is no process in place to review existing contracts for IR35 compliance.	2	The new IR35 guidance will make clear that managers will need to review existing contracts.	Commercial and Legal Manager	31 March 2023
There is no formal appeals process.	3	The new IR35 guidance will incorporate the requirements for this.	Strategic HR Manager	31 March 2023

APPENDIX 4: AUDIT OPINIONS AND PRIORITIES FOR ACTIONS

Audit opinions	
<p>Our work is based on using a variety of audit techniques to test the operation of systems. This may include sampling and data analysis of wider populations. It cannot guarantee the elimination of fraud or error. Our opinion relates only to the objectives set out in the audit scope and is based on risks related to those objectives that we identify at the time of the audit.</p>	
Opinion	Assessment of internal control
Substantial assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

Priorities for actions	
Priority 1	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management
Priority 2	A significant system weakness, whose impact or frequency presents risks to the system objectives, which needs to be addressed by management.
Priority 3	The system objectives are not exposed to significant risk, but the issue merits attention by management.

APPENDIX 5: FOLLOW UP OF AGREED AUDIT ACTIONS

Where weaknesses in systems are found by internal audit, the auditors agree actions with the responsible manager to address the issues. Agreed actions include target dates and internal audit carry out follow up work to check that the issue has been resolved once these target dates are reached. Follow up work is carried out through a combination of questionnaires completed by responsible managers, risk assessment, and by further detailed review by the auditors where necessary. Where managers have not taken the action they agreed to, issues are escalated to more senior managers, and ultimately may be referred to the Governance Committee.

Actions Outstanding

A total of 29 actions with original due dates that have passed are still outstanding. A summary of the priority of these actions is included below.

Actions agreed		Actions agreed by directorate			
Priority of actions	Number of actions agreed	Priority of actions	Resources and Growth	Adults & Communities	Children & Families
1	0	1	0	0	0
2	15	2	0	15	0
3	14	3	6	2	6
Total	29	Total	6	17	6

Of the 29 actions outstanding 11 have had a revised date agreed. The remaining 18 actions are currently being followed-up with the relevant responsible officer.

Actions outstanding for more than 6 months (Priority 1 and 2)

Seven priority 1 and 2 actions have currently been outstanding for longer than 6 months beyond the agreed implementation date. These all relate to the 2020/21 audit of volunteers which has been previously reported to this committee. A corporate lead has now been identified for the work and a revised date of 30 November 2022 has been agreed for all actions.

COUNTER FRAUD PROGRESS REPORT 2022/23

Date: 28 November 2022

Annex 2





BACKGROUND

- 1 Fraud is a significant risk to the public sector. The government estimates that the taxpayer loses up to £51.8 billion to fraud and error in public spending every year¹. Financial loss due to fraud can reduce a council's ability to support public services and cause reputational damage.
- 2 Veritau delivers a corporate fraud service to the Council which aims to prevent, detect and deter fraud and related criminality. We employ qualified criminal investigators to support departments with fraud prevention, proactively identify issues through data matching exercises, and investigate any suspected fraud. To deter fraud, offenders face a range of outcomes, including prosecution in the most serious cases.
- 3 The purpose of this report is to update the Governance Committee on counter fraud activity up to November 2022.



FRAUD MANAGEMENT

- 4 Veritau undertakes a range of non-investigative activity to support the development of counter fraud arrangements at the Council. The Council's Counter Fraud Framework was reviewed and updated in September 2022. This included a refreshed strategy action plan, and fraud risk assessment. The Anti Fraud, Bribery and Corruption Policy was also updated to reflect changes in relevant legislation.
- 5 Cybercrime is a high risk to all organisations within the public and private sector. As part of Cybersecurity Awareness Month in October information was released to all staff to help raise awareness of the scale of the problem, the different ways in which cybercrime can occur, and how employees can help protect the Council.
- 6 A further campaign to raise awareness of fraud will take place in November 2022 to coincide with international fraud awareness week. Messaging to staff will detail how suspected fraud can be reported to the counter fraud team.



MULTI-AGENCY WORK

- 7 The National Fraud Initiative (NFI) is a large-scale data matching exercise that involves all councils and several other public sector bodies in the UK. The work of the NFI is overseen by the Cabinet Office. Data has been gathered from Council systems. The cleansing and secure upload of data to the NFI is in progress and due to be completed in November. Outputs from the NFI will begin to be released in 2023.

¹ Fraud and Error (Ninth Report of Session 2021/22), Public Accounts Committee, House of Commons

- 8 The Council provides information to the Department for Work and Pensions (DWP) to facilitate the investigation of housing benefit fraud. In cases where council tax support is also in payment, the counter fraud team can jointly investigate with DWP counterparts. Veritau has establish contacts with the DWP's Tees Valley investigation team, however, no joint working cases have been identified to date.

INVESTIGATIVE WORK

- 9 In the year to date, Veritau have received 21 referrals of potential fraud. These relate to council tax support, business rates, adult social care funding and the misuse of a disabled parking badge.
- 10 Investigations by the team have identified £17.3k of incorrectly obtained business rates reliefs, and £2.5k in Covid-19 support payments that are being recovered by the Council. Up to November, 12 investigations have been completed; a further 12 cases are ongoing. A warning was issued to a business owner who incorrectly obtained business rates relief as a result of having multiple retail premises.
- 11 Veritau responded to a referral from the Council's adult social care team in which care contributions of £3.1k had not been paid. The team obtained and analysed financial records indicating potential financial abuse by a family member of the customer. Evidence was subsequently provided to the police who investigated and prosecuted the customer's granddaughter for theft.
- 12 Members of the public can contact Veritau directly to report fraud on 0800 9179 247, or email counter.fraud@veritau.co.uk.

Audit Completion Report

Redcar and Cleveland Borough Council
Year ended 31 March 2022

November 2022



Contents

- 01** Executive summary
- 02** Status of the audit
- 03** Audit approach
- 04** Significant findings
- 05** Internal control recommendations
- 06** Summary of misstatements
- 07** Value for Money

Appendix A: Draft management representation letter

Appendix B: Draft audit report

Appendix C: Independence

Appendix D: Other communications

Our reports are prepared in the context of the 'Statement of Responsibilities of auditors and audited bodies' and the 'Appointing Person Terms of Appointment' issued by Public Sector Audit Appointments Limited. Reports and letters prepared by appointed auditors and addressed to Redcar and Cleveland Borough Council are prepared for the sole use of Redcar and Cleveland Borough Council and we take no responsibility to any member or officer in their individual capacity or to any third party. Mazars LLP is the UK firm of Mazars, an international advisory and accountancy group. Mazars LLP is registered by the Institute of Chartered Accountants in England and Wales.



Members of the Governance Committee
Redcar and Cleveland Borough Council
Redcar and Cleveland House
Kirkleatham Street
Redcar
TS10 1RT

7 November 2022

Dear Sirs

Audit Completion Report – Year ended 31 March 2022

We are pleased to present our Audit Completion Report for the year ended 31 March 2022. The purpose of this document is to summarise our audit conclusions.

The scope of our work, including identified significant audit risks and other areas of management judgement, was outlined in our Audit Strategy Memorandum which we presented on 26 April 2022. We have reviewed our Audit Strategy Memorandum and concluded that the original significant audit risks and other areas of management judgement remain appropriate. We would like to express our thanks for the assistance of your team during our audit.

We would like to express our thanks for the assistance of your team during our audit.

If you would like to discuss any matters in more detail then please do not hesitate to contact me on 07896 684771.

Yours faithfully

Gavin Barker

Gavin Barker
Director
Mazars LLP

Mazars LLP
Bank Chambers
26 Mosley Street
Newcastle upon Tyne
NE1 1DF

01

Section 01:
Executive summary

1. Executive summary

Principal conclusions and significant findings

The detailed scope of our work as your appointed auditor for 2021/22 is set out in the National Audit Office's (NAO) Code of Audit Practice. Our responsibilities and powers are derived from the Local Audit and Accountability Act 2014 and, as outlined in our Audit Strategy Memorandum, our audit has been conducted in accordance with International Standards on Auditing (UK) and means we focus on audit risks that we have assessed as resulting in a higher risk of material misstatement.

In section 4 of this report we have set out our conclusions and significant findings from our audit. This section includes our conclusions on the audit risks and areas of management judgement in our Audit Strategy Memorandum, which include:

- Management override of controls;
- Net defined benefit liability valuation; and
- Valuation of land and buildings.

Misstatements and internal control recommendations

Section 5 sets out internal control recommendations and section 6 sets out audit misstatements. Section 7 outlines our work on Redcar and Cleveland Borough Council's (the Council's) arrangements to achieve economy, efficiency and effectiveness in its use of resources.

Status and audit opinion

We have completed a significant amount of our audit in respect of the financial statements for the year ended 31 March 2022. At the time of preparing this report, significant matters remain outstanding as outlined in section 2. We will provide an update to you in relation to the significant matters outstanding through issuance of a follow up letter.

Subject to the satisfactory conclusion of the remaining audit work, we have the following conclusions:



Audit opinion

We anticipate issuing an unqualified opinion, without modification, on the financial statements. Our proposed audit opinion is included in the draft auditor's report in Appendix B.



Value for Money

We are yet to complete our work in respect of the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022. We anticipate having no significant weaknesses in arrangements to report. Further detail on our Value for Money work is provided in section 7 of this report



Whole of Government Accounts (WGA)

We have not yet received group instructions from the National Audit Office in respect of our work on the Group's WGA submission. We are unable to commence our work in this area until such instructions have been received. We note that there is a significant delay in WGA work, and the current focus is on 2020/21 work, meaning there is likely to be a substantial delay before we will be able to address WGA for 2021/22.



Wider powers

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Council and to consider any objection made to the accounts. No questions or objections have been received.




02




Section 02:

Status of the audit

2. Status of the audit

Our work is substantially complete and there are currently no matters of which we are aware that would require modification of our audit opinion, subject to the outstanding matters detailed below.






Audit area	Status	Description of the outstanding matters
Pensions		We are waiting for assurances from the pension fund auditor. We are unable to sign off until we receive these assurances, which are provided by another audit firm. The pension fund auditor has been unable to confirm a date for reporting to us, and we are concerned that this may be indicative of a potential delay beyond the end of November 2022.
Infrastructure		As the Council is aware, there is a national issue in relation to accounting for infrastructure which has impacted on every local authority related entity with material infrastructure balances. Although this does not impact on the resources available to the Council, and is technical in nature, it could have a significant impact on the financial statements, depending on how it is resolved. We will be unable to issue our audit opinion until a resolution is reached in relation to this. It is now envisaged that the likely solution to this issue will not be available until the end of December 2022 at the earliest.
Property, plant and equipment – valuations		We identified a potential material variance to the valuations disclosed as at 31 March 2022. The Council has decided to undertake further valuations to resolve this issue. We will need to review this work when complete.




-  Likely to result in material adjustment or significant change to disclosures within the financial statements.
-  Potential to result in material adjustment or significant change to disclosures within the financial statements.
-  Not considered likely to result in material adjustment or change to disclosures within the financial statements.



2. Status of the audit

Our work is substantially complete and there are currently no matters of which we are aware that would require modification of our audit opinion, subject to the outstanding matters detailed below.

Audit area	Status	Description of the outstanding matters
Disclosures		We have queries outstanding on related party transactions.
Collection Fund		Predictive analytical review procedures on council tax and business rates.
Management arrangements and processes		Response from management and those charged with governance in relation to fraud, laws and regulations, related parties and going concern.
Review and closure procedures		Including reviews of completed work, checking the final version of the financial statements and consideration of any post balance sheet events.
Whole of Government Accounts		Reviewing and submitting the Whole of Governments Accounts consolidation schedules. The NAO has not yet issued guidance to auditors therefore we are unable to complete.

-  Likely to result in material adjustment or significant change to disclosures within the financial statements.
-  Potential to result in material adjustment or significant change to disclosures within the financial statements.
-  Not considered likely to result in material adjustment or change to disclosures within the financial statements.



03

Section 03: **Audit approach**

3. Audit approach

Changes to our audit approach

We provided details of our intended audit approach in our Audit Strategy Memorandum in March 2022, and which we presented to the Governance Committee on 26 April 2022. We have not made any changes to our audit approach since we presented our Audit Strategy Memorandum.

Materiality

Our provisional materiality at the planning stage of the audit was set at £7.548m for the Council using a benchmark of 2% of gross operating expenditure. Our final assessment of materiality, based on the final financial statements is £7.318m for the Council using the same benchmark.

Use of experts

There is one change to the experts referred to in our Audit Strategy Memorandum as Hymans Robertson LLP has replaced Aon Hewitt as the actuary for the Teesside Pension Fund. This has not impacted on our overall approach.

Item of account	Management's expert	Our expert
Defined benefit liability	Hymans Robertson LLP	NAO's Consulting Actuary (PWC)
Property, plant and equipment valuation	Internal valuer for the Council	We completed appropriate testing and considered available third party information. See section on significant risks.
Financial instrument disclosures	Arlingclose	

Service organisations

There are no changes to our planned approach since issuing our Audit Strategy Memorandum as set out below

Items of account	Service organisation	Audit approach
Revenues and Benefits	Liberata	We have direct access to accounting records and staff therefore we can substantively test the financial statements in the same way as if the Council did not rely on a service organisation.



04

Section 04: **Significant findings**

4. Significant findings

In this section we outline the significant findings from our audit. These findings include:

- our audit conclusions regarding other significant risks and key areas of management judgement outlined in the Audit Strategy Memorandum;
- our comments in respect of the accounting policies and disclosures that you have adopted in the financial statements. On page 14 we have concluded whether the financial statements have been prepared in accordance with the financial reporting framework and commented on any significant accounting policy changes that have been made during the year;
- any further significant matters discussed with management; and
- any significant difficulties we experienced during the audit.

Significant risks

Management override of controls	Description of the risk
	In all entities, management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits.

How we addressed this risk

We addressed this risk through performing audit work over:

- Accounting estimates impacting amounts included in the financial statements;
- Consideration of identified significant transactions outside the normal course of business; and
- Journals recorded in the general ledger and other adjustments made in preparation of the financial statements.

Audit conclusion

Subject to completion of outstanding work, there are no significant issues arising from our work that we are required to report to you.



4. Significant findings

Net defined benefit liability valuation	<p>Description of the risk</p> <p>The financial statements contain material pension entries in respect of retirement benefits. The calculation of these pension figures, both assets and liabilities, can be subject to significant volatility and includes estimates based upon a complex interaction of actuarial assumptions. This results in an increased risk of material misstatement.</p>
	<p>How we addressed this risk</p> <p>We completed the following procedures:</p> <ul style="list-style-type: none"> • We discussed with key contacts any significant changes to the pension estimates. In addition to our standard programme of work in this area, we evaluated the management controls you have in place to assess the reasonableness of the figures provided by the Actuary and considered the reasonableness of the Actuary's output, referring to an expert's report on all actuaries nationally; • We reviewed the appropriateness of the key assumptions included within the valuations, compared them to expected ranges and reviewed the methodology applied in the valuation. We considered the adequacy of disclosures in the financial statements; and • We also sought assurance from the auditor of the Teesside Pension Fund.
	<p>Audit conclusion</p> <p>Our work is ongoing in this area. We have not identified any significant issues to bring to your attention at this stage, beyond the potential delays in the provision of the Pension Fund auditor assurance as set out on page 7.</p>

Valuation of land and buildings	<p>Description of the risk</p> <p>The financial statements contain material entries on the Balance Sheet as well as material disclosure notes in relation to the Council's holding of PPE. Although the Council uses a valuation expert to provide information on valuations, there remains a high degree of estimation uncertainty associated with the revaluation of PPE due to the significant judgements and number of variables involved in providing revaluations. We have therefore identified the valuation of PPE to be an area of significant risk.</p>
	<p>How we addressed this risk</p> <p>We completed the following procedures:</p> <ul style="list-style-type: none"> • assessed the Council's arrangements for ensuring that land and building valuations are reasonable; • assessed the methodology and basis of the valuations, using third party trend data where appropriate, as part of our challenge of the reasonableness of the valuations provided by Valuer; • considered the competence, skills and experience of the Valuer; and • tested a sample of valuation movements to gain assurance that the accounting treatment is appropriate.
	<p>Audit conclusion</p> <p>Our work is ongoing in this area. Our initial review highlighted that there were likely to be material differences to some building valuations as at 31 March 2022. The Council has decided to undertake further valuations as at 31 March 2022. This will likely result in material amendments to the assets in the balance sheet and associated disclosure notes. We will update Members when more detail is available.</p>

4. Significant findings

Qualitative aspects of the Council's accounting practices

We have reviewed the Council's accounting policies and disclosures and concluded they comply with the 2021/22 Code of Practice on Local Council Accounting, appropriately tailored to the Council's circumstances.

Draft accounts were received from the Council on 19 July 2022, ahead of the revised statutory deadline and were of a good quality, supported by comprehensive working papers.

Significant matters discussed with management

As noted previously, we held discussions about the potential material changes in the land and buildings balance as at 31 March 2022 and this resulted in additional valuations being undertaken.

We have discussed the national infrastructure issue with management on an ongoing basis, and in addition, we have discussed the potential delays in the provision of Pension Fund auditor assurance with management.

Significant difficulties during the audit

During the course of the audit we did not encounter any significant difficulties and we have had the full co-operation of management.

Wider responsibilities

Our powers and responsibilities under the 2014 Act are broad and include the ability to:

- issue a report in the public interest;
- make statutory recommendations that must be considered and responded to publicly;
- apply to the court for a declaration that an item of account is contrary to law; and
- issue an advisory notice under schedule 8 of the 2014 Act.

We have not exercised any of these powers as part of our 2021/22 audit.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. No such objections have been raised.



05

Section 05:

Internal control recommendations

5. Internal control recommendations

The purpose of our audit was to express an opinion on the financial statements. As part of our audit we have considered the internal controls in place relevant to the preparation of the financial statements in order to design audit procedures to allow us to express an opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of internal control or to identify any significant deficiencies in their design or operation.

The matters reported are limited to those deficiencies and other control recommendations that we have identified during our normal audit procedures and that we consider to be of sufficient importance to merit being reported. If we had performed more extensive procedures on internal control we might have identified more deficiencies to be reported or concluded that some of the reported deficiencies need not in fact have been reported. Our comments should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

Our findings and recommendations are set out below. We have assigned priority rankings to each of them to reflect the importance that we consider each poses to your organisation and, hence, our recommendation in terms of the urgency of required action. In summary, the matters arising fall into the following categories:

Priority ranking	Description	Number of issues
1 (high)	In our view, there is potential for financial loss, damage to reputation or loss of information. This may have implications for the achievement of business strategic objectives. The recommendation should be taken into consideration by management immediately.	0
2 (medium)	In our view, there is a need to strengthen internal control or enhance business efficiency. The recommendations should be actioned in the near future.	0
3 (low)	In our view, internal control should be strengthened in these additional areas when practicable.	1

Our work has identified one level 3 deficiency in 2021/22:

Description of deficiency: Software testing documentation Level 3

Changes are tested by developers and submitted to user testing on a Teams call. However, tests are not documented.

Potential effects

Unauthorised changes are deployed, compromising the confidentiality, integrity and availability of information.

Recommendation

In order to ensure traceability and accountability of changes being deployed, as well as to support the monitoring process, we recommend documenting the testing performed, and formalising the user acceptance.

Management response

We have multiple Agresso functional workstream leads responsible for various areas of the Agresso system, all of which have their own test scripts and testing schedules to make sure any system change goes through the appropriate processes by officers that know the subject matter. The workstream leads maintain their own testing scripts and schedules and liaise with other workstreams (e.g. Payroll work with Finance etc.) to ensure that the testing is working end-to-end without causing a knock on effect elsewhere. Workstream leads log issues if things are not working and these are resolved and re-tested, once they are satisfied all checks have been successful, they each sign off their area and send confirmation to the Agresso Systems team. When all workstreams have signed off their testing, the Agresso Systems Team liaise with the Agresso Systems Development Manager to agree sign off and progression from TEST system to promote to our LIVE system.

The Agresso Systems team are looking to develop a formal log of dates/times/events etc to collect, in a standard template, a consolidated and transparent record to ensure all checks and measures are in place to safeguard integrity and security of the system



5. Internal control recommendations

There was one control weakness in 2020/21 to follow up and this is shown below

Description of deficiency: Valuations Level 2

10 assets should have been revalued in 2020/21 but due to the incorrect dates input into the control spreadsheet these were not. The amounts are not material and no other assets were affected.

Potential effects

There could be material differences in the year end valuations of Council assets.

Recommendation

Reconciliations should be undertaken to ensure that there are no assets omitted from the rolling programme and annual valuations of Council assets.

2021/22 Update

We have not identified any issues in 2021/22 in respect of assets omitted from the valuation programme but are still completing our valuation testing.



06

Section 06:

Summary of misstatements

6. Summary of misstatements

This section outlines the misstatements identified during the course of the audit, above the trivial threshold for adjustment of £220,000 for the Council. There were no unadjusted or adjusted misstatements above the trivial threshold.

Disclosure amendments

Cash and cash equivalents: The year end bank reconciliation was prepared as at 4 April 2022 and not 31st March 2022 as required. One NatWest bank account with a balance of £15,688 had not been included in the final balance.

Fixed asset register: There are a small number of historic differences in the fixed asset register which means that there are differences of £1.438m between the GBV and Depreciation/Impairment section. These do not impact on the NBV or the balance sheet.

Note 14 Senior Officers Remunerations: There were some minor amendments to pension contributions for all Officers disclosed in the senior officer remunerations note. There was one more significant amendment of £2,419 for one Officer. In addition, the Assistant Corporate Director for Growth Enterprise and Environment should be shown in the additional disclosures section of the note.



07

Section 07: **Value for Money**

7. Value for Money

Approach to Value for Money

We are required to consider whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out and sets out the reporting criteria that we are required to consider. The reporting criteria are:

- **Financial sustainability** - How the Council plans and manages its resources to ensure it can continue to deliver its services
- **Governance** - How the Council ensures that it makes informed decisions and properly manages its risks
- **Improving economy, efficiency and effectiveness** - How the Council uses information about its costs and performance to improve the way it manages and delivers its services

At the planning stage of the audit, we undertake work to understand the arrangements that the Council has in place under each of the reporting criteria and we identify risks of significant weaknesses in those arrangements. Although we describe this work as planning work, we keep our understanding of arrangements under review and update our risk assessment throughout the audit to reflect emerging issues that may suggest significant weaknesses in arrangements exist.

We did not identify any risks of significant weaknesses in arrangements as part of our planning work or our work to date.

Where our risk-based procedures identify actual significant weaknesses in arrangements we are required to report these and make recommendations for improvement. Where such significant weaknesses are identified, we report these in the audit report.

The primary output of our work on the Council's arrangements is the commentary on those arrangements that forms part of the Auditor's Annual Report. We intend to issue the Auditor's Annual Report within 3 months of signing the audit opinion on the financial statements.

Status of our work

We are yet to complete our work in respect of the Council's arrangements for the year ended 31 March 2022. At the time of preparing this report, we have not identified any significant weaknesses in arrangements that require us to make a recommendation, however, we continue to undertake work on Council's arrangements.

Our draft audit report at Appendix B outlines that we have not yet completed our work in relation to the Council's arrangements. As noted above, our commentary on the Council's arrangements will be provided in the Auditor's Annual Report within 3 months of the opinion date.



Appendices

A: Draft management representation letter

B: Draft audit report

C: Independence

D: Other communications

Appendix A: Draft management representation letter – Redcar and Cleveland Borough Council

Mr Gavin Barker
Director
Mazars LLP

Date

Dear Gavin

Redcar and Cleveland Borough Council - audit for year ended 31 March 2022

This representation letter is provided in connection with your audit of the financial statements of the Redcar and Cleveland Borough Council (the Council) for the year ended 31 March 2022 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Council Accounting in the United Kingdom 2021/22 (the Code).

I confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy ourselves that I can properly make each of the following representations to you.

My responsibility for the financial statements and accounting information

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the financial statements in accordance with Code.

My responsibility to provide and disclose relevant information.

I have provided you with:

- Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other material;
- Additional information that you have requested from us for the purpose of the audit; and
- Unrestricted access to individuals within the Council you determined it was necessary to contact in order to obtain audit evidence.

I confirm as Director of Finance (Section 151 Officer) that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information. As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.

Accounting records

I confirm that all transactions that have a material effect on the financial statements have been recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all Council, Cabinet and relevant committee meetings, have been made available to you.

Accounting policies

I confirm that I have reviewed the accounting policies applied during the year in accordance with the Code and International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on the financial position, financial performance and cash flows of the Council

Accounting estimates, including those measured at fair value

I confirm that any significant assumptions used by the Council in making accounting estimates, including those measured at fair value, are reasonable.

Contingencies

There are no material contingent losses including pending or potential litigation that should be accrued where:

- Information presently available indicates that it is probable that an asset has been impaired or a liability had been incurred at the balance sheet date; and
- The amount of the loss can be reasonably estimated.

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date.

There are no contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the Council have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the Code.

Executive summary

Status of audit

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Appendices

Appendix A: Draft management representation letter

Laws and regulations

I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom. We have complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

Fraud and error

I acknowledge my responsibility as Director of Finance (Section 151 Officer) for the design, implementation and maintenance of internal control to prevent and detect fraud and error. I have disclosed to you:

- All the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- All knowledge of fraud or suspected fraud affecting the Council involving:
 - management and Those Charged With Governance;
 - employees who have significant roles in internal control; and
 - others where fraud could have a material effect on the financial statements.

I have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the Council's financial statements communicated by employees, former employees, analysts, regulators or others.

Related party transactions

I confirm that all related party relationships, transactions and balances, have been appropriately accounted for and disclosed in accordance with the requirements of the Code. I have disclosed to you the identity of the Council's related parties and all related party relationships and transactions of which I am aware.

Impairment review

To the best of my knowledge, there is nothing to indicate that there is a permanent reduction in the recoverable amount of intangible assets below their carrying value at the statement of financial position date. An impairment review is therefore not considered necessary.

Charges on assets

All the Council's assets are free from any charges exercisable by third parties except as disclosed within the financial statements.

Future commitments

I am not aware of any plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

Ukraine

We confirm we have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the Council and there is no significant impact on the Council's operations from restrictions or sanctions in place.

Subsequent events

I confirm all events subsequent to the date of the financial statements and for which the Code requires adjustment or disclosure have been adjusted or disclosed. Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

Going concern

I confirm that I have carried out an assessment of the potential impact of the COVID-19 Virus pandemic on the Council, including the impact of mitigation measures and uncertainties and am satisfied the going concern assumption remains appropriate and that no material uncertainty has been identified.

To the best of my knowledge there is nothing to indicate that the Council will not continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

Appendix A: Draft management representation letter

Annual Governance Statement

I am satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and I confirm that I am not aware of any significant risks that are not disclosed within the AGS.

Unadjusted misstatements

I confirm that the effects of any uncorrected misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole. **A list of the uncorrected misstatements is attached to this letter as an Appendix [if required].**

Yours sincerely

Director of Finance (Section 151 Officer)

Appendix B: Draft audit report

Independent auditor’s report to Redcar and Cleveland Borough Council

Report on the audit of the financial statements

Opinion on the financial statements

We have audited the financial statements of Redcar and Cleveland Borough Council (Council) for the year ended 31 March 2022, which comprise the Movement in Reserves Statement, Comprehensive Income and Expenditure Statement, Balance Sheet, Cash Flow Statement, the Collection Fund and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Council Accounting in the United Kingdom 2021/22.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Council as at 31st March 2022 and of the Council's expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Council Accounting in the United Kingdom 2021/22.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities section of our report. We are independent of the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Director of Finance (Section 151 Officer)'s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Council's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Director of Finance (Section 151 Officer) with respect to going concern are described in the relevant sections of this report.



Appendix B: Draft audit report

Other information

The Director of Finance (Section 151 Officer) is responsible for the other information. The other information comprises the Annual Governance Statement and information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Director of Finance (Section 151 Officer) for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the Director of Finance (Section 151 Officer) is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Council Accounting in the United Kingdom 2021/22, and for being satisfied that they give a true and fair view. The Director of Finance (Section 151 Officer) is also responsible for such internal control as the Director of Finance (Section 151 Officer) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Director of Finance (Section 151 Officer) is required to comply with the CIPFA/LASAAC Code of Practice on Local Council Accounting in the United Kingdom 2021/22 and prepare the financial statements on a going concern basis, on the assumption that the functions of the Council will continue in operational existence for the foreseeable future. The Director of Finance (Section 151 Officer) is responsible for assessing each year whether or not it is appropriate for the Council to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Council, we identified that the principal risks of non-compliance with laws and regulations related to the Local Government Act 2003 (and associated regulations made under section 21), the Local Government Finance Acts of 1988, 1992 and 2012, and the Accounts and Audit Regulations 2015, and we considered the extent to which non-compliance might have a material effect on the financial statements.



Appendix B: Draft audit report

We evaluated the Director of Finance (Section 151 Officer)'s incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- discussing with management and the Governance Committee, the policies and procedures regarding compliance with laws and regulations;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the Council which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- making enquiries of management and the Governance Committee on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management and the Governance Committee. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

We are also required to conclude on whether the Director of Finance (Section 151 Officer)'s use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statement and regularity of public sector bodies in the United Kingdom, and Supplementary Guidance Note 01, issued by the National Audit Office in September 2021.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.



Appendix B: Draft audit report

Report on the Council’s arrangements for securing economy, efficiency and effectiveness in the use of resources

Matter on which we are required to report by exception

We are required to report to you if, in our view we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

We have not completed our work on the Council’s arrangements. On the basis of our work to date, having regard to the guidance issued by the Comptroller and Auditor General in December 2021, we have not identified any significant weaknesses in arrangements for the year ended 31 March 2022.

We will report the outcome of our work on the Council’s arrangements in our commentary on those arrangements within the Auditor’s Annual Report. Our audit completion certificate will set out any matters which we are required to report by exception.

Responsibilities of the Council

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in the use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor’s responsibilities for the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We are required under section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in the use of resources. We are not required to consider, nor have we considered, whether all aspects of the Council’s arrangements for securing economy, efficiency and effectiveness in the use of resources are operating effectively.

We have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in December 2021.

Matters on which we are required to report by exception under the Code of Audit Practice

We are required by the Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.



Appendix B: Draft audit report

Use of the audit report

This report is made solely to the Redcar and Cleveland Borough Council, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Redcar and Cleveland Borough Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Redcar and Cleveland Borough Council, as a body, for our audit work, for this report, or for the opinions we have formed.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed:

- the work necessary to issue our assurance statement in respect of the Council's Whole of Government Accounts consolidation pack; and
- the work necessary to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Gavin Barker
Director
For and on behalf of Mazars LLP

The Corner
Bank Chambers
26 Mosley Street
Newcastle upon Tyne
NE1 1DF

Date: *[to be confirmed]*



Appendix C: Independence

As part of our ongoing risk assessment we monitor our relationships with you to identify any new actual or perceived threats to our independence within the regulatory or professional requirements governing us as your auditors.

We can confirm that no new threats to independence have been identified since issuing the Audit Strategy Memorandum and therefore we remain independent.



Appendix D: Other communications

Other communication	Response
Compliance with Laws and Regulations	We have not identified any significant matters involving actual or suspected non-compliance with laws and regulations. We will obtain written representations from management that all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements have been disclosed.
External confirmations	We did not experience any issues with respect to obtaining external confirmations.
Related parties	<p>We did not identify any significant matters relating to the audit of related parties.</p> <p>We will obtain written representations from management confirming that:</p> <ul style="list-style-type: none"> a. they have disclosed to us the identity of related parties and all the related party relationships and transactions of which they are aware; and b. they have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the applicable financial reporting framework..
Going Concern	<p>We have not identified any evidence to cause us to disagree with the Director of Finance (Section 151 Officer) that the Council will be a going concern, and therefore we consider that the use of the going concern assumption is appropriate in the preparation of the financial statements..</p> <p>We will obtain written representations from management, confirming that all relevant information covering a period of at least 12 months from the date of approval of the financial statements has been taken into account in assessing the appropriateness of the going concern basis of preparation of the financial statements.</p>

Appendix D: Other communications

Other communication	Response
<p>Subsequent events</p>	<p>We are required to obtain evidence about whether events occurring between the date of the financial statements and the date of the auditor’s report that require adjustment of, or disclosure in, the financial statements are appropriately reflected in those financial statements in accordance with the applicable financial reporting framework.</p> <p>We will obtain written representations from management that all events occurring subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.</p>
<p>Matters related to fraud</p>	<p>We have designed our audit approach to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement due to fraud. In addition to the work performed by us, we will obtain written representations from management, and the Governance Committee (as those charged with governance) confirming that:</p> <ul style="list-style-type: none"> a. they acknowledge their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud; b. they have disclosed to the auditor the results of management’s assessment of the risk that the financial statements may be materially misstated as a result of fraud; c. they have disclosed to the auditor their knowledge of fraud or suspected fraud affecting the entity involving: <ul style="list-style-type: none"> i. Management; ii. Employees who have significant roles in internal control; or iii. Others where the fraud could have a material effect on the financial statements; and d. they have disclosed to the auditor their knowledge of any allegations of fraud, or suspected fraud, affecting the entity’s financial statements communicated by employees, former employees, analysts, regulators or others.



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*where permitted under applicable country laws.



Member Report

Financial Statement of Accounts 2021/22 and External Auditor Appointment for 2023/24 to 2027/28 Update for Governance Committee

Public

To:	Governance Committee	Date:	28 November 2022
From:	Managing Director (Head of Paid Services)	Decision type:	For information
Portfolio:	Resources	Forward Plan Reference:	N/A
Priority:	All Priorities		

HEADLINE POSITION

1 Summary of report

- 1.1 The report updates Governance Committee on the fact that the completion of the external audit of the Council's Statement of Financial Accounts has been delayed from its intended date of 28 November 2022 until at least 6 February 2023. This is due to delays in commencing the external audit of the Teesside Pension Fund, national issues relating to the valuation of local authority roads (also known as Infrastructure Assets) and further valuation work been undertaken by the Council to revalue some elements of the Council's buildings as at 31 March 2022. The report suggests it is necessary to add an additional meeting of Governance Committee by week commencing 13 March 2023, to allow Mazars to conclude their review of the Council's value for money arrangements.

The report also updates Governance Committee that Mazars have been appointed as the Council's external auditors for a five-year period from 2023/24 and that the Council can expect to have to budget for a 150% increase in the Council's external audit fees from that point onwards.

2 Recommendation

- 2.1 That Governance Committee note the status of the external audit of the 2021/22 Financial Accounts and agree to the inclusion of an additional supplementary meeting of Governance Committee on week commencing 13 March 2023 to seek to allow Mazars to finalise their Audit Completion Report and Value for Money Review to 31 March 2022.

DETAILED PROPOSALS

3 What are the objectives of the report and how do they link to the Council's priorities?

The report underpins all areas of the Corporate Plan and is a pivotal feature of the Council's performance management arrangements. Financial management is an integral part of the operations of the Council and the achievements of priorities.

All English local authorities were required to publish drafted financial accounts which are certified by the Council's Section 151 Officer by 31 July 2022. The Council achieved this deadline, and the Draft Accounts were presented to Governance Committee on 25 July 2022. The deadline for when the accounts need to have been externally audited had been extended by the Government to 30 November 2022, due to continued challenges in externally auditing local authority accounts. Mazars have undertaken their external audit of the financial accounts since September but are at this stage unable to sign off the accounts due to three issues set out below. These delays are commonly reflected in other local authorities either nationally (for infrastructure assets) and within the Tees Valley (for pension fund valuations). It is therefore expected that many local authorities with road infrastructure on their balance sheets on 31 March 2022 will not be able to have their accounts signed off by their external auditor in time for the national deadline of 30 November 2022.

4 What options have been considered

4.1 The external audit of the Council's financial accounts has progressed reasonably well and officers have responded promptly to external auditor queries as far as possible to ensure there are no delays within the control of the Council. However due to the external auditor resource issues it has not proved possible to commence the substantial part of the external audit until September 2022, two months after the accounts were first published. Mazars indicated to officers some weeks ago that it was unlikely that the external audit of the Council's accounts could be finalised by 28 November 2022 due to three issues, as set out below.

4.2 Pension Fund Valuation

Before Mazars can sign off the Council's financial accounts, Mazars need to receive assurances from Ernst Young, the external auditors of the Teesside Pension Fund, that the valuation of pension fund assets and liabilities are accurate and present a true and fair view. The Council shows its share of its pension fund assets and liabilities in the financial accounts. The Council understands that the Ernst Young's external audit remains ongoing and is focused on assessing the range of investment vehicles which the Pension Fund has holdings in. It is not clear when the external audit will be finalised by Ernst Young. Furthermore, it could be possible that further changes in the valuation of pension fund assets and liabilities are required to be made in the Council's accounts before the Council's financial accounts are signed off.

4.3 Infrastructure Assets

Over the last year, concerns have been raised by external auditors of local authority accounts relating to the gross value of infrastructure assets and the accumulated depreciation reported in financial accounts. This is due to the way in which local authorities derecognise replaced elements of the highways network when new capital investment has occurred. Governance Committee should be assured the issue is purely a technical issue which does not affect the level of capital resource which we use to invest in these assets.

4.4 The Council's infrastructure asset valuations as of 31 March 2022 are made up of £217.8 million gross book value, accumulated depreciation of £114.9 million and a net book value of £102.8 million. These balances include the main types of highway asset such as roads, bridges, street furniture and adopted land. Our current accounting policies are to capitalise these assets at historic cost and depreciate them over a uniform useful economic life, of between 10-40 years.

4.5 The issue is now causing a significant backlog in the finalisation of local authority accounts. The Chartered Institute of Public Finance and Accountancy (CIPFA) conducted a task and finish group in Spring 2022 to identify a temporary solution to allow any 2020/21 audits to be finalised (the Council's 2020/21 accounts were already finalised in December 2021). Some guidance was initially published based on the conclusions of the group and a consultation took place seeking stakeholder views on the proposals. However, some concerns were raised by stakeholders such as the Financial Reporting Council, which raised concerns

about the compromising of the quality of financial reporting in local government. As a result of this Mazars have notified the Council that they have put a moratorium on signing off upper tier local authority accounts until a suitable solution is found.

- 4.6 To end this impasse at a national level, on 27 October 2022 DLUHC have issued a quick-turnaround consultation which closed on 7 November 2022 which sought views on a proposed statutory accounting override to address the issues that have come to light this year with respect to accounting for infrastructure assets.
- 4.7 The Government is proposing to put in place a statutory accounting override to allow local authorities to treat the value of any replaced component of infrastructure assets as nil value, without the need to further evidence that this is the case. The override also removes the requirement for authorities to make prior year adjustments to infrastructure asset balances. The Government have emphasised that this is a short-term solution to avoid the widespread qualification of local authority accounts. The government recognises that a long-term solution is required, but due to the complexity of the issue this will necessarily take time, and there is an immediate need to mitigate the risks of widespread qualifications and delays to the audit of local authorities. The proposed override applies to all local authority accounts for which an audit certificate has not been issued, and is time limited such that the last financial year to which it applies will be 2024/25. CIPFA are also working on amending the Accounting Code of Practice to remove the need to report gross historic cost and accumulated depreciation.
- 4.8 Once the consultation responses have been considered, it is expected that the temporary statutory override solution may be adopted in late December, which will allow Mazars to complete their assurance process on this aspect of the Council's accounts.

4.9 **Property Valuations**

Mazars have identified a potential valuation issue with the Council's buildings. As part of the Council's arrangements to produce the financial statements, the Council use an in-house valuation team to value property assets on a five-year rolling basis. This means only certain groups of land & building assets are valued in a single financial year, but all land and building assets are valued no less frequently than once every five years. The valuation basis for a number of these properties is based on the estimated cost of theoretically rebuilding an asset. This approach is a standard way of ensuring property assets of various categories are valued on a regular basis. As part of their assurance processes, Mazars have referred to their valuation experts, who have highlighted that the Council's property values are potentially materially undervalued based on national rebuild indices, which have risen significantly in 2022 due to inflationary pressures, and therefore need to be revalued again in their entirety. To undertake such a valuation process is very time-consuming and to reach a manageable compromise to this issue, the Council have agreed with Mazars to revalue the most materially large value property assets and restate these in advance of the financial accounts being represented to Governance Committee on 6 February 2023. This will result in an overall material increase in the value of the property held by the Council.

4.10 **Revised External Audit Completion Dates**

It is proposed that officers and Mazars continue to work through the remaining issues of the external audit with the purpose of seeking to finalise the external audit of the financial accounts by 6 February 2023. At this meeting, the Committee will be provided with assurances from the Director of Finance and the Chair of the Governance Committee as part of the requirements of Mazars Audit process. The Governance Committee will also be provided with an updated Mazars' Audit Completion Report and the Council's finalised Annual Governance Statement as at 31 March 2022. The Chair of the Committee and the Director of Resources will be required to sign and date the Statement of Accounts for 2021/22 at the Governance Committee meeting, once they and the Committee are satisfied with the validity and quality of the financial statements

- 4.11 However, the Committee should note the delays set out above may in some part continue beyond 6 February 2023. Mazars have also indicated that their Value for Money Review of

the Council for 2021/22 will also be delayed beyond 6 February 2023. On the basis the following scheduled meeting of the Governance Committee does not take place until 24 April 2023 – by then over a year after the end of the 2021/22 financial year, and to seek to complete the Value for Money Review before the election period commences, Governance Committee are asked to agree to add in a supplementary Governance Committee meeting on week commencing Monday 13 March 2023.

4.12 External Audit Appointment 2023/24 to 2027/28 and future scale fees

The Public Sector Auditor Appointment Board (PSAA) have notified the Council that Mazars have been appointed as the Council's auditor for a period between 2023/24 and 2027/28. The Council responded to a consultation which closed on 14 November 2022 which essentially asked whether the Council agreed with this appointment.

4.13 As part of the appointment of external auditors to local authorities, the PSAA have added payment terms to the delivery stages of external audits and additional contract monitoring measures at a national level to ensure individual audit firms deliver their audit assignments in a timely manner.

4.14 PSAA have indicated they will consult formally on scale fees for 2023/24 local authority audits in Autumn 2023, and will publish confirmed scale fees for 2023/24 for opted-in bodies on our website by 30 November 2023. PSAA did however indicate in a recent press release that their advice to local authorities was to anticipate an increase of the order of 150% on the total fees for 2022/23, which is likely to mean a circa £0.150 million increase in the annual audit fee value payable by the Council, but is also still contingent on any additional external audit work which might be required.

5 Impact assessment

Type of Risk/ Implication	Details
Climate Emergency Impact	There are no direct implications from this report although aspects of the financial statements provide analysis of the sustainable use of assets. For example, the capital investment programme is the investment into new assets, either to replace or create new more efficient assets from an operational and carbon management perspective, so will have a positive impact on the Council's overall carbon emissions footprint.
Health and Safety	
Social Value	
Legal	<p>In accordance with the Accounts and Audit Regulations 2015, local authorities are required, for 2021/22 financial year, to produce a Statement of Accounts, which has been authorised for issue by the responsible financial officer, within four months of the end of the financial year, i.e., by 31 July 2022. The obligation was undertaken in advance of the required deadline on 14 July 2022.</p> <p>The Council is also required to have the draft accounts audited and published by 30 November 2022. Under current legislation it is required that the Council make the Statement of Accounts, i.e., the financial statements plus any supporting information, available for public inspection. The Council must also make arrangements for the external audit of the Accounts and publish details of when and where electors of the Borough may question the Auditor on the Accounts. This period of inspection must be commenced from 18 July 2022.</p> <p>The Council's failure to fulfil the external audit deadline of 30 November 2022 is entirely out of its control and places the Council in a similar position to most other upper-tier local authorities in England.</p>

Financial	The financial accounts provide a detailed overview of the financial position and performance of the Council in the 2021/22 financial year. They are required to be produced under codified and statutory accounting legislation. The financial accounts build upon the financial outturn position for revenue, capital, collection fund and treasury management, which was reported to the Cabinet on 21 June 2022.
Human Resources	
Equality and Diversity	

6 Implementation Plan

Implementation Plan	Comment
Timetable for implementing decision.	Further updates will be provided to Governance Committee on 6 February 2023 A supplementary Governance Committee will need to be added on week commencing 13 March 2023 to allow Mazars to conclude and report on their Value for Money findings.
Lead officer	Rob Davisworth – Chief Accountant
Reporting progress	As above
Communications Plan	When the final statement of financial accounts has been audited, they will be uploaded onto the Council's website.

7 Consultation and Engagement

Governance Committee will be updated on 6 February 2023.

8 Appendices and background papers

None

9 Contact officer

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Member Report - For Information

RIPA Monitoring Report for 2021/22



Public

To:	Governance Committee	Date:	28 November 2022
From:	Managing Director (Head of Paid Services)	Decision type:	For Information
Portfolio:	Resources	Forward Plan Reference:	
Priority:	Investing for the Long Term		

1. Summary of report

- 1.1. The report is to provide Members with detail on the applications made during the 2021/22 financial year in pursuance of the Regulation of Investigatory Powers Act 2000 (RIPA), with previous year's comparative data.

2. What are the objectives of the report and how do they link to the Council's priorities?

- 2.1. The aim of this report is to provide Members with some analysis of the RIPA applications received during the last financial year in order that they can have oversight of the use of RIPA powers within the authority. This will give Member's confidence that RIPA powers are being used properly.
- 2.2. The detailed monitoring of the use of our powers under RIPA is a legal requirement.

3. Background and detail

- 3.1 In very broad terms, the Regulation of Investigatory Powers Act 2000 (RIPA) is a law covering and regulating surveillance. Insofar as local authorities are concerned, amongst other things, it provides statutory safeguards to ensure that when directed surveillance is undertaken, or when communications data is accessed, the use is always transparent and fully recorded.
- 3.2 Local Authorities have powers under RIPA to undertake directed surveillance during their enforcement activities and to acquire communications data as part of their investigations. "Directed surveillance" involves using covert methods of surveillance where there is a likelihood of private information being obtained. In such circumstances, the operation needs to be authorised. It should be noted that local authorities have no power to grant authorisations for intrusive surveillance and should only undertake operations for the purpose of preventing or detecting crime. "Intrusive surveillance" is where, for example, surveillance is taking place within residential premises or in a private vehicle.

- 3.3. If surveillance is planned and falls into a category covered by RIPA, authorisation must be obtained. The Protection of Freedoms Act 2012 requires local authorities to obtain the approval of a Magistrate for the use of Directed Surveillance or the deployment of a Covert Human Intelligence Source (CHIS). An approval is also required if an authorisation to use such techniques is being renewed.
- 3.4. In each case, the role of the Magistrate is to ensure that the correct procedures have been followed and the relevant factors have been taken account of. The provisions allow the Magistrate, on refusing an approval of an authorisation, to quash that authorisation.
- 3.5. Where local authorities wish to use RIPA to authorise Directed Surveillance, this should be confined to cases where the offence under investigation carries a custodial sentence of six months or more (the Serious Crime Test).
- 3.6. Every application for the use of these powers has to consider in detail the necessity of using the powers and the proportionality of such use. Careful consideration to any potential “collateral intrusion” (that is, where the details of or relating to an innocent third party might become known) must be given.
- 3.7. Enforcement activities undertaken by the authority which fall within the remit of the Regulation of Investigatory Powers Act 2000 are subject to monitoring and oversight by the Investigatory Powers Commissioner’s Office.
- 3.8. A record of all authorisations and associated paperwork must be kept within a central record. This record is subject to quarterly auditing by the Authorising Officer and following each audit a briefing note is provided for the Portfolio Holder for Corporate Resources. The Authorising Officer also has a quarterly meeting with the Senior Officer with overall responsibility for RIPA matters who is the Managing Director (Head of Paid Service).

RIPA authorisations in 2021-22

- 3.9. During the period 1/4/2021 to 31/03/2022, there were no authorisations to conduct directed surveillance or for the use of Covert Human Intelligence Sources (CHIS) by Council Officers.
- 3.10. In the past few years Trading Standards investigations using RIPA powers have resulted in success in gathering evidence and the test purchase of items to evidence illegal selling of counterfeit goods. The investigations covered the Trademarks Act 1994 and the Consumer Protection from Unfair Trading Regulations 2008.
- 3.11. The Authority’s compliance with RIPA legislation was last reviewed by the Investigatory Powers Commissioner’s Office (IPCO) in early 2021. Having met with the Senior Responsible Officer on the telephone and upon reviewing the records of operations since the last inspection the Commissioner confirmed that a more formal, in person, inspection visit was not necessary. It is not known when the next inspection will be, but the past inspections have been roughly every 3 years.

RIPA Comparative Data from previous years

- 3.12. The following table indicates the number and type of applications received for the use of directed surveillance and the use of a CHIS, in order to provide a comparison:

Year	Council applications for directed surveillance	Third Party Authorisations	CHIS
2021	0	0	0
2020	4 from Trading Standards	0	4 from Trading Standards
2019	4 from Trading Standards	0	4 from Trading Standards
2018	2 from Trading Standards	0	0
2017	2 from Trading Standards	0	2 from Trading Standards
2016	7 from Trading Standards	0	3 from Trading Standards
2015	5 from Trading Standards	0	0

Communications Data

- 3.13. The Council uses the National Anti-Fraud Network (NAFN) Membership Agreement in order to obtain Communications Data when it is required in relation to an investigation. This is a support, liaison and advice service which ensures correct authorisation procedures are followed for the acquisition of such data.
- 3.14. NAFN ensures accredited Single Point of Contact Officers (SPOC's) check all applications for compliance. They support the Designated Persons from the Authority (the Governance Director and Commercial & Legal Manager) who have oversight of applications. Communications Data applications are no longer determined by a Magistrate but by the Office for Communications Data Authorisations (OCDA) which reviews communication data applications independently.
- 3.15. During 1 April 2021 to 31 March 2022 there was 1 Communications Data application submitted. The table below shows the activity where subscriber information was obtained for the purpose of the prevention and detection of crime in previous years.

Year	Number of applications	Reason
2021	1	Trading Standards Operation
2020	4	3 Scambuster Operations 1 Trading Standards Operations
2019	0	

2018	4	3 Scambuster Operations 1 Trading standards Operation
2017	0	
2016	1	Scambuster Trading Standards Operation
2015	7	All Trading Standards operations and all approved by Magistrates. One further application was cancelled prior to attendance at the Magistrates Court.

4. Appendices and background papers

- 4.1. No background papers were used in writing this report. The full report from the last inspection dated 15 February 2021 is held on the central records and is available for Members to look at.

5. Contact officer

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Member Report

Corporate Risk Register Update

Public

To: Governance Committee **Date:** 28 November 2022

From: Managing Director (Head of Paid Services) **Decision type:** For information

Portfolio: Resources **Forward Plan Reference:**

Priority: All Priorities

1 Summary of report

The Governance Committee has responsibility for reviewing the adequacy of the Council's corporate governance arrangements and this includes risk management arrangements. To enable the Committee to do this, Members receive updates twice per year on the current corporate risks, and a full review of corporate risks is undertaken.

2 Recommendation

It is recommended that Members of the Governance Committee note the bi-annual update of the current corporate risk register (Appendix 1).

3 What are the objectives of the report and how do they link to the Council's priorities?

To achieve the Corporate Plan's priorities, vision, and values, it is essential that the Council manages the range of risks that could threaten the realisation of those values. By having effective risk management, the Council can also have the confidence to pursue suitable opportunities. It is important to note that effective risk management is not just about avoidance, but about understanding risk to enable appropriate opportunities to be taken. The Council recognises that effective risk management is a key element of effective corporate governance and supports the maintenance of a robust internal control environment.

4 What options have been considered

Since the last update to Members, we have reviewed the risks and corporate risk register now has 9 corporate risks of which 7 have a residual scoring of 16 or more, thereby making them red-rated risks. The remaining 2 risks are amber. All green risks are treated as directorate-only risks and are, therefore, not included on the corporate risk register.

4.1 Update on Red Risks

The update below provides Members with details of all current red risks, with details of any changes to the risk ranking score and information on actions being undertaken to mitigate these risks.

Risk Ref	Risk Description	Update / action on steps to mitigate risk	Direction of Travel
CF20	Secondary School	Ofsted restarted graded inspections in September 2021. 40% of our schools (4/10) are now graded good	No change – remains

	Attainment and Performance	or outstanding. At least 3 more should be regraded in the next 12 months. Exam data is now available for GCSEs and A Levels. First sight shows promising improvements in all schools, but we will need to wait for verification in December 2022. This risk may reduce to amber at this point. The risk owner is assured by visits to schools and meetings with Academy Trust Leaders that continuous improvement is evident.	red risk
CF25	Excessive Pupil Exclusion Rate from Schools.	<p>The Task and Finish group has restarted and commenced visits to some schools in the summer term. The other identified schools will have a visit in the Autumn term and a report about Inclusive practice and working together to reduce suspensions and permanent exclusions will be compiled.</p> <p>Additional training for Headteachers and Pastoral Leads has been arranged for November. Inclusive practice remains as a standing agenda point at the Strategic Education Board and Education Improvement Partnership.</p> <p>We have appointed a dedicated Inclusion Lead and they and the team will continue to work with, support and challenge the school system to ensure inclusive practice and that permanent exclusion is a last resort. We are also working in Partnership with Anglo American through the Woodsmith Project to give additional support around emotional well-being and mental health to the secondary schools. Additionally, two of the schools will work more closely with the project for a 3-year period to look at developing engagement and participation of the disadvantaged cohort. We will use mentors to support those in Year 7 to help with attendance, focus and participation in extracurricular activities.</p>	No change – remains red risk
AC/E30	Disposal costs for residual waste treatment	<p>The Tees Valley (including Newcastle and Durham) Energy Recovery Facility Project Board continues to meet monthly.</p> <p>The procurement process is now underway, with Competitive Dialogue for the procurement expected to end January 2023. Invitation to Submit Final Tenders is to be issued to the bidders in February 2023 with the Final Tenders required to be submitted in March 2023. The Final Tender submissions will be evaluated, and Preferred Bidder will hopefully be identified by June 2023. Contract Award / Financial Close is now expected between September and November 2023. The Service Commencement Date will then be April 2027.</p> <p>A Local Authority Special Purpose Vehicle (LASPV) is to be the contracting entity on behalf of the 7 Local Authorities. The Shareholders Agreement Key Commercial Principles, Waste Supply and Support Agreement Key Commercial Principles have been drafted and are being worked through by the project team. Approval to enter into the LASPV (and to contract award) was agreed by Cabinet on the 29th March 2022.</p>	No change – remains red risk

		<p>The LA SPV Limited Company will be incorporated in approximately June 2023.</p> <p>The site that is to be used for the development of the facility has now been fully remediated.</p>	
RG02	Balancing the Medium-Term Financial Plan	<p>Regular budget monitoring continues to be undertaken to measure performance against budget assumptions, and to help inform decision making where necessary to take corrective action to mitigate forecast overspends. The latest council position for Quarter 1 of the 2022-23 year reported to Cabinet on 27 September 2022 is forecasting an overspend of £7.9 million.</p> <p>Inflation has since risen sharply, due to supply chains struggling to keep pace with demand following the pandemic, added to by the conflict in Ukraine causing further shortages in key commodities.</p> <p>When the Government undertook their Comprehensive Spending Review in October 2021, which includes an assessment of the funding requirements of local government, the rate of CPI was forecast to peak at 4% in 2022. The most recent CPI stands at around 10%, the highest it has been for 40 years. The Bank of England have warned CPI is not likely to revert to its 2% target before 2024. Clearly this year's financial settlement does not cater for the current levels of inflation being experienced. With only this year's settlement confirmed, and the pressures on national finances, it is also uncertain how adequate funding settlements will be for future years.</p> <p>The current high levels of inflation are causing some significant pressures on the Council's budgets. There are significant cost increases for energy, fuel, labour, construction, and other general costs. Driven by higher inflation, the local government employer pay offer will also cause a significant pressure for the Council's budget both in this year and future years.</p> <p>In response to growing inflation, the Bank of England has started to increase base interest rates, which is feeding into higher interest rates for borrowing, which the Council needs to use to fund the Capital Investment Programme. This will increase the capital financing costs of the Council compared to budgeted assumptions.</p> <p>There is also increasing demand for some council services, influenced by the aftereffects of the pandemic and cost of living pressures, with the impact forecast particularly within children's social care and home to school transport.</p> <p>Most of these forecast pressures are expected to continue into next year and be added to with further inflationary rises.</p> <p>In terms of the current year position, services are considering potential in-year mitigations to reduce the</p>	No change – remains red risk

		<p>forecast overspend and protect our reserve balances as far as possible to preserve some financial resilience given the on-going challenges.</p> <p>We have lobbied Government for the need for more funding to allow us to address the numerous issues impacting on our finances that are largely outside of our control. However, given the pressures on the national finances, it is prudent to plan on the basis that there will be no more funding forthcoming from government.</p> <p>It will therefore be necessary to develop savings proposals for varying scenarios, pending the local government finance settlement, to ensure essential services can be maintained and the Council's financial position remains sustainable and resilient across the medium term. During early November 2022, an All-Member budget conference was held, with 32 Members in attendance, to start discussions on options to review Council spend. These will be developed for consultation as part of the budget proposals for 2023-24.</p>	
RG07	IT Disruption due to Attack	<p>We have been successful in a bid for LGA funding to train IT staff in industry-recognised Cyber Security qualifications. The training will help staff with the knowledge and skills they need to help prevent cyber-attacks.</p> <p>We are in the process of recruiting a Technical Security Lead that will assist in ensuring that essential updates are completed, and systems are monitored for anomalous behaviour. They will also help adopt the new Government Cyber Security strategy and the proposed measures being suggested by the LGA Common Assessment Framework (CAF)</p> <p>A new system implemented to provide greater protection from Internet threats these include:</p> <ul style="list-style-type: none"> • Scanning of files as they are downloaded or uploaded to look for malicious content • Blocking of specific sites or categories of websites • Better reporting and identification of risky behaviour by users <p>Since phishing attacks account for some 60 - 80% of successful malware attacks. The Council has introduced Microsoft Safelinks into emails. This replaces any website or link that is included within emails. The replacement link checks the safety and validity of any link before a user clicks on it.</p> <p>We have also instigated ongoing phishing training for all staff with access to email. Where staff are sent test phishing emails and are given extra guidance and training if they click on the links within them.</p> <p>The Council have invested in a third-party incident response service. This provides expert assistance in the event of any incident. This will include:</p> <ul style="list-style-type: none"> • An audit of the Councils preparations that are in place to respond to an incident. This will include guidance on any gaps or issues and assistance if producing them if needed. 	No change – remains red risk

		<ul style="list-style-type: none"> • Live Incident Handling: A dedicated 24 x 7 cyber incident hotline that will help with the immediate issue. Dedicated security consultants will handle any security incident. They will work alongside global research teams, intelligence partners, national Computer Emergency Response Teams (CERT), and law enforcement agencies. to provide a detailed understanding and breakdown of any incidents. • Help from Checkpoint who are Global Incident Response Partner • Post-incident assistance to get the Councils operations functioning again, with post-incident analysis and recommendations. <p>We are upgrading the Council's Microsoft licensing. This upgrade includes additional information protection and information governance functionality. This will help protect the Council's sensitive information.</p> <p>The Council's data backup solution is being moved to provide immutable backups that mean data backups cannot be changed, moved, or deleted. It also provides the ability to recover systems more quickly.</p>	
AC/E31	Coastal Erosion/ Land Instability	Redcar and Cleveland Borough Council and Scarborough Borough Council received funding from the Environment Agency (EA) for a joint Coastal Strategy for Staithes and Cowbar. The Strategy has been through public and statutory consultation and is awaiting a final version to be submitted to the EA for approval and RCBC for adoption. There has been a delay to the final version being submitted, due to a land ownership dispute between Scarborough Borough Council and a third party. It is important to ascertain ownership as the asset owner has a maintenance liability. An external legal opinion is being sought. Once finalised the new strategy will assist the council in determining long term plans for coastal management at Cowbar.	No change – remains red risk
AC/E32	Flooding	Flooding continues to be a concern due to the increasing impacts of climate change, and can have a direct impact on council land, assets, and the highway. In addition to the regular maintenance work that is undertaken on an ongoing basis, a number of drainage improvement projects are also completed each year. The redesign of the Highways and Engineering Team has now been completed and has more resilience with 3 teams members focusing on flooding maintenance, mitigation and removing residents' properties from Flood Risk projects and Coastal monitoring, and a Member working group is established to review the council's policies, plans and resources allocated to this issue.	No change – remains red risk

4.2 Amber Risk Update

RG12 – Ineffective response to Covid. We continue to follow government and public health guidance as we all learn to live with Covid, along with our communities. Each week, the Executive Management Team continues to have a regular item on the agenda for each Director to provide a service update which is a catch-all for covid and other service-related matters. We are acutely aware that infection rates fluctuate and that new variants could emerge at any time. We are ready

to respond to any significant change in circumstances, using the wealth of experience we gained from the March 2020 lockdown and the onward direction of the pandemic. Unless and until such a time, it is intended that this risk is managed at a Directorate level.

RG15 – Response to Economic Conditions. The current control measures set out a comprehensive action plan as to how the Council and its key partners would respond if a major employer in the Borough closed. We are ready to respond to any incident, utilising the significant experience in the Council’s Business Engagement team and other Council teams. Unless the situation changes or an incident occurs and the response is deemed inadequate, it is intended that this risk is managed at a Directorate level.

5 Impact assessment

Type of Risk/ Implication	Details
Climate Emergency Impact	There is no specific impact arising from this report. However, since start of lockdown officers engaged in this service and other areas of work no longer travel across both Redcar and Cleveland to carry out their duties with meetings and discussions being held via Teams/Skype.
Health and Safety	The assurance of the Health and Safety team, which is charged with validating health & safety practices are operating in accordance with policy will ensure that the Council is performing as required in relevant areas. Effective risk management includes effective health and safety risk management.
Social Value	Effective risk and opportunity management is aimed at supporting management to take the right decisions for the benefit of service improvement to the local community. It is aimed at mitigating the materialisation of risks that could cause harm or damage.
Legal	By managing risks, the Council has a process in place for identifying and mitigating against the risks of failing to comply with legislation.
Financial	There are clear links from risk management to the financial spend of the Council. By managing risks, the Council can highlight any trends and manage these to ensure that there is no detrimental financial impact. Risk appetite is closely linked to the cost of insurance.
Human Resources	No implications
Equality and Diversity	There are no direct implications from this report on equality and diversity although aspects of risk management work may involve a review of issues affecting equality and diversity.

6 Consultation and Engagement

The Managing Director, Executive Management Team, Directorate Management Team, Assistant Directors, and Risk Management Group work together to ensure risks are managed well and that the organisation’s risk culture is promoted. Risk owners are responsible for updating their risk profiles and for reporting on mitigation actions.

7 Appendices and background papers

Appendix 1 – Summary of Corporate Risk Register

8 Contact officer

8.1 Name: Vikki Smith
 Position: Resources Business Manager
 Address: Redcar and Cleveland House, Kirkleatham Street, Redcar, TS10 1RT
 Telephone: 01642 444056
 Email: Vikki.smith@redcar-cleveland.gov.uk

Risk Reference	Risk Title	Risk Description	Risk Owner	Responsible Officer	Initial Evaluation				Residual Evaluation			
					Total Impact	Likelihood	Total Assessment	Assessment Label	Total Impact	Likelihood	Total Assessment	Assessment Label
RG02	Balancing the Medium Term Financial Plan	The financial position of the Council is not sustainable, without a fundamental reduction in spend as income resources now begin to plateau.	John Sampson	Phil Winstanley	Catastrophic	Almost Certain	25	High (Risk) / Low (Opportunities)	Catastrophic	Likely	20	High (Risk) / Low (Opportunities)
RG05	Workforce capacity and loss of critical skills through an inability to recruit new employees and retain current employees in some areas.	The Council has been facing difficulties in recruiting to key and critical posts due to national and local issues with workforce shortages. The risk is that we are not able to fill key roles and offer the services to residents and communities and meeting the objectives and priorities in Our Plan. Some key areas of concern include Engineers, HGV Drivers, or Social Workers. Social work capacity may result in poorer outcomes for children and young people resulting from a lower quality safeguarding services which in turn is the result of difficulties in attracting/retaining high quality, experienced children's social work staff. This risk will cover the corporate wide issues facing teams who are recruiting but will have specific reference to Social Work teams.	John Sampson	Steven Newton	Major	Almost Certain	20	High (Risk) / Low (Opportunities)	Major	Possible	12	Medium
RG07	IT Disruption due to Attack	Failure to protect the Council network from external and internal attacks which could lead to a loss of service for a period of time to our citizens potentially resulting in harm to individuals, damage to reputation and financial consequences.	John Sampson	John Bulman	Major	Almost Certain	20	High (Risk) / Low (Opportunities)	Major	Likely	16	High (Risk) / Low (Opportunities)
CF20	Poor Educational Standards in Secondary Schools	Poor standards of secondary education could affect the future welfare and prosperity of children in Redcar and Cleveland.	Kathryn Boulton	Clare Mahoney	Major	Almost Certain	20	High (Risk) / Low (Opportunities)	Major	Likely	16	High (Risk) / Low (Opportunities)
CF25	Excessive Pupil Exclusion Rate from Schools.	There are a high number of young people being excluded both for short periods (fixed term) and permanently. This will lead to more people becoming isolated from society and possibly not remaining in education or employment beyond 16. This high level of exclusion places extra pressure upon other schools and upon the Pupil Referral Unit. There is also increased pressure upon young people and their families including the risk to emotional and mental health.	Kathryn Boulton	Clare Mahoney	Major	Almost Certain	20	High (Risk) / Low (Opportunities)	Major	Likely	16	High (Risk) / Low (Opportunities)

GEE30	Disposal costs for residual waste treatment	Due to the increasing cost of disposal of residual waste, there are going to be very significant budget pressures linked to the disposal of residual waste in the long term. These budget pressures are currently unfunded. They represent a clear financial pressure to the Council with the potential for reputational damage. There is a further enhanced risk that is being caused by the lack of capacity within the North East Region (and beyond) for the reprocessing of kerbside collected recycling. This lack of available treatment capacity is causing an increase in reprocessing treatment costs now and will continue to do so in the short to medium term in the future.	Robert Hoof	Robert Hoof	Catastrophic	Almost Certain	25	High (Risk) / Low (Opportunities)	Catastrophic	Likely	20	High (Risk) / Low (Opportunities)
GEE31	Coastal Erosion / Land Instability at Cowbar	The issue of coastal erosion and land stability is nothing new, however the impact of climate change and recent incidents are making this a real concern now and in the near future. This could cause potential risk to life and property, financial risk to mitigate the impact, legal challenge in relation to the Council's responsibilities, reputational risk from perceived inaction or response and an impact on local residents and partner organisations.	Robert Hoof	Robert Hoof	Major	Almost Certain	20	High (Risk) / Low (Opportunities)	Major	Almost Certain	20	High (Risk) / Low (Opportunities)
GEE32	Flooding	There has been an increase in the concerns relating to flooding of the highway for which the council has responsibility, and flooding of council land and residential properties resulting from water run off from private land. It is likely that this will be an increasing problem as a result of climate change in coming years.	Robert Hoof	Robert Hoof	Major	Almost Certain	20	High (Risk) / Low (Opportunities)	Major	Almost Certain	20	High (Risk) / Low (Opportunities)
RG17	Non-compliance with data protection legislation because of inadequate records management practices across the Council.	Non-compliance with the requirements of data protection legislation including the Data Protection Act 2018 and the UK GDPR because of records management practices across all council directorates. Outdated policies, inadequate disposal of documents and poor handling practices could lead to claims by data subjects, Information Commissioner's intervention, penalties and / or reputational damage for the Council.	Steven Newton	Steven Newton	Major	Almost Certain	20	High (Risk) / Low (Opportunities)	Major	Possible	12	Medium

Member Report

Corporate & Ombudsman Complaints Monitoring Annual Report for 2021/2022



Public

To:	Governance Committee	Date:	28 November 2022
From:	Managing Director (Head of (Paid Services)	Decision type:	For information
Portfolio:	Resources	Forward Plan reference:	
Priority:	All Priorities		
Ward(s)			

1 What is the recommendation?

- 1.1 It is recommended that Members note the summary of complaints activity received from the Local Government and Social Care Ombudsman (LGO) in their annual letter and the information on the various Corporate Complaints processed in the last financial year.
- 1.2 This report is to provide Members with a summary of the annual complaints review, received from the Local Government and Social Care Ombudsman for the period from 1st April 2021 to 31st March 2022 and to give an overview of actions taken in response to the complaints where relevant. It is essential to report concerns and service failures as the public experience of local services is at the heart of our thinking and it is hoped feedback, which provides valuable insight into the Councils services, will be useful to detect early warning signs of problems and to make plans for the future.

2 What part of the Corporate Plan does this report deliver and how, and what options have been considered?

- 2.1 This report supports our goal to drive change and improvement across Council services. The Corporate Complaints Procedure has an accessible, informal, and resolution-focussed system. Where possible, issues raised will be dealt with at an early, informal stage to resolve the concerns. However, if this does not address the complaint fully then the complaints procedure can be used.

The summary of the complaint stages are as follows:

- Stage 1 – Nominated officer will investigate and provide written response within 20 days
- Stage 2 – If the complainant remains dissatisfied at this stage, they can request a stage 2 review. At Stage 2, a senior officer will investigate and provide response within 20 days.
- Stage 3 – a complaint review panel, is a discretionary stage and not all complaints will progress to this stage. The Monitoring Officer undertakes an assessment of proportionality to decide whether an Independent Review Panel is appropriate. The panel is made up of independent panel members and councillors who sit on the Governance committee.
- Ombudsman – An individual can choose to refer their complaint to the LGO, who will decide whether they will investigate the complaint.

2.2 Each year the LGO will issue an Annual Letter, which summarises all the complaints they have considered. (Appendix 1)

3 Corporate Complaints Received 2021-2022 Financial Year

3.1 The table below shows details of the corporate complaints received during the period of 1st April 2021 to 31st March 2022

Stage 1	90	Total of Corporate Complaints received
Stage 2	27	Complaints progressed to next stage in process
Stage 3	12 requested	Monitoring Officer reviewed correspondence on each complaint and considered the merits of invoking Stage 3, which is not always appropriate depending on the nature of the complaint.
	3 accepted for a panel hearing	Of the remaining 9 complaints, 6 complaints were directed to the LGO for consideration and 3 were regarded as a challenge to legislation or legal liability of the complaint, which the panel would not be able to consider.

3.2 Dissatisfied complainants always have recourse to the LGO, and some prefer to trust the independence this body can provide. However, the level of complaints being resolved prior to referral to the LGO would suggest that our arrangements are effective in many cases.

3.3 During the previous year 2020/21, 58 complaints were received at Stage 1, with 17 of those progressing to Stage 2 and 6 requesting Stage 3. However, it is difficult to make any useful comparison with the previous year in terms of complaint levels, due to the impact of covid.

3.4 Due to difficulties with the availability of panel members, which was resolved by the review of the Complaint and Compliments Procedure in July 2021, two additional panels were arranged from complaints received from the previous financial period of 2020-2021.

3.5 The table below summarises the outcomes of the Stage 3 panel hearings from 2021/22, and the 2 panels from previous financial year, 5 panels in total were held.

3.6

Complaint	Outcome
<p>The complaint related to a Covid-related grant application, communication and response time.</p> <p>The complainant disagreed that his application for the Local Restrictions Support Grant (closed) be denied.</p>	<p>The Panel <u>UPHELD</u> the complaint that there were delays in relation to the grant application and the correspondence with the Council in general. The Council had previously apologised and explained the reasons for the delays (due to the exceptional circumstances of the COVID Pandemic).</p> <p>The Panel did <u>NOT UPHOLD</u> the complaint in relation to the Local Restrictions Grant (Closed) application. The evidence seen by the Panel, indicated that the exemptions were applied correctly. The Panel therefore found that the Council did not maladminister the grant.</p> <p>No Panel Recommendations were made.</p>
<p>The complaint related to an appeal against their child being placed into a mainstream secondary school. The complainant claimed there were unreasonable delays in arranging a suitable specialist school.</p>	<p>The Panel <u>UPHELD</u> the complaint and agreed that there had been delays in the child's placement and this was of particular concern.</p> <p>The Panel noted that a review of the commissioning process had been reported in the Stage 2 dated 22 April. However, it was disappointed that, despite knowing since 14 May that the matter was proceeding to a Stage 3, there did not appear to be any definitive progress made or a date for its conclusion.</p> <p>The Panel was concerned that the overall process did not, at that time, appear to be operating in the interests of pupils or their families, leading to the potential for children to be taught in schools which are not suitable</p>

	<p>for them for extended periods. It is vital, in the view of the Panel, that parents are aware of their options from the earliest stage and that they are made to feel engaged with a process which is efficient at all stages.</p> <p><u>Panel Recommendations</u></p> <p>The process of school placement for pupils with Education, Health & Care Plans (from the first discussion between parents, the school & SEN Co-ordinators, through commissioning to final placement) be reviewed urgently with a view to ensuring that the process can be accelerated whilst at the same time engaging better with families.</p> <p>Since the Panel understands that this review has been ongoing since April 2021, it is recommended that the review's conclusions be made available by 23 December 2021.</p> <p>It is recommended that the Corporate Director for Children & Families write to the complainant to confirm the action that has being taken and also, on completion of the review mentioned above, send a copy of the findings, indicating how the process has been improved so that parents in the future will not have the same experience.</p> <p><u>The Director accepted the recommendations and the following actions taken:</u></p> <p>The Corporate Director wrote to the complainant on the 01/12/21 detailing the actions that have been taken which are:</p> <ul style="list-style-type: none"> • Update SENCO's on the need to provide parents with information on their options moving forward for children who are not managing in mainstream and ensure that discussions take place at year 5 reviews. • A formal feedback report written on the actions taken to tighten up on the process for commissioning places, which have included engaging with parent.
<p>The complaint related to a licence application for Guisborough Town Football Club.</p>	<p>In relation to the licence granted to the Football Club, which had been referred to as a "rolling open ended licence", and which the complainant believed was intended to be a more permanent arrangement, the complaint was <u>NOT UPHELD</u>. The Panel were informed that the licence is terminable on 28 days' notice, and that it had been made clear to the club that any expenditure on fixtures or fittings would be at their own risk. The Panel were satisfied that the Council had the power to grant a licence to the football club in this manner, and that it was not a permanent disposal. The Panel were satisfied with the reasons why the licence was granted and why a disposal by way of Community Asset Transfer was not considered appropriate.</p> <p>With regard to the complaint about the grant of planning permission, the complaint was <u>NOT UPHELD</u>. Although the complainant disagreed with the decision which was reached, the Council had followed the relevant procedures as required under the planning legislation. The panel were unable to consider the complaints about a lack of justifiable reasons for the Planning Committee's decision, as this was outside the Panel's remit; other means are available for appealing against planning decisions. The Panel was satisfied that Sport England had been consulted as a statutory consultee. In relation to the disparity between the consultation periods quoted in letters and notices, the Council had acted properly by extending the consultation period to the later of the two dates that had been stated.</p> <p>Photographs were submitted to the panel which appear to show problems arising with car parking in the vicinity of the playing field.</p> <p><u>Panel Recommendations</u></p> <p>In light of the photographic evidence, the Council should review traffic levels in the vicinity of the King George V Playing Fields, to determine whether a Traffic Regulation Order is now necessary.</p>

	<p><u>The Assistant Director of Environment accepted the recommendations and the following actions taken:</u></p> <ul style="list-style-type: none"> Monitoring of traffic levels are currently underway in and around the area of King George V Playing Fields to ascertain if there is a requirement for a TRO.
<p>This complaint related to the provision of care and respite care for the complainants son over an 18-month period between March 2020 and July 2021.</p>	<p>In relation to the complaint about incidents at the care unit the complaint was – <u>PARTIALLY UPHELD</u>. The Panel agreed that it was unacceptable that the care provider had completely failed to respond to the complainant about her concerns. The Panel also felt that that there seemed to be an impression that officers were saying there was nothing more they could do. The Panel expressed the view that this was far from satisfactory, and it was this element of the complaint that was upheld. The Council were ultimately responsible for the care needs and therefore should explore whether there was anything which could be done contractually to require the care unit to address the complaints.</p> <p>With regard to the complaint about the lack of service provision the complaint was – <u>UPHELD</u>. The Panel found that although there was no evidence that the Council was not working to find a placement or that the lack of a placement to date had been motivated by financial reasons rather than availability (and those elements of the complaint were NOT upheld), if care is required and it is not being provided then that is clearly a failure. If the Council had assessed that respite care was needed but no external providers were able to offer a placement the Panel was unsure what more could be done, save for attempting to insource support or offering a placement with a provider geographically much further away, which may not be acceptable.</p> <p>The Panel had enormous sympathy with the complainant’s position. It felt that whilst no one at the Council individually appears to have done anything wrong and that appears to be a market failure by external service providers, it could understand the complainant’s frustrations with the lack of a respite care and the lack of a response from the service provider.</p> <p><u>Panel Recommendations</u></p> <p>That the Council should explore whether it would be possible and viable for the Council to employ staff itself to provide the required level of respite care for the complainant’s son if that level of care is not available externally.</p> <p><u>The Director accepted the recommendations and the following actions taken:</u></p> <p>On behalf of the Corporate Director for Children & Families – the Assistant Director – Performance, Quality and Partnership wrote to the complainant on the 20/04/22 replying to the recommendations made by the Panel.</p> <p>The letter informed the claimant that for the Local Authority to resource the respite care by employing staff, the Council would also require accommodation that was registered by OFSTED. The council do not have this accommodation and it would be unlawful for the Council to provide care to a child in accommodation that was not registered and regulated by OFSTED.</p>
<p>This complaint related to non-collection of the complainants green waste bins, fly tipping around the complainant’s estate and cars using paths next to the complainant’s property.</p>	<p>Regarding the non-collection of the green waste bins, the complaint was <u>PARTIALLY UPHELD</u>. The Council did not communicate to the complainant effectively about the collection of his green waste bin. Although the garden bin has now been removed as requested, it was not felt that this was a satisfactory solution, because the complainant still needs to dispose of grass cuttings.</p>

	<p>In relation to the fly tipping the complaint is UPHELD. The Council acknowledged that the complaint has taken longer than it should have to resolve. Some of those issues appear to have been related to covid and communication with Beyond Housing. However, the situation seems to have improved, and it is believed the complainant has now a more effective route to address these issues, should problems occur again.</p> <p>The complaint regarding vehicles using the path adjacent to the complainant's property is UPHELD because of the continuing delay in dealing with the matter. The Panel hopes that the actions proposed by the Council will address the problem.</p> <p><u>Panel Recommendations</u></p> <p>Officers liaise with the complainant to:</p> <p>(a) make arrangements for the return of the complainant's garden bin (b) discuss the arrangements for regular bin collection.</p> <p>No recommendations were made in respect of complaints regarding fly tipping and cars using paths because the complainant has indicated that they are happy with the actions being proposed to resolve the problems.</p> <p><u>The Assistant Director for Environment accepted the recommendations and the following actions taken:</u></p> <ul style="list-style-type: none"> Garden bin returned to the complainant and regular communication has been established with a named Council contact
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3.7 Ombudsman Activity

The annual review letter was received from the Ombudsman on 20 July 2022 (see appendix 1) detailing complaints for the year ending 31 March 2022. 30 complaints were received by the LGO of which, 24 resulted in no further action being taken as no fault was found by the Council actions. The remaining 6 cases resulted in a detailed investigation and 5 of these were upheld

3.8 In comparison with previous years:

Year ending 31 March	Complaints made to LGO	Investigated	Upheld	Not Upheld
2022	30	6	5	1
2021	16	7	5	2
2020	31	4	1	3
2019	28	10	5	5
2018	34	6	5	1
2017	27	7	4	3
2016	39	5	1	4
2015	39	6	3	3

3.9 Benchmarking with the Tees Valley area shows some consistency.

	Investigations	Upheld	Not Upheld	% upheld
Redcar	6	5	1	83
Darlington	6	5	1	83
Hartlepool	5	1	4	20
Middlesbrough	13	10	3	77
Stockton	13	5	8	38
Nationally				64%

3.10 Upheld Complaints and Organisational Learning

During an Ombudsman investigation, the Council is required to fully cooperate by providing answers to questions, provide supporting evidence, provide documents and policies and to explain any rationale behind decisions. The Ombudsman will take a decision based on their investigation and suggest a remedy where this is appropriate. The details of most complaints are anonymised and published by the Ombudsman on their website. Below is a summary of the five complaints that have been upheld this year:

Adult Care Services – 21 007 639

Mr X complained the Council did not properly discuss his care package with him, delayed contacting him about his financial assessment, sent letters to the wrong address and failed to discuss with him how he could address the arrears which accrued. The Council was at fault when it failed to clarify consent with Mr X, did not keep him updated about his hospital discharge and sent his financial information to the wrong address. There was no fault in the way it calculated his contribution to his care charges. The Council properly investigated Mr X's complaint and has taken action to address the faults it identified. It has agreed to apologise to Mr X and pay him £250 to acknowledge the distress and frustration caused by the faults.

Education – 20 011 669

Ms X complained the Council did not appropriately investigate her complaint about its refusal to supervise contact between her grandchild and their father. The Council was at fault. This caused Ms X uncertainty about whether the Council's decision that it could not supervise the contact was taken correctly. The Council has agreed to appropriately investigate Ms X's complaint under the children's statutory complaints procedure.

Adult Care Services – 20 006 386

Mr X complains the Council hasn't dealt properly with care needs for his mother, Mrs Y. The Council did not complete Mrs Y's assessment properly and delayed identifying the appropriate care needed by Mrs Y. Mr X and Mrs Y suffered distress. The Council has identified service improvements necessary and has agreed to pay Mr X and Mrs Y £200 each for distress.

Adult Care Services – 21 008 840

Miss X's complaint about how the Council dealt with safeguarding concerns about her son. She is not a suitable person to complain on behalf of her son. There is no fault in the Council not allowing Miss X to attend the safeguarding meeting. The Council has apologised for the delay in sending Miss X the outcome of the safeguarding meeting and this is a suitable remedy.

Planning – 21 014 262

This complaint about the Council's decision to grant a license for two football pitches as we have not seen evidence of fault in the licensing process. Nor will we investigate the complaint about the Council's decision to grant planning permission to erect a three-metre fence. Any injustice suffered by the complainant is not significant enough to justify involvement. And we cannot achieve the outcome sought. ***

*** Please note further correspondence has been sent to the LGO with regards to this complaint to ascertain if the outcome of the complaint has been recorded incorrectly and should have been recorded as 'not upheld' in the Annual Review letter 2021/22.

4 What are the risks and resource implications?

Type of Risk / Implication	Details
Climate Emergency Impact	There is no specific impact arising from this report.
Health and Safety	There are no direct implications from this report on Health and Safety.
Social Value	An effective complaints system is one which helps an organisation to learn. The oversight and governance of complaints and working with Ombudsman Investigators to remedy any maladministration, provides an opportunity to contribute to Business Improvement.
Legal	Corporate complaints processing is not a statutory function, but it is good practice and a policy of the Council incorporated in the Constitution. It is a requirement to work with the Local Government and Social Care Ombudsman to address dissatisfaction.
Financial	There are no direct implications from this report on Financial resources.
Human Resources	There are no direct implications from this report on Human Resources.
Equality and Diversity	There are no direct implications from this report on equality and diversity.
Other (please specify)	None

5 Who has been consulted and engaged?

This report is based on the Annual Letter received from the LGO and both the Resources Directorate Management Team and the Executive Management Team have been consulted in this report and support the commitment and continuous improvement of Corporate Complaints management.

6 Appendices and further information

6.1 Appendix 1 – Local Government & Social Care Ombudsman Annual Review Letter 2022.

7 Background Papers

7.1 No further background papers were used in writing this report

8 Contact officer

8.1 Name: Vikki Smith
Position: Assistant Director – Corporate Resources
Address: Redcar and Cleveland House
Telephone: 01642 444056
Email: vikki.smith@redcar-cleveland.gov.uk

20 July 2022

By email

Mr Sampson
Head of Paid Service
Redcar & Cleveland Council

Dear Mr Sampson

Annual Review letter 2022

I write to you with your annual summary of complaint statistics from the Local Government and Social Care Ombudsman for the year ending 31 March 2022. The information offers valuable insight about your organisation's approach to complaints. As such, I have sought to share this letter with the Leader of your Council and Chair of the appropriate Scrutiny Committee, to encourage effective ownership and oversight of complaint outcomes, which offer such valuable opportunities to learn and improve.

Complaint statistics

Our statistics focus on three key areas that help to assess your organisation's commitment to putting things right when they go wrong:

Complaints upheld - We uphold complaints when we find fault in an organisation's actions, including where the organisation accepted fault before we investigated. We include the total number of investigations completed to provide important context for the statistic.

Compliance with recommendations - We recommend ways for organisations to put things right when faults have caused injustice and monitor their compliance with our recommendations. Failure to comply is rare and a compliance rate below 100% is a cause for concern.

Satisfactory remedy provided by the authority - In these cases, the organisation upheld the complaint and we agreed with how it offered to put things right. We encourage the early resolution of complaints and credit organisations that accept fault and find appropriate ways to put things right.

Finally, we compare the three key annual statistics for your organisation with similar authorities to provide an average marker of performance. We do this for County Councils, District Councils, Metropolitan Boroughs, Unitary Councils, and London Boroughs.

Your annual data, and a copy of this letter, will be uploaded to our interactive map, [Your council's performance](#), on 27 July 2022. This useful tool places all our data and information about councils in one place. You can find the detail of the decisions we have made about your

Council, read the public reports we have issued, and view the service improvements your Council has agreed to make as a result of our investigations, as well as previous annual review letters.

Supporting complaint and service improvement

I know your organisation, like ours, will have been through a period of adaptation as the restrictions imposed by the pandemic lifted. While some pre-pandemic practices returned, many new ways of working are here to stay. It is my continued view that complaint functions have been under-resourced in recent years, a trend only exacerbated by the challenges of the pandemic. Through the lens of this recent upheaval and adjustment, I urge you to consider how your organisation prioritises complaints, particularly in terms of capacity and visibility. Properly resourced complaint functions that are well-connected and valued by service areas, management teams and elected members are capable of providing valuable insight about an organisation's performance, detecting early warning signs of problems and offering opportunities to improve service delivery.

I want to support your organisation to harness the value of complaints and we continue to develop our programme of support. Significantly, we are working in partnership with the Housing Ombudsman Service to develop a joint complaint handling code. We are aiming to consolidate our approaches and therefore simplify guidance to enable organisations to provide an effective, quality response to each and every complaint. We will keep you informed as this work develops, and expect that, once launched, we will assess your compliance with the code during our investigations and report your performance via this letter.

An already established tool we have for supporting improvements in local complaint handling is our successful training programme. We adapted our courses during the Covid-19 pandemic to an online format and successfully delivered 122 online workshops during the year, reaching more than 1,600 people. To find out more visit www.lgo.org.uk/training.

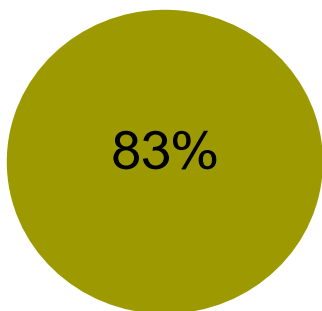
We were pleased to deliver four online complaint handling courses to your staff during the year. I welcome your Council's investment in good complaint handling training and trust the courses were useful to you.

Yours sincerely,



Michael King
Local Government and Social Care Ombudsman
Chair, Commission for Local Administration in England

Complaints upheld



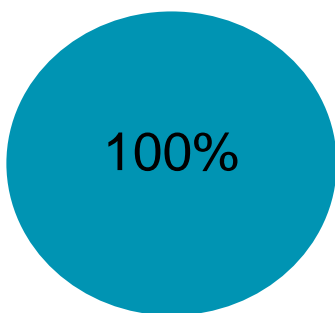
83% of complaints we investigated were upheld.

This compares to an average of **64%** in similar organisations.

5
upheld decisions

Statistics are based on a total of **6** investigations for the period between 1 April 2021 to 31 March 2022

Compliance with Ombudsman recommendations



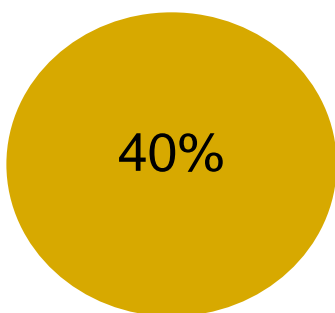
In **100%** of cases we were satisfied the organisation had successfully implemented our recommendations.

This compares to an average of **99%** in similar organisations.

Statistics are based on a total of **3** compliance outcomes for the period between 1 April 2021 to 31 March 2022

- Failure to comply with our recommendations is rare. An organisation with a compliance rate below 100% should scrutinise those complaints where it failed to comply and identify any learning.

Satisfactory remedy provided by the organisation



In **40%** of upheld cases we found the organisation had provided a satisfactory remedy before the complaint reached the Ombudsman.

This compares to an average of **12%** in similar organisations.

2
satisfactory remedy decisions

Statistics are based on a total of **5** upheld decisions for the period between 1 April 2021 to 31 March 2022

Governance Committee	Relevance to Remit of Committee	Officer Lead	25-Jul 2022	26-Sep 2022	28-Nov 2022	06-Feb 2023	w/c 13 March 2023	24-Apr 2023
Internal Audit and Assurance Functions - Veritau								
Internal Audit work programme – progress reports	Internal Audit is a statutory service under the Accounts and Audit Regulations 2015 and PSIAS. An authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes.	Veritau		X	X	X		
Internal Audit 22/23 work programme consultation		Veritau				X		
Internal audit 2022/23 indicative work programme		Veritau						X
Internal Audit and Assurance year end report		Veritau	X					
Counter Fraud framework update		Veritau		X				
External Audit Functions - Mazars								
Annual Audit Strategy Memorandum	External auditors in the public sector give a statutory independent opinion on public bodies' financial statements and comment on the conduct of their financial affairs and the management of performance and resources.	GB/CD						X
Audit Completion Report		GB/CD			X	X		
Auditor's Annual Report, including the Value for Money review and final audit completion certificate		GB/CD					X	
Audit Progress Report		GB/CD	X			X		X
Governance Functions								
Review of Financial Procedure Rules	An authority must ensure that it has a sound system of internal control covering the effective exercise of its functions, the achievement of its aims and objectives, the effective financial and operational management of the authority; and the effective management of risk.	PW/RD						X
Review of Contract Procedure Rules		AN						X
Review of Treasury Management Policies & Update		PW/RD				X		
Review of Accounting Policies & Update		PW/RD						X
CIPFA Financial Management Code Review								X
Review of RIPA return		CS			X			
Annual Insurance Update		VS	X					
Risk Management and risk register update		VS			X			X
Annual Ombudsman Letter - (stage 3 complaints)		VS			X			
Annual Business Continuity Policy		VS		X				
Information Governance - annual assurance report	AD				X			
Financial Statements								
Draft Statement of Accounts (Full & Summary)	An authority must ensure that it has effective financial management.	RD	X					
Acceptance of the Statement of Accounts	A statement of accounts prepared by an authority must be prepared in accordance with the Accounts & Audit Regulations; and use proper practices.	RD			X	X		
Acceptance of the Annual Governance Statement		AP				X		
Agreeing the Letter of Representation		PW				X		
Director & Committee Assurances		PW				X		
Recommendation to opt in to the Public Sector Appointments Authority		RD						
Progress review of Annual Governance Statement		AP	X					X
Committee Cycle & Deadlines								
Meeting Dates			25-Jul-22	26-Sep-22	28-Nov-22	06-Feb-23	13-Mar-23	24-Apr-23
Agenda Despatch		DB	14/07/22	15/09/22	17/11/22	26/02/23	02/03/23	13/04/23
Final Reports		ALL						
Pre Committee Meeting		Chair						
Pre Agenda Meeting (Officer)		JS						
Draft Reports		ALL						