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To: Chair & Members of the Audit &
Corporate Overview Scrutiny Committee

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Friday, 16th July 2021

Dear Councillor

AUDIT & CORPORATE OVERVIEW SCRUTINY COMMITTEE

You are hereby summoned to attend a meeting of the Audit & Corporate Overview Scrutiny Committee of the Bolsover District Council to be held in the Council Chamber, The Arc, Clowne on Tuesday, 27th July, 2021 at 14:00 hours.

Register of Members' Interests - Members are reminded that a Member must within 28 days of becoming aware of any changes to their Disclosable Pecuniary Interests provide written notification to the Authority's Monitoring Officer.

You will find the contents of the agenda itemised from page 2 onwards.

Yours faithfully



Solicitor to the Council & Monitoring Officer



Bolsover
District Council

We speak your language
Polish **Mówimy Twoim językiem**
Slovak **Rozprávame Vaším jazykom**
Chinese **我们会说你的语言**

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AUDIT & CORPORATE OVERVIEW SCRUTINY COMMITTEE AGENDA

Tuesday, 27th July 2021 at 14:00 hours in the Council Chamber, The Arc, Clowne

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| 1. | Apologies For Absence | |
| 2. | Urgent Items of Business | |
| | To note any urgent items of business which the Chairman has consented to being considered under the provisions of Section 100(B) 4(b) of the Local Government Act 1972. | |
| 3. | Declarations of Interest | |
| | Members should declare the existence and nature of any Disclosable Pecuniary Interest and Non Statutory Interest as defined by the Members' Code of Conduct in respect of: | |
| | a) any business on the agenda | |
| | b) any urgent additional items to be considered | |
| | c) any matters arising out of those items and, if appropriate, withdraw from the meeting at the relevant time. | |
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| | Report of the Director of Corporate Resources; | |
| 10. | Strategic Risk Register and Partnership Arrangements | 96 - 113 |
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| 11. | Summary of progress on the 2020/21 Internal Audit Plan | 114 - 118 |
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AUDIT COMMITTEE

Notes of an inquorate meeting of the Audit Committee of the Bolsover District Council held as a hybrid meeting both virtually and in the Council Chamber, The Arc, Clowne on Tuesday 27th April 2021 at 1400 hours.

PRESENT:-

Members:-

Councillor Tom Munro in the Chair

Councillors David Dixon and Ruth Jaffray (Co-opted Member).

Officers:- Lee Hickin (Director of Corporate Resources), Mark Sturridge (MAZARS), (Theresa Fletcher (Head of Finance & Resources), Jenny Williams (Internal Audit Consortium Manager), Alison Bluff (Governance Officer) and Tom Scott (Governance Officer).

AUD27-20/21 APOLOGIES

Apologies for absence were received on behalf of Councillors Chris Kane, Tom Kirkham and Jim Clifton.

Councillors Tom Munro and David Dixon agreed that the meeting continue in an inquorate capacity and that the Minutes of the last meeting and the two reports on the agenda requiring endorsement be presented to the next meeting of Audit Committee.

AUD28-20/21 URGENT ITEMS OF BUSINESS

There were no urgent items of business.

AUD29-20/21 DECLARATIONS OF INTEREST

No declarations of interest were made.

AUD30-20/21 MINUTES – 26TH JANUARY 2021

The Minutes of the Audit Committee meeting held on 26th January 2021 would be presented to the next meeting of Audit Committee for approval.

(Governance Manager)

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AUD31-20/21 CHANGE TO ORDER OF BUSINESS TO THAT STATED ON THE AGENDA

The Chair consented to a change in order of business to that stated on the agenda. Agenda item 9 – Risk Management, report of the Director of Corporate Resources would be heard as the first item.

AUD32-20/21 REPORT OF THE DIRECTOR OF CORPORATE RESOURCES – RISK MANAGEMENT

Members considered a report of the Director of Corporate Resources which provided an update on the position regarding the Council's Risk Management arrangements and Strategic Risk Register as at April 2021.

The Council had a robust Risk Management Strategy and Action Plan in place which enabled the Council to manage the many and varied risks facing the Organisation. The approach to managing risks was applied within decision making processes and was continuous with a structured review process overseen by the Risk Management Group.

The Risk Management Group, which was Member and officer led, provided a comprehensive oversight of risk throughout the organisation and was the conduit to and from the whole organisation in terms of risk management. The group was also responsible for risk management reporting to stakeholder groups across the Council, including this Committee, and supported the production of the Annual Governance Statement.

At its meeting held on 20th January 2021, the group had reviewed the Strategic Risk Register and Property Service's Operational Risk Register. Comments, observations and suggestions made from those reviews were detailed in the report for Committee's information.

The Director of Corporate Resources drew the meetings attention to STR12 in the Register, (*Cyber security attack which severely impacts ICT systems and data, e.g., ransomware attack rendering access to ICT unavailable for some time*), and noted that the group had agreed that this be elevated from an operational risk to a strategic risk due to staff working from home during the current Covid 19 pandemic.

With regard to audit, the Internal Audit Consortium Manager had advised the group that recent audit work had not identified any major control risks due to Covid 19, and the Audit Plan 2021/2022 has been considered by the Risk Management Group.

The Director of Corporate Resources advised that he was currently developing a training pack in relation to risk management, for staff, managers and Members.

In response to a Member's query, the Director of Corporate Resources confirmed that the Partnership and Project Risk Registers related to any partnership and any project that the Council would associate with.

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Members expressed approval and agreed that the report was a well thought out comprehensive document and the Chair requested that the Director of Corporate Services relay this to the Risk Management Group.

PROPOSED that the report be noted.

The Director of Corporate Services left the meeting.

AUD33-20/21 REPORT OF THE COUNCIL'S EXTERNAL AUDITOR, MAZARS – AUDIT STRATEGY MEMORANDUM YEAR ENDING 31ST MARCH 2021

Members considered a report of the Council's External Auditor, Mazars, in relation to their Audit Strategy Memorandum for the year ending 31st March 2021.

Mark Sturridge presented MAZARS Audit Strategy Memorandum for Bolsover District Council and explained that the purpose of the document was to summarise MAZARS audit approach, highlight significant audit risks and areas of key judgements and provide Members with the details of MAZARS audit team.

A new area for audit review was the Government's grant funding in relation to the Covid 19 Pandemic – a financial statement risk would require some additional scrutiny and how the grants had been accounted for – some would feature in the financial statements and some would not and Mazars would ensure the correct accounting treatment had been followed.

With regard to Value for Money, Mazars were required to form a view as to whether the Council had made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The National Audit Office issued guidance to auditors that underpinned the work they were required to carry out in order to form their view and set out the overall criterion and sub-criteria that auditors were required to consider.

The new Code of Audit Practice (the Code) had changed the way in which auditors reported their findings in relation to Value for Money (VFM) arrangements from 2020/21. Mazars were still required to be satisfied that the Council had proper arrangements in place and to report where they had identified significant weaknesses in arrangements. However, the key output of Mazars work on VFM arrangements would now be a commentary on the Council's arrangements which would form part of the Auditor's Annual Report.

It was a fundamental requirement that an auditor was, and was seen to be, independent of its clients and section 7 of the document summarised Mazars considerations and conclusions on their independence as auditors.

PROPOSED that the report be noted.

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AUD34-20/21 REPORT OF INTERNAL AUDIT – SUMMARY OF PROGRESS ON THE 2020/2021 INTERNAL AUDIT PLAN

Members considered a report of the Internal Audit Consortium Manager which provided a summary of progress on the 2020/2021 Internal Audit Plan.

Appendix 1 to the report provided a summary of 5 reports issued between 1st January 2021 and 9th April 2021. In this period, 4 reports had been issued with substantial assurance and 1 with reasonable assurance. The Appendix showed for each report the number of recommendations made/agreed where a full response had been received.

In respect of these audits it was confirmed that no issues relating to fraud were identified.

Appendix 2 to the report showed the 2020/21 Internal Audit Plan and detailed the audits completed and those still in progress. Where audits would not be completed in the current financial year, they had been considered for inclusion in the 2021/22 Internal Audit Plan following a risk assessment exercise, and consultation with Strategic Alliance Management Team.

A full annual report would be presented to the July Audit Committee meeting and this would summarise all audits completed in the year with their conclusions.

PROPOSED that the report be noted.

AUD35-20/21 REPORT OF INTERNAL AUDIT – INTERNAL AUDIT PLAN 2021/2022

Members considered a report of the Internal Audit Consortium Manager in relation to the Internal Audit Plan 2021/2022.

A summary of the internal audit plan for 2021/22 was provided in the report with the detailed plan shown in Appendix 1.

The audit plan was designed to provide assurance that the significant risks identified as part of the risk assessment process were being managed effectively. If additional risks were identified and/or there were changes to priorities during the year, the plan would be reconsidered. Any significant changes to the plan would be reported back to the Committee for approval.

The Internal Audit Consortium Manager advised the meeting that the number of contingency days in the plan had been increased to allow for coverage of any unforeseen or emerging risks. A number of reserve audit areas had also been identified and whilst every effort would be made to complete the 2021/22 planned areas first, a list of reserved areas provided more flexibility. At certain times of the year, particularly year-end and, for example during lockdown, there could be legitimate reasons why an audit was not feasible at a particular time. If the contingency days were not required then these would be utilised on the reserve areas.

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Committee was asked to note that the frequency of some audits would be reduced over the following few years whilst the reduction in the number of audits completed in 2020/21 due to COVID-19 was caught up on.

An annual report summarising the outcome of the 2020/21 internal audit plan will be presented to this Committee after the year-end.

The 2021/2022 Internal Audit Plan report would be presented to the next meeting of Audit Committee for approval.

(Internal Audit Consortium Manager/Governance Manager)

AUD36-20/21 REPORT OF INTERNAL AUDIT – CIPFA FRAUD AND CORRUPTION TRACKER SURVEY RESULTS

Members considered a report of the Internal Audit Consortium Manager in relation to the results of CIPFA's Fraud and Corruption Tracker Survey 2019/2020.

The CIPFA Counter Fraud Centre was launched in July 2014 to fill the gap in the UK fraud arena following the closure of the National Fraud Authority and the Audit Commission.

CIPFA's Fraud and Corruption Tracker (CFaCT) survey was undertaken in 2020 and provided a national picture of fraud, bribery and corruption in local government. The key findings of the 2019/2020 survey were detailed in the report.

The Council took the risk of fraud very seriously and had a range of measures in place to reduce the risk of fraud occurring. All departments at BDC were asked to provide any relevant data for the CIPFA survey and a nil return was submitted for each area.

The Council's approach of zero tolerance towards fraud was set out in the Council's Anti-Fraud and Bribery and Corruption Policy, which was approved at the October 2015 meeting of this Committee. The policy was in the process of being refreshed but had been delayed due to Covid 19.

A Member queried if the CIPFA survey provided a percentage breakdown of councils' internal and external fraud. The Internal Audit Consortium Manager advised that the survey had not provided this but she would enquire with CIPFA to see if they held this information.

PROPOSED that the results of the survey be noted.

AUD37-20/21 REPORT OF THE HEAD OF FINANCE & RESOURCES – NEW FINANCIAL MANAGEMENT CODE

Members considered a report of the Head of Finance & Resources in relation to a new CIPFA Financial Management Code (FM Code).

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The general financial management of a local authority in the UK has been governed by primary legislation, regulation and professional standards but not supported by a professional code.

In December 2019, the Chartered Institute of Public Finance and Accountancy (CIPFA), published a Financial Management code to assist local authorities in demonstrating their financial sustainability through a set of standards of financial management. The code had been applicable in shadow form during 2020/21 with compliance expected from 2021/22.

The Code focused on value for money, governance and financial management styles, financial resilience and financial sustainability. It identified the risks to financial sustainability and introduced an overarching framework of assurance which built on existing financial management good practice.

Demonstrating compliance with the FM Code was a collective responsibility of Elected Members, the Chief Finance Officer (Head of Finance and Resources) and the Corporate Leadership Team.

From 2021/22, the Council's external auditors would have regard to the FM Code and would be looking to ensure that the Council was meeting it. Furthermore, CIPFA guidance issued in February 2021 stated that the Council's Annual Governance Statement for 2020/21, should include the overall conclusion of the assessment of the organisation's compliance with the principles of the FM Code. Where there were outstanding matters or areas for improvement, these should be included in an action plan.

To ensure that the Council met the FM Code in 2021/22, the Council's Internal Audit Consortium carried out an audit during September 2020, which concluded that the Council already complied with the majority of the FM Code requirements. However, 3 recommendations were raised which were being implemented during 2021/22.

PROPOSED that the report be noted.

AUD38-20/21 REPORT OF THE HEAD OF FINANCE & RESOURCES – AUDIT COMMITTEE WORK PROGRAMME 2020/2021

Members considered a report of the Head of Finance & Resources in relation to the Committee's Work Programme 2020/2021.

The agenda items requiring approval at this meeting would be included on the Work Programme for the next meeting.

PROPOSED that the Audit Committee Work Programme 2020/2021 be noted.

(Head of Finance & Resources/Governance Manager)

The meeting concluded at 1445 hours.

AUDIT COMMITTEE

Minutes of a meeting of the Audit Committee of the Bolsover District Council held in the Virtual Meeting on Tuesday, 26th January 2021 at 14:00 hours.

PRESENT:-

Members:-

Councillor Tom Munro in the Chair

Councillors R. Jaffray (Vice-Chair), Jim Clifton, David Dixon, Chris Kane and Tom Kirkham.

Officers:- Theresa Fletcher (Head of Finance & Resources and Section 151 Officer), Lee Hickin (Director of Corporate Resources), Jenny Williams (Internal Audit Consortium Manager) and Tom Scott (Governance Officer).

Also in attendance at the meeting was Councillor Clive Moesby (Portfolio Holder for Finance and Resources) and Mike Norman (MAZARS).

AUD16-20/21 APOLOGIES FOR ABSENCE

There were no apologies for absence.

AUD17-20/21 URGENT ITEMS OF BUSINESS

There were no urgent items of business to consider.

AUD18-20/21 DECLARATIONS OF INTEREST

Members were requested to declare the existence and nature of any disclosable pecuniary interests and/or other interests, not already on their register of interests, in any item on the agenda and withdraw from the meeting at the appropriate time.

There were no declarations of interest made.

AUD19-20/21 MINUTES

Moved by Councillor Tom Munro and seconded by Councillor Jim Clifton

RESOLVED that the Minutes of an Audit Committee meeting held on 15th September 2020 be approved as a correct record.

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AUD20-20/21 REPORT OF EXTERNAL AUDITOR - ANNUAL AUDIT LETTER 2019/20

Committee considered a report of the Council's external auditors, Mazars, in relation to their Annual Audit Letter 2019/2020.

The Annual Audit Letter set out the findings of Mazars audit and that an unqualified opinion on the accounts had been provided by the deadline date. An unqualified opinion in relation to a Value for Money conclusion had also been provided. Members were asked to note that there were no significant matters arising from the audit.

The Annual Audit Letter was a public document which was required under the current code of practice. Committee was advised that for 2020/2021, the Annual Audit Letter would be replaced by a different format. Further information on this would be reported to a future meeting of Audit Committee.

The Chair relayed his thanks to the Section 151 Officer, the Council's financial team and the External Auditor, Mazars, for achieving a high standard of audit in 2019/20.

Moved by Councillor Chris Kane and seconded by Councillor Jim Clifton
RESOLVED that the report be noted.

AUD21-20/21 REPORT OF EXTERNAL AUDITOR - AUDIT PROGRESS REPORT (JANUARY 2021)

Committee considered a report of the Council's external auditors, Mazars, in relation to their progress on the 2020/21 audit.

Committee was advised that audit planning for 2020/21 was currently at the early stages of progress. However, there had been some slight slippage due to the catch up on the 2019/20 audit because of the current Covid19 pandemic. As Members were aware, work on the audit was being carried out remotely. Further information relating to a new code requirement regarding the Value for Money conclusion and other updates would be provided at the next Audit Committee meeting.

The Chair queried to what extent allowances would be made for the impact on Council finances due to the Covid 19 pandemic. Mike Norman replied that in relation to the work carried out on the accounts, the Council would need to make judgements on the valuation of its properties, which may be affected by market values. Also, the collectability of debts due to the effect on some individuals and some businesses. The work carried out by Mazars would be on the value for money conclusion of which a key theme would be a view on the financial sustainability of the Council, performance of services and ways of partnership working. The guidance stated that Mazars view would need to be proportional to the issue. However, it would take account of the reasonableness of the Council's response and the mitigating arrangements put in place in what was an extreme situation.

A Member queried if there was a definition of 'value for money' or if the pandemic had altered this slightly. Mike Norman replied that this was a rounded judgement based on

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financial planning arrangements, governance arrangements including risk management and the extent of reasonable steps taken regarding value for money.

Moved by Councillor Tom Munro and seconded by Councillor Chris Kane
RESOLVED that the report be noted.

AUD22-20/21 REPORT OF INTERNAL AUDIT - SUMMARY OF PROGRESS ON THE 2020/21 INTERNAL AUDIT PLAN

Committee considered a report which provided progress made by the Internal Audit Consortium in respect of the 2020/21 Internal Audit Plan.

Ten audit reports had been issued during the period 2nd September 2020 and 31st December 2020. Eight reports had been issued with substantial assurance and 2 with reasonable assurance. A number of recommendations had been made / agreed where a full response had been received. In respect of the audits being reported, it was confirmed that no issues arising relating to fraud were identified.

A mid-year review of progress against the internal audit plan and a discussion in relation to the potential risks arising due to Covid 19 had been undertaken with the Section 151 Officer. On the whole, it was felt that the plan was still appropriate and for the areas reviewed it would be ensured that COVID 19 had not adversely affected the controls in place.

In the January to March 2021 period, Internal Audit would be undertaking work in relation to business grants awarded (small business grants, leisure, retail and hospitality grants and discretionary grants) and a review of the procedures followed to ensure that there had been an adequate separation of duties in place.

In November 2020, CIPFA issued guidance in relation to the *Head of Audits Annual Opinion: Addressing the Risk of a limitation of scope*. A limitation of scope should be considered if enough work had not been carried out to provide assurance on the Council's Governance, risk management and control processes in place. However, there was no definition of the amount of work required to provide an opinion and this was left to professional judgement. At this stage, the Head of Internal Audit believed that by prioritising the work for the remainder of the year she would be able to give a full audit opinion.

The report also showed the 2020/21 internal audit plan and detailed completed audits and those in progress. It was considered that reasonable progress was being made given the current circumstances relating to Covid 19. However, there would be a need to carry some areas forward to 2021/22 and the 2020/21 plan may still be subject to change should significant risks emerge.

The Portfolio Holder for Finance and Resources commented that regular meetings were held with departments to consider risks and potential risks, feed into the overall Strategic Risk Register and to see the scoring of risks. The Register was a fluid document and was up to date and would identify some of the emerging risks referred to by the Head of Internal Audit. He added that the Head of Internal Audit and her team had worked hard to complete the audit plan for the current year and he relayed his thanks to them and also

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the Section 151 Officer for keeping him informed and up to date on the progress of the Internal Audit Plan.

A Member queried how Scrutiny could feed into audit reporting. The Head of Internal Audit replied that although the Internal Audit Plan was independent from Scrutiny, any reports/findings/identified risks from Scrutiny would be taken into account when considering the Audit Plan.

Moved by Councillor David Dixon and seconded by Councillor Jim Clifton

RESOLVED that the report be noted.

AUD23-20/21 REPORT OF INTERNAL AUDIT - IMPLEMENTATION OF INTERNAL AUDIT RECOMMENDATIONS

Committee considered a report which provided a summary of internal audit recommendations made and implemented for the financial years 2018/19 - 2020/21.

The timely implementation of internal audit recommendations helped to ensure that the risk of fraud and error was reduced and that internal controls were operating effectively.

Due to Covid 19, the implementation of some recommendations and / or the updating of the PERFORM system had been delayed. An appendix to the report provided a table which detailed outstanding internal audit recommendations as at December 2020.

Moved by Councillor Tom Munro and seconded by Councillor Chris Kane

RESOLVED that the report be noted.

AUD24-20/21 RISK MANAGEMENT (NOVEMBER 2020)

Committee considered a report in relation to the current position regarding the Council's Risk Management arrangements and Strategic Risk Register as at November 2020.

Under relevant good practice and to facilitate the development of robust managerial arrangements, the Council was required to prepare a Strategic Risk Register as part of its risk management framework.

Given the importance of these arrangements for the overall governance of the Council it was necessary to subject them to regular comprehensive review. This review had now taken place to ensure that the continued effective and systematic management of risk was achieved.

Members and officers at this meeting were asked to consider both the Strategic Risk Register, together with the Council's wider framework for managing risk and partnerships. A significant change to note was the inclusion of a COVID-19 specific Strategic Risk.

The approach to managing risks was applied within decision making processes and was continuous with a structured review process overseen by the Risk Management Group.

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The Risk Management Group, which was Member led and included the Council's Senior Risk Officer (SRO), Senior Information Risk Officer (SIRO), S151 Officer, representation from senior management, Internal Audit and Health and Safety, provided a comprehensive oversight of risk throughout the organisation and was becoming the conduit to and from the whole organisation in terms of risk management. The Group was able to provide risk management reporting to stakeholder groups across the Council and would support the production of the Annual Governance Statement. By leading on the development and review of all risk related policies, plans and strategies across the Council, the Risk Management Group would provide consistency of approach and alignment of all service areas in relation to risk management. Further, by overseeing and championing the implementation of the Risk Management Strategy and associated action plan, including training 'relating to' and the 'embedding of' an effective risk management culture, the Risk Management Group would be pivotal in the organisations future success.

Members welcomed the report and noted that it was a clear and concise report to read.

A Member suggested matters which were not included on the Register, for example, the potential of Derbyshire County Council (DCC) to go bankrupt and the impact of a unitary authority on the Council. The LEP (Local Enterprise Partnership), who were repurposing their strategy for investment in the District around the green industrial revolution policy from the Government and that the Council needed to quickly repurpose itself with regard to green issue opportunities. 'Call Ins' by Scrutiny Committees and officers making a judgement on their own decisions with regard to issues which impacted on communities.

The Director of Corporate Resources replied that the Member's points in relation to DCC had been recognised and discussed at a recent Risk Management Group with a view to being included on the Risk Register. With regard to green issues, the Council had its own Carbon Reduction Group and a Carbon Reduction Plan. The Director of Corporate Resources provided detail of three current projects that he was leading on, all of which had a countywide footprint in terms of climate change; 'Thanks a Tonne' was an awareness and promotion campaign, electric vehicle infrastructure - taking a strategic approach and a countywide coordinated approach on tackling 'hard to treat homes', of which there were around a 100,000 in the County that were leaking energy. Some funding had been acquired by way of green home grants but the Director of Corporate Resources was hoping to push and develop a scheme to gain serious Government funding to back up a 10 year proposal to underpin the development of businesses to grow via a green economy. This would also project large energy savings for residents and businesses alike and giant steps towards a cleaner, greener economy.

With regard to Call Ins, the Member agreed to discuss this in further detail at a Growth Scrutiny Committee when 'risk' would be on the agenda.

The Portfolio Holder for Finance and Resources, who was also a DCC Councillor, provided some reassurance to the meeting with regard to the viability of DCC.

A Member queried if there was additional risk around performance and delivery due to staff working from home due to the current pandemic. The Director of Corporate Resources replied that an Agile Working Policy had been recently adopted by the Council and this reflected new ways of working due to the pandemic. He added that the Council had continued to be a very productive and successful organisation since the implementation of the policy and management were confident that staff continued to

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perform and deliver their work from home during lockdown.

A Member suggested that all Members receive training on how to identify risk and this be carried out via the Member Development Working Group. The Portfolio Holder for Finance and Resources agreed and noted that as Chair of the Risk Management Group, he was pleased at the way in which officers were working at identifying risk and the discussions which took place at the Risk Management Group meetings. He thanked the Director of Corporate Resources for all his work over the previous 12 months with regard to risk management.

Moved by Councillor Tom Munro and seconded by Councillor Jim Clifton
RESOLVED that the report be noted.

AUD25-20/21 ACCOUNTING POLICIES 2020/21

Committee considered a report which sought Members' approval of the accounting policies that the Council would apply in the preparation of the Statement of Accounts for 2020/21.

The approval of the accounting policies to be applied by the Council demonstrated that due consideration was being given to which policies to adopt and apply and that those charged with governance were fully informed prior to the commencement of the Statement of Accounts preparation of the policies that were being adopted.

Moved by Councillor Tom Munro and seconded by Councillor David Dixon
RESOLVED that Audit Committee approve the accounting policies as detailed at Appendix 1 to the report.

AUD26-20/21 AUDIT COMMITTEE WORK PROGRAMME 2020/21

Committee considered a report in relation to its work programme for 2020/21.

The Audit Committee was an important aspect of the Council's governance framework and set the tone from the top of the organisation. It had the power to make recommendations to Council, the Executive or to whomever it considered best placed to deal with the committee's concerns.

A work programme ensured the Committee had a structure in place to enable the systematic consideration of the issues it had responsibility for and a proposed work programme for 2020/21 was set out in an appendix to the report.

Two items not on the programme currently but would be included later in the year were *Fighting Fraud and Corruption Locally* and *Self Assessment for Effectiveness*.

The Head of Internal Audit advised the meeting that with regard to *Fighting Fraud and Corruption Locally*, CIPFA had not yet published the results from their last questionnaire - once these were published, a report would be presented to Committee.

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It was agreed that the item on the work plan for the April Committee meeting, titled *Strategic risk register and partnership arrangements*, be changed to *Progress on the work of the Risk Management Group*.

Moved by Councillor Tom Munro and seconded by Councillor Jim Clifton
RESOLVED that the report be noted.

The meeting concluded at 15:20 hours.

BUDGET SCRUTINY COMMITTEE

Minutes of a meeting of the Budget Scrutiny Committee of Bolsover District Council held as a Virtual Meeting on Wednesday 27th January 2021 at 10:00 hours.

PRESENT:-

Members:-

Councillor Jen Wilson in the Chair

Councillors Rose Bowler (Vice-Chair), Derek Adams, Allan Bailey, Jane Bryson, Dexter Bullock, Anne Clarke, Jim Clifton, Tricia Clough, Paul Cooper, David Dixon, Maxine Dixon, David Downes, Ray Heffer, Natalie Hoy, Andrew Joesbury, Chris Kane, Tom Kirkham, Tom Munro, Evonne Parkin, Graham Parkin, Peter Roberts, Janet Tait and Rita Turner.

Also in attendance at the meeting was Councillor Clive Moesby (Portfolio Holder for Finance & Community Safety), Councillor Mary Dooley (Portfolio Holder for Partnerships and Leisure), Stephen Kitching (Arlingclose Consultancy Director) and Paul Roberts (Arlingclose Assistant Client Director).

Officers:- Theresa Fletcher (Head of Finance & Resources and Section 151 Officer), Claire Bamford (Principal Accountant), Joanne Wilson (Scrutiny & Elections Officer), Amy Bryan (Senior Governance Officer) and Tom Scott (Governance Officer).

The Arlingclose Consultancy Director and the Arlingclose Assistant Client Director joined the meeting during Minute No. BUD023-20/21.

The Portfolio Holder for Partnerships and Leisure left the meeting at the beginning of Minute No. BUD025-20/21, and Councillor Ray Heffer left the meeting during Minute No. BUD027-20/21.

BUD019-20/21 APOLOGIES FOR ABSENCE

No apologies for absence were received.

BUD020-20/21 URGENT ITEMS OF BUSINESS

There were no urgent items of business to consider.

BUD021-20/21 DECLARATIONS OF INTEREST

Councillor Graham Parkin declared for transparency that he held shares in Lloyds Bank.

Councillor Natalie Hoy wished to record that she was no longer employed by a company within Bolsover District as stated on her Register of Interests.

BUD022-20/21 MINUTES

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Moved by Councillor Jen Wilson and seconded by Councillor Rose Bowler.

RESOLVED that the Minutes of a Budget Scrutiny Committee held on 26th November 2020 be approved as a correct record.

BUD023-20/21 MEDIUM TERM FINANCIAL PLAN 2021/22 TO 2024/25

The Section 151 Officer presented a report and gave a presentation on the Medium Term Financial Plan 2021/22 to 2024/25.

The purpose of the report was to enable the Budget Scrutiny Committee to consider the proposed budget for 2021/22 for the General Fund, Housing Revenue Account and Capital Programme as part of the Council's Medium Term Financial Plan covering the years 2021/22 to 2024/25, prior to the report being taken to Council.

The Portfolio Holder for Finance & Community Safety thanked the Section 151 Officer for her presentation and referred to the table at 1.9 of the report which set out forecasts for budget shortfalls over the next few years. He stated the importance of using savings and putting them into reserves to cover upcoming shortfalls, particularly the one forecast for 2024/25 of £1,569,000.

The Portfolio Holder for Finance & Community Safety also provided some more detail of the Coronavirus pressures mentioned in the report, stating that the Council had received almost £1.5m from the Government and had been able to recoup some of the lost income through the income compensation scheme. He added that the Council had passed on £0.448m in financial assistance to Parish Councils who had also been under pressure during the pandemic.

The Arlingclose Consultancy Director and the Arlingclose Assistant Client Director joined the meeting during this point.

Councillor Janet Tait asked if the total income figure for the HRA included rent collected from future properties. The Section 151 Officer explained that this was not included in the figure, because the income for rent on a property could not be estimated until said property had been built.

Moved by Councillor Jen Wilson and seconded by Councillor Ray Heffer

RESOLVED that Budget Scrutiny Committee notes the report.

(Section 151 Officer)

BUD024-20/21 TREASURY STRATEGY REPORTS 2021/22 - 2024/25

The Principal Accountant presented a report and gave a presentation on the Treasury Strategy Reports 2021/22 - 2024/25. The purpose of the report was to enable Budget Scrutiny Committee to consider the three attached treasury strategies (Treasury Management Strategy, Capital Strategy and Corporate Investment Strategy) prior to them being taken to Council for approval.

The recommendation in the report was moved by Councillor Jen Wilson and seconded by Councillor Ray Heffer.

BUDGET SCRUTINY COMMITTEE

RESOLVED that the Budget Scrutiny Committee notes this report and the attached strategies (Treasury Management Strategy, Capital Strategy and Corporate Investment Strategy) with no comments.

(Section 151 Officer)

The Portfolio Holder for Partnerships and Leisure left the meeting at this point.

BUD025-20/21 BUDGET SCRUTINY COMMITTEE WORK PROGRAMME 2020/21

Committee considered their Work Programme for 2020/21.

Members had no questions relating to the Work Programme.

Moved by Councillor Jen Wilson and seconded by Councillor Ray Heffer

RESOLVED that the Budget Scrutiny Committee notes their Work Programme 2020/21.

(Scrutiny & Elections Officer)

BUD026-20/21 UPDATE FROM SCRUTINY CHAIRS

Chair of Customer Service & Transformation Scrutiny:

- Since this Committee last met, the Customer Service & Transformation Scrutiny Committee has held one public meeting, one informal meeting and were due to have an informal meeting this week.
- Members considered the Q1/Q2 Customer Standards and Complaints report from Ann Bedford, Q2 Performance and the final Post-scrutiny Monitoring report on the Review of Delivery of Environmental Health.
- Members are continuing with their Review of IT Services & Support and are due to hold the third meeting this week.
- Further work is taking place in relation to both of the reviews of the Committee from 2019/20 on Review of Re-letting of Council Properties and the Review of New Bolsover due to the impact of Covid-19 on completion of works on site.
- The Committee is currently liaising with the Customer Standards & Complaints Officer in relation to the Review of New Bolsover due to current work with the Ombudsman.

Chair of Healthy, Safe, Clean & Green Communities Scrutiny:

- Since Budget Scrutiny last met the Committee has held one formal meeting in December, including an Informal meeting to consider review work.
- Members considered Q2 Performance; a monitoring update on the Health & Wellbeing (HWB) Strategy and further detail/discussion on the impact of Covid 19 on HWB and staff welfare. In the Informal meeting Members discussed suggested topics for new reviews and agreed for two scopes to be produced, one in relation to the Council's Policy on Sky Lanterns and Helium Balloons and one in relation to the Council's Policy on Fireworks.

BUDGET SCRUTINY COMMITTEE

- As noted previously, the review from 2019/20 in relation to Children in care and Care leavers is still progressing but has been impacted by the pandemic and the need to focus on the more immediate impact of Covid-19.

Chair of Growth Scrutiny:

- Since the last meeting of Budget Scrutiny, the Growth Committee have held one formal meeting and two Informal meetings.
- Members considered Q2 Performance; further evidence in relation to their Review of the relationship with Robert Woodhead Ltd.; and a briefing on the consultation draft of the proposed Housing Strategy.
- Members have recently considered an initial draft of the new Business Growth Strategy and are awaiting the final version within the next couple of months for final scrutiny and submission to Executive and Council.
- Within the Informal meetings Members have been continuing review work looking at the Council's relationship with Robert Woodhead Ltd. and the schemes being delivered jointly. Members are now nearing the end of evidence gathering for this work and are beginning to formulate recommendations.

BUD027-20/21 EXCLUSION OF PUBLIC

Councillor Jen Wilson moved and Councillor Ray Heffer seconded that under Section 100(A)(4) of the Local Government Act 1972 (as amended), the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Act and it is not in the public interest for that to be revealed.

Councillor Ray Heffer left the meeting at this point.

RESOLVED that the public be excluded from the meeting during discussion of the following items of business.

BUD028-20/21 ARLINGCLOSE TREASURY MANAGEMENT BRIEFING

The Chair reminded Members that the Treasury Management Briefing presentation by Arlingclose had been circulated to them as part of a supplementary agenda.

The Chair welcomed Stephen Kitching (Consultancy Director) and Paul Roberts (Assistant Client Director) to the meeting from Arlingclose treasury advisory company. Both gave the Committee a presentation with advice on how to manage the Council's treasury.

The presentation also informed the Committee of Members' roles in financial management.

RESOLVED that the presentation be noted.

The meeting concluded at 1200 hours.

Bolsover District Council

Audit and Corporate Overview Scrutiny Committee

27 July 2021

Budget Monitoring Report - Financial Outturn 2020/21

Report of the Head of Finance and Resources

Classification: This report is public

Report By: Theresa Fletcher, Head of Finance and Resources

Contact Officer: Theresa Fletcher – 01246 242458
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PURPOSE / SUMMARY

To update Audit and Corporate Overview Committee of the outturn position of the Council for the 2020/21 financial year.

RECOMMENDATIONS

- 1 That Members note the outturn position in respect of the 2020/21 financial year.
 - 2 That Members note the transfers to various earmarked reserves of £0.906m as outlined in detail in paragraph 2.3.
 - 3 That Members note the proposed carry forward of capital budgets detailed in **Appendix 4** totalling £5.447m.
-

IMPLICATIONS

Finance and Risk: Yes ☒ No ☐

Details:

The financial implications are set out within the body of the report.

Members should note that the budgets against which we have monitored the 2020/21 outturn were those agreed within the Council's Medium Term Financial Plan (MTFP). The MTFP gave careful consideration to both the affordability of the budgets that were approved and to ensuring that the level of balances remained adequate for purposes of enabling sound financial management.

The issue of financial risk is covered throughout the report. The risk of not achieving a balanced budget, together with the risk that the Council's level of financial balances

will be further eroded are currently key corporate risks identified on the Council's Strategic Risk Register.

While the Council has effectively addressed its Strategic Financial Risks during 2020/21 it needs to be recognised that the Council will need to give careful consideration to both capital and revenue income opportunities before they are rejected, looking to the directorate for development to generate income to ensure the Council's financial future is sustainable over the long term.

On Behalf of the Section 151 Officer

Legal (including Data Protection):

Yes ☒

No ☐

Details:

The Statement of Accounts is required to be prepared by 31 May and audited by the 31 July each year, although again this year the deadlines have been moved to 31 July and 30 November respectively due to the pandemic. The Council has now completed the draft Statement of Accounts and they have been signed off by the Chief Financial Officer as at 14 June 2021 which secures compliance with the Council's obligations.

On Behalf of the Solicitor to the Council

Staffing:

Yes ☐

No ☒

Details: There are no Human Resources issues arising directly from this report.

On behalf of the Head of Paid Service

DECISION INFORMATION

| | |
|---|--|
| Decision Information | |
| Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds: BDC: Revenue - £75,000 <input type="checkbox"/> Capital - £150,000 <input type="checkbox"/> NEDDC: Revenue - £100,000 <input type="checkbox"/> Capital - £250,000 <input type="checkbox"/> <input checked="" type="checkbox"/> Please indicate which threshold applies | No |
| Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In) | Yes |
| District Wards Significantly Affected | All |
| Consultation: Leader / Deputy Leader <input checked="" type="checkbox"/> Cabinet / Executive <input type="checkbox"/> SAMT <input type="checkbox"/> Relevant Service Manager <input type="checkbox"/> Members <input checked="" type="checkbox"/> Public <input type="checkbox"/> Other <input type="checkbox"/> | Leader Details: Portfolio holder |

Links to Council Ambition (BDC)/Council Plan (NED) priorities or Policy Framework including Climate Change, Equalities, and Economics and Health implications.

REPORT DETAILS

1 Background

- 1.1 The Council published its draft Statement of Accounts in respect of 2020/21 on 14 June 2021. The statutory deadline of 31 May was extended to 31 August this year to take into consideration the impact of Coronavirus. The draft Statement of Accounts 2020/21 is now subject to the independent audit from the Council's external auditors, Mazars. Until the accounts have been agreed by our external auditors, there remains the possibility that they will be subject to amendment. It is anticipated that the external audit will be completed remotely beginning in July but this is also subject to delay caused by Coronavirus. The statutory date for the final audited accounts has been extended from 31 July to 30 November 2021.

- 1.2 International Financial Reporting Standards (IFRS) dictate that the main focus of the Statement of Accounts is on reporting to the public in a format which is directly comparable with every country that has adopted IFRS i.e. not just UK or even other local authorities. By contrast, the focus of this report is on providing management information to Members and other stakeholders to assist in the financial management of the Council.
- 1.3 The following sections of this report will consider the 2020/21 outturn position in respect of the General Fund, the Housing Revenue Account (HRA), the Capital Programme and Treasury Management activities. Within the report, consideration is given to the level of balances at the year end and the impact which the closing position has upon the Council's budgets in respect of the current financial year.

2. Details of Proposal or Information

General Fund

- 2.1 The position in respect of the General Fund outturn is detailed in **Appendix 1** attached to this report. The appendix shows the Current Budget compared to the final Outturn position. The main variances against the current budget are shown in table 1 below with variances at service level shown in **Appendix 2**.

Table 1

| | £000 |
|--|--------------|
| ITC | (94) |
| Bad debt provision not used | (48) |
| Salaries variances | (267) |
| Non-staff miscellaneous variances | (430) |
| Recycling service changes | 158 |
| Net cost of services | (681) |
| Debt Charges/Investment Interest | (9) |
| Net additional NNDR/Council tax income | (211) |
| Additional general government grants | (6) |
| Total Outturn Variance | (907) |
| Changes to general fund balance since revised budget – until outturn | 1 |
| Contribution to Reserves – 2020/21 Outturn | (906) |

Financial Reserves

Transfers from Earmarked Reserves

- 2.2 The use of earmarked reserves in 2020/21 was £0.637m. This reflects the expenditure incurred on projects at 31 March 2021 which have approval to use earmarked reserves. There are ongoing commitments for these activities in 2021/22 when the balance of this years' reserve funding (£0.330m) will be utilised.

Transfers to Reserves

- 2.3 At the end of the financial year it has been necessary to agree a number of transfers into reserves in preparation for future expenditure commitments, some from income received in 2020/21. Transfers to reserves total £7.714m which is £0.906m higher than originally forecast, reflecting the outturn shown in table 1.

These consist of:

- £0.100m contribution to the IT Reserve to fund future expenditure requirements.
 - £0.100m contribution to the Vehicle Renewal Reserve to enable the continued financing of new vehicles and therefore not incur debt charges.
 - £0.030m contribution to the Legal Costs Reserve in preparation to fund future likely costs.
 - £0.130m transfer to the General Reserve as the remainder of the in-year surplus.
 - £0.546m transfer to the NNDR Growth Protection Reserve to mitigate against future changes to the business rates system.
- 2.4 The Transformation Reserve has a balance at the end of the year of £6.818m. Commitments already made against this reserve for 2021/22 and future years amount to £5.486m leaving £1.332m uncommitted.
- 2.5 As already discussed there are ongoing commitments against the earmarked reserves which will continue in 2021/22 and future years. Should any of these reserves prove unnecessary in the future, they will be moved back into unallocated General Fund resources.

General Fund Balances

- 2.6 The General Fund Balances are considered to be at an acceptable level for a District Council rather than at a generous level. The General Fund balance needs to be considered against the background of ongoing changes to the level of Government funding together with the range of risks facing the Council. With only a limited level of General Fund reserves it is crucial that the Council continues to maintain robust budgetary control while securing its ongoing savings targets in order to safeguard both its reserves and its financial sustainability.

- 2.7 Given the current level of general balances, should either an over spend or an under achievement of income occur, then the Council would have a period of time in which to recover the situation. In a situation in which the Council were operating at a lower level of balances and an over spend or under achievement of income occurred which took balances to below minimum level then immediate 'crisis' remedial action would need to be considered. Such a response is not conducive to sound financial management but more importantly would have a significant detrimental impact upon the Council's ability to deliver the planned and agreed level of services to local residents.
- 2.8 The main feature of the 2020/21 financial year is that the Council transferred £0.906m to Earmarked Reserves in preparation for future expenditure.
- 2.9 With regard to the underlying favourable variance on the General Fund in 2020/21 this will be reviewed as usual during the budget process for 2021/22 – 25/26, from October onwards. The latest position for all years in the current MTFP is shown in Table 2.
- 2.10 It should be remembered that for all years from 2022/23 there is a transfer into the general fund from the NNDR Growth Protection Reserve to replace the losses caused by changes in Government funding. As a Council we made it our strategy to save extra income earned in years when we received more than we estimated, to be able to use it in future years when income was reduced.
- 2.11 These transfers are £0.550m into the reserve in 2021/22, then contributions from the reserve of £2.268m in 2022/23, £2.776m in 2023/24 and £1.191m for 2024/25. Even with the extra contribution to this reserve in 2020/21 of £0.546m, this reserve is not a sustainable source of income for the general fund. This is where we look to the directorate for development to generate income and replace the funding we've lost before we run out of the NNDR Growth Protection Reserve.

Table 2

| | 2021/22 Budget £000 | 2022/23 Budget £000 | 2023/24 Budget £000 | 2024/25 Budget £000 |
|---|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Budget Shortfall - MTFP Feb 2021 | 291 | 402 | 688 | 3,777 |
| Efficiencies identified to date (removed from budget) | (191) | (192) | (128) | (110) |
| Current Budget Shortfall | 100 | 210 | 560 | 3,667 |
| Efficiencies Identified <u>not yet realised</u> | (100) | (210) | (320) | (430) |
| Closing Budget Shortfall | 0 | 0 | 240 | 3,237 |

2.12 Covid-19 Pandemic

The following table shows the main sources of financial support the Council received from Government to support businesses, individuals and the Council's own additional cost pressures and losses in income due to the pandemic.

| | Amount received in 20/21 | Amount paid at 31/3/21 |
|---|--------------------------|------------------------|
| Business support grant funding | £23.617m | £19.632m |
| Test and trace support payments (for individuals) | £0.188m | £0.092m |
| Council tax hardship relief | £0.780m | £0.738m |
| Expanded retail discount (business rates) | £7.800m | £7.800m |
| Emergency funding to cover our costs | £1.406m | £0.965m |
| Compensation for our income losses | £0.720m | n/a |
| Local tax losses business rates | £0.177m | n/a |
| Local tax losses council tax | £0.118m | n/a |

Housing Revenue Account (HRA)

- 2.13 The Housing Revenue Account is provided in Appendix 3 to this report.
- 2.14 The Housing Revenue Account position shows a number of variances during the year. The main under spends are in relation to vacancies and sub-contractor payments within repairs and maintenance. Higher void levels than estimated meant a reduction in dwelling rents income. The overall expenditure position is £0.460m below the current budget. The overall income position is £0.052m below the current budget. This gives a net cost of services under spend of £0.408m, adjusting to £0.160m under spend after interest.
- 2.15 The surplus has been used to fund a contribution of £0.256m to the Development Reserve which is available to sustain the Council's housing stock. Where the use of Reserves has not been fully applied in 2020/21 and there are ongoing commitments for these activities in 2021/22, the funding will be carried forward and utilised.
- 2.16 The level of HRA Balances has decreased to £2.116m in line with the current budget. The HRA balances are considered appropriate with the level of financial risk facing the HRA. Maintenance of this balance is necessary as it will help ensure the financial and operational stability of the HRA which is essential if we are to maintain the level of services and quality of housing provided to our tenants over the life of the 30 year Business Plan.

Capital Investment Programme

- 2.17 Details of the capital expenditure incurred by the Council in 2020/21 on a scheme by scheme basis is provided in **Appendix 4**.

The Capital Programme may be summarised as follows:

| | Current Programme £'000 | Outturn £'000 | Variance £'000 |
|-------------------------------|--|--------------------------|---------------------------|
| General Fund: | | | |
| GF Building Assets | 990 | 660 | (330) |
| GF ICT Schemes | 140 | 42 | (98) |
| Disabled Facilities Grants | 999 | 384 | (615) |
| Joint Venture - Dragonfly | 2,122 | 0 | (2,122) |
| Leisure Schemes | 838 | 3 | (835) |
| Other Capital Schemes | 532 | 279 | (253) |
| General Fund Total | 5,621 | 1,368 | (4,253) |
| HRA: | | | |
| HRA New Build Properties | 3,847 | 3,320 | (527) |
| Public Sector Housing Schemes | 6,955 | 5,701 | (1,254) |
| New Bolsover Scheme | 1,686 | 1,195 | (491) |
| Other Capital Schemes | 150 | 70 | (80) |
| HRA Total | 12,638 | 10,286 | (2,352) |
| Programme Total | 18,259 | 11,654 | (6,605) |

General Fund Schemes

- 2.18 In relation to the General Fund element of the Capital Programme during 2020/21, £4.253m was not undertaken. The Joint Venture, Disabled Facilities Grants and 3G Playing Pitch were the main variances.

HRA Schemes

- 2.19 Within the HRA the variances show that £2.352m of the total HRA programme has not been undertaken during the year. The public sector housing scheme, Safe and Warm was the main variance.

- 2.20 **Appendix 4** also details the proposed carry forward amounts to 2021/22. These requests relate to individual schemes that are still in progress, where there are outstanding commitments or where the scheme has been delayed. The carry forward amount is £5.447m with the impact on the 2021/22 capital programme detailed in the appendix. It should be noted that all these expenditure requirements will take forward a corresponding level of financial resources and thus have a neutral impact on the financial position in 2021/22.

Capital Financing

- 2.21 The Capital Programme was financed as follows:

| | Current Programme | Outturn | Variance |
|---------------------------|------------------------------|-----------------|-----------------|
| | £000 | £000 | £000 |
| General Fund: | | | |
| The Better Care Fund | (999) | (381) | (618) |
| Reserves | (3,324) | (463) | (2,861) |
| External Funding | (901) | (191) | (710) |
| Usable Capital Receipts | (397) | (333) | (64) |
| Total General Fund | (5,621) | (1,368) | (4,253) |
| HRA: | | | |
| Major Repairs Reserve | (8,017) | (6,683) | (1,334) |
| Prudential Borrowing | (2,504) | (1,976) | (528) |
| HRA Reserves | (642) | (447) | (195) |
| External Funding | (198) | (184) | (14) |
| Usable Capital Receipts | (1,277) | (996) | (281) |
| Total HRA | (12,638) | (10,286) | (2,352) |
| Grand Total | (18,259) | (11,654) | (6,605) |

General Fund Capital Financing

- 2.22 Officers have financed the General Fund Capital Programme from a combination of capital receipts, reserve contributions and external funding.

HRA Capital Financing

- 2.23 Officers have financed the HRA Capital Programme from a combination of capital receipts, reserve contributions, prudential borrowing and external funding. The Prudential Borrowing financing arrangements were agreed by Council as part of the Treasury Management Strategy at its meeting in February 2020.

Treasury Management

- 2.24 **Appendix 5** provides a brief report on the Treasury Management activity of the Council for 2020/21. In summary, the Council operated throughout 2020/21 within the Authorised and Operational Boundary limits approved in the Treasury Management Strategy as approved by the Council in February 2020.
- 2.25 The key points from the summary report are:
- The overall borrowing requirement of the Council (the Capital Financing Requirement) - £116.581m at 31 March 2021.
 - The PWLB debt - £97.100m.
 - Effective internal borrowing - £19.481m.
 - £2m repayments of PWLB debt in year.
 - No new PWLB borrowing was undertaken in 2020/21.
 - PWLB interest paid in 2020/21 - £3.474m.
 - Interest received on investments - £0.167m.

3 Reasons for Recommendation

General Fund

- 3.1 During the previous financial year the Council managed its budget effectively securing a favourable financial outturn. The Council was able to make contributions of £0.906m to numerous reserves in preparation for future expenditure commitments. The Transformation Reserve, which is the Council's main general earmarked reserve, has £5.486m commitments against it in 2021/22 and future years, so continued prudence is needed when committing against this reserve.

HRA

- 3.2 The Council was able to make a contribution of £0.256m to the Development Reserve. The HRA continues to operate within the parameters set by the 30 Year Business Plan and the MTFP. Officers will be working to ensure that the Business Plan continues to reflect the impact of recent government legislation, and that the HRA remains sustainable over the 30 year period of the Business Plan.

Capital Programme

- 3.3 The Capital Programme saw good progress on approved schemes during the 2020/21 financial year. There are, however, a number of schemes which are work in progress and this requires that the associated expenditure and funding be carried forward into the 2021/22 financial year.

Capital Financing

- 3.4 Capital expenditure during 2020/21 has been fully financed in line with the approved programme.

Treasury Management

- 3.5 The Council operated in line with its agreed Treasury Management Strategy during the 2020/21 financial year. This ensures that lending and borrowing arrangements were prudent and sustainable, minimising the risk of financial loss to the Council. Effective management of these arrangements ensured that

interest costs during the year were minimised in order to assist the Council's revenue position whilst interest receivable rose.

4 Alternative Options and Reasons for Rejection

- 4.1 The financial outturn report for 2020/21 is primarily a factual report which details the outcome of previously approved budgets therefore there are no alternative options that need to be considered.
- 4.2 The allocation of resources to earmarked reserve accounts has been undertaken in line with the Council's policy and service delivery framework and in the light of the risks and issues facing the Council over the period of the current MTFP. If these risks do not materialise or are settled at a lower cost than anticipated then the earmarked reserves will be reassessed and returned to balances where appropriate.

DOCUMENT INFORMATION

| Appendix No | Title |
|--|---|
| 1 | General Fund Summary – Outturn 2020/21 |
| 2 | General Fund Detail – Outturn 2020/21 |
| 3 | Housing Revenue Account – Outturn 2020/21 |
| 4 | Capital Expenditure – Outturn 2020/21 |
| 5 | Treasury Management – Outturn 2020/21 |
| Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers) | |
| | |

GENERAL FUND SUMMARY - OUTTURN 2020/21

| | Current Budget 2020/21 £ | Outturn 2020/21 £ | Variance £ |
|--|-----------------------------------|-------------------------|------------------|
| Corporate Resources (including S106 expenditure, recharge to HRA and year end entries) | 2,993,691 | 2,538,519 | (455,172) |
| Development (including S106 expenditure and year end entries) | 1,377,880 | 1,260,647 | (117,233) |
| Environment and Enforcement (including year end entries) | 5,287,644 | 5,179,043 | (108,601) |
| Net Cost of Services | 9,659,215 | 8,978,209 | (681,006) |
| Investment Property net income | (218,122) | (218,122) | 0 |
| Debt Charges | 895,053 | 912,330 | 17,277 |
| Investment Interest | (217,905) | (243,648) | (25,743) |
| Contributions to Reserves | 6,808,240 | 7,714,098 | 905,858 |
| Contributions from Earmarked Reserves | (636,552) | (636,552) | 0 |
| Contribution (from)/to S106 Holding A/cs, Grant A/cs and Miscellaneous Holding A/cs | 414,376 | 414,376 | 0 |
| Parish Precepts | 3,241,198 | 3,241,198 | 0 |
| Total Spending Requirement | 19,945,503 | 20,161,889 | 216,386 |
| Revenue Support Grant | (1,190,000) | (1,188,342) | 1,658 |
| Business Rate Retention | (9,068,477) | (9,361,433) | (292,956) |
| New Homes Bonus Grant | (952,994) | (952,995) | (1) |
| BDC Council Tax Requirement | (4,121,405) | (4,039,637) | 81,768 |
| Parish Council, Council Tax Requirement | (3,241,198) | (3,241,198) | 0 |
| Miscellaneous un-ring-fenced grant | 0 | (8,103) | (8,103) |
| COVID-19 net funding | (1,290,822) | (1,290,822) | 0 |
| Funding Requirement | (19,864,896) | (20,082,530) | (217,634) |
| Opening General Fund Reserve | (2,261,001) | (2,261,001) | |
| Transfer (to)/from Balances | 80,607 | 79,359 | |
| Closing General Fund Balance | (2,180,394) | (2,181,642) | |

| GENERAL FUND DETAIL - OUTTURN 2020/21 | | | | | |
|---------------------------------------|--|----------------|-----------|-----------|---|
| | | Current Budget | Outturn | Variance | |
| | | 2020/21 | 2020/21 | | |
| Directorate cost centres | | £ | £ | £ | Main variances |
| G001 | Audit Services | 117,052 | 117,052 | 0 | |
| G002 | I.C.T. | 828,579 | 734,854 | (93,725) | Business software £54k under spent, h+c services £18k under spent, recharges from NE under spent by £14k. |
| G003 | Communications, Marketing and Design | 280,416 | 265,418 | (14,998) | |
| G006 | Partnership, Strategy + Policy | 492,769 | 475,657 | (17,112) | |
| G011 | Head of Leader's Executive | 67,477 | 68,455 | 978 | |
| G012 | Community Champions | (170,479) | (170,479) | 0 | |
| G014 | Customer Contact Service | 714,312 | 680,454 | (33,858) | Staffing costs under spent by £20k due to vacancies/reduction in overtime due to the temporary closure of contact centres. |
| G015 | Customer Service + Improvement | 122,416 | 114,958 | (7,459) | |
| G016 | Skills Audit | 0 | 0 | 0 | |
| G038 | Concessionary Fares + TV Licenses | (10,056) | (10,111) | (55) | |
| G040 | Corporate Management | 169,342 | 156,056 | (13,286) | |
| G041 | Non Distributed Costs | 684,582 | 676,444 | (8,138) | |
| G044 | Financial Services | 238,345 | 223,759 | (14,586) | |
| G052 | Human Resources | 220,083 | 206,732 | (13,350) | |
| G054 | Electoral Registration | 176,250 | 155,311 | (20,939) | Electoral Reg fees £15k under spent. |
| G055 | Democratic Representation + Management | 519,501 | 501,118 | (18,383) | |
| G056 | Land Charges | (3,999) | 9,043 | 13,042 | |
| G057 | District Council Elections | 5,000 | 0 | (5,000) | |
| G058 | Democratic Services | 237,176 | 230,671 | (6,505) | |
| G060 | Legal Services | 220,396 | 215,033 | (5,363) | |
| G061 | Bolsover Wellness Programme | 62,482 | 54,782 | (7,700) | |
| G062 | Extreme Wheels | 31,048 | 202 | (30,846) | Income budget reduced at half year due to COVID uncertainties but then came in £23k over the reduced estimate. |
| G064 | Bolsover Sport | 132,224 | 129,141 | (3,083) | |
| G065 | Parks, Playgrounds + Open Spaces | 41,730 | 27,492 | (14,238) | |
| G069 | Arts Projects | 48,643 | 47,251 | (1,392) | |
| G070 | Outdoor Sports + Recreation Facilities | 19,193 | 15,331 | (3,862) | |
| G072 | Leisure Services Mgmt + Admin | 255,682 | 250,128 | (5,554) | |
| G084 | Head of Transformation + Organisation | 36,374 | 36,135 | (239) | |
| G086 | Alliance | 7,250 | 3,250 | (4,000) | |
| G094 | Director of Corporate Resources | 55,101 | 56,142 | 1,041 | |
| G100 | Benefits | 284,348 | 121,046 | (163,302) | Year end entry £60k budget for bad debt provision actual on corporate code G953, salaries £14k under spent, spent, additional COVID income of £81k. |
| G103 | Council Tax / NNDR | 132,547 | 155,660 | 23,113 | Further covid funding £81k, loss in fee income due to covid £148k, reduction in fees due to no court summons £21k. |
| G111 | Shared Procurement | 42,377 | 42,078 | (299) | |
| G115 | One Public Estate | 6,032 | 6,032 | 0 | |
| G117 | Payroll | 75,344 | 74,231 | (1,113) | |

| GENERAL FUND DETAIL - OUTTURN 2020/21 | | | | | |
|---------------------------------------|--|------------------|------------------|------------------|---|
| | | Current Budget | Outturn | Variance | |
| | | 2020/21 | 2020/21 | | |
| | | £ | £ | £ | Main variances |
| Directorate cost centres | | | | | |
| G119 | European Elections | 0 | 10,878 | 10,878 | Irrecoverable costs . |
| G125 | S106 Percent for Art | 20,465 | 20,465 | 0 | Expenditure not all spent c/f to future years. |
| G126 | S106 Formal and Informal Recreation | (10,071) | (10,071) | 0 | Expenditure not all spent c/f to future years. |
| G129 | Bolsover Apprenticeship Programme | (3,674) | (3,674) | 0 | |
| G146 | Pleasley Vale Outdoor Activity Centre | 52,427 | 61,107 | 8,680 | |
| G155 | Customer Services | 30,834 | 30,722 | (112) | |
| G157 | Controlling Migration Fund | 235,580 | 235,580 | 0 | |
| G161 | Rent Rebates | (54,297) | (15,588) | 38,709 | Difference from mid-year estimate to final claim. |
| G162 | Rent Allowances | (53,960) | (54,969) | (1,009) | Difference from mid-year estimate to final claim. |
| G164 | Support Recharges | (3,905,014) | (3,928,673) | (23,659) | Extra income from capital to general fund through support recharges. |
| G168 | Multifunctional Printers | 39,900 | 24,500 | (15,400) | |
| G170 | S106 Outdoor Sports | 19,864 | 19,864 | 0 | Expenditure not all spent c/f to future years. |
| G177 | Discretionary Housing Payments | 0 | (0) | (0) | |
| G179 | School Sports Programme | (12,716) | 5,137 | 17,853 | Income £19k under achieved due to COVID. |
| G181 | STEP | 50 | 50 | 0 | |
| G186 | PL4S Satellite Programme | 44 | 44 | 0 | |
| G192 | Scrutiny | 22,172 | 20,881 | (1,291) | |
| G195 | Head of Governance + Monitoring | 38,645 | 38,339 | (306) | |
| G197 | Head of Finance + Resources | 68,594 | 68,815 | 221 | |
| G204 | Construction Skills for the Unemployed | 0 | 0 | 0 | |
| G205 | Innovation | 181 | 181 | 0 | |
| G207 | Balanceability | (1,969) | (2,820) | (851) | |
| G216 | Raising Aspirations | 7,500 | 7,500 | 0 | |
| G218 | I-Venture/Namibia Bound | 12,484 | 12,484 | 0 | |
| G220 | Locality Funding | (45,651) | (45,651) | 0 | |
| G221 | Sports Leaders | (50) | (50) | 0 | |
| G228 | Go Active Clowne Leisure Centre | 230,562 | 222,562 | (8,000) | Salaries £8k under spent, income under achieved £80k after receiving COVID compensation, Pulse fees £43k under spent, music licence fee £10k under spent, catering expenditure £8k under spent, utilities £27k under spent. |
| G238 | HR Health + Safety | 80,132 | 69,456 | (10,676) | |
| G244 | Bolsover Business Growth Fund | 82,123 | 82,123 | 0 | |
| Total for Corporate Resources | | 2,993,691 | 2,538,519 | (455,172) | |
| G031 | S106 - Biodiversity | (15,036) | (15,036) | 0 | |
| G073 | Planning Policy | 206,053 | 205,354 | (700) | |
| G074 | Planning Development Control | 5,650 | 15,384 | 9,734 | |
| G076 | Planning Enforcement | 118,165 | 115,813 | (2,352) | |
| G079 | Planning Services Mgmt + Admin | 22,379 | 21,781 | (598) | |
| G080 | Engineering Services | 97,439 | 96,927 | (512) | |
| G082 | Tourism Promotion + Development | 44,015 | 44,015 | 0 | |
| G083 | Building Control Consortium | 55,000 | 54,475 | (525) | |

| GENERAL FUND DETAIL - OUTTURN 2020/21 | | | | | |
|---------------------------------------|---|------------------|------------------|------------------|---|
| | | Current Budget | Outturn | Variance | |
| | | 2020/21 | 2020/21 | | |
| Directorate cost centres | | £ | £ | £ | Main variances |
| G085 | Economic Development | 40,750 | 34,246 | (6,504) | |
| G088 | Derbyshire Economic Partnership | 15,000 | 15,000 | 0 | |
| G089 | Premises Development | (18,154) | 0 | 18,154 | |
| G090 | Pleasley Vale Mills | 24,188 | 0 | (24,188) | Water charges £6k over spent, business rates £4k under spent, H+C £3k under spent, Equipment £3k under spent, income over achieved by £24k. |
| G091 | CISWO Duke St Building | (10,393) | (10,393) | 0 | |
| G092 | Pleasley Vale Electricity Trading | 8,176 | 0 | (8,176) | |
| G095 | Estates + Property | 506,648 | 443,888 | (62,761) | £45k year end capital admin allowance + deminimis receipts, salaries under spent £13k due to vacancy during the year, mileage £6k under spent due to COVID. |
| G096 | Building Cleaning (General) | 95,703 | 95,417 | (286) | |
| G099 | Catering | 400 | 0 | (400) | |
| G109 | Director of Development | 113,409 | 120,428 | 7,019 | |
| G110 | Asst Director of Development | 68,141 | 68,162 | 21 | |
| G114 | Strategic Investment Fund | 27,149 | 27,149 | 0 | |
| G132 | Planning Conservation | 79,625 | 79,432 | (193) | |
| G133 | The Tangent Business Hub | (23,074) | (36,575) | (13,501) | |
| G138 | Bolsover TC Regeneration Scheme | 4,500 | 4,500 | 0 | |
| G151 | Street Lighting | 35,134 | 34,873 | (261) | |
| G156 | The Arc | 94,706 | 91,930 | (2,776) | |
| G167 | Facilities Management | 24,119 | 23,338 | (781) | |
| G169 | Closed Churchyards | 9,883 | 9,882 | (1) | |
| G171 | S106 Education | 18,195 | 18,195 | 0 | Expenditure not yet spent - c/f to future years. |
| G172 | S106 Affordable Housing | (1,116) | (1,116) | 0 | Expenditure not yet spent - c/f to future years. |
| G188 | Cotton Street Contact Centre | 14,461 | 11,355 | (3,106) | |
| G193 | Economic Development Management + Admin | (308,939) | (333,591) | (24,652) | Salaries £24k under spent due to maternity leave + vacant post. |
| G196 | Head of Planning | 35,391 | 35,790 | 399 | |
| G200 | Head of Property Services + Housing Repairs | 4,339 | 4,050 | (289) | |
| G226 | S106 - Highways | (17,876) | (17,876) | 0 | Expenditure not yet spent - c/f to future years. |
| G227 | S106 - Public Health | 0 | 0 | 0 | Expenditure not yet spent - c/f to future years. |
| G237 | Joint Venture (LLP) | 3,850 | 3,850 | 0 | |
| Total for Development | | 1,377,880 | 1,260,647 | (117,234) | |
| G007 | Community Safety - Crime Reduction | 58,091 | 50,758 | (7,333) | |
| G008 | Community Safety Grant | 0 | 0 | 0 | |
| G010 | Neighbourhood Management | 64,960 | 63,842 | (1,118) | |
| G013 | Community Action Network | 260,798 | 262,162 | 1,364 | |
| G017 | Private Sector Housing Renewal | 75,502 | 64,278 | (11,224) | |
| G018 | Environmental Health - Covid Team | (59,985) | (59,985) | 0 | |
| G020 | Public Health | (70,000) | (89,487) | (19,487) | Joint crematorium income greater than budget. |
| G021 | Pollution Reduction | 183,008 | 180,807 | (2,201) | |
| G022 | Health & Safety | 0 | (241) | (241) | |

| GENERAL FUND DETAIL - OUTTURN 2020/21 | | | | | |
|--|---|------------------|------------------|------------------|---|
| | | Current Budget | Outturn | Variance | |
| | | 2020/21 | 2020/21 | | |
| Directorate cost centres | | £ | £ | £ | Main variances |
| G023 | Pest Control | 61,010 | 55,568 | (5,442) | |
| G024 | Street Cleansing | 324,809 | 318,454 | (6,355) | |
| G025 | Food Safety | 155,633 | 159,359 | 3,726 | |
| G026 | Animal Welfare | 79,236 | 80,796 | 1,560 | |
| G027 | Emergency Planning | 564,896 | 564,897 | 1 | |
| G028 | Waste Collection | 910,290 | 898,819 | (11,471) | |
| G030 | Street Trading | 452 | 0 | (452) | |
| G032 | Grounds Maintenance | 746,810 | 685,941 | (60,869) | Staff costs under spent £49k due to vacancies, income over achieved £14k. |
| G033 | Vehicle Fleet | 812,415 | 785,254 | (27,161) | H+C £7k under spent, Diesel £40k under spent, income £19k under achieved (majority is the fuel recharge to NE but is offset by the Diesel under spend). |
| G036 | Environmental Health Mgmt + Admin | 240,155 | 180,064 | (60,091) | Additional DFG funding meant that £53k of staffing costs could be met from Capital. |
| G043 | Director of Environment + Enforcement | 54,968 | 55,994 | 1,026 | |
| G046 | Homelessness | 188,864 | 177,513 | (11,351) | |
| G048 | Town Centre Housing | (10,600) | (7,231) | 3,369 | |
| G053 | Licensing | 6,481 | 8,279 | 1,798 | |
| G097 | Groundwork + Drainage Operations | 69,208 | 68,937 | (271) | |
| G106 | Housing Anti Social Behaviour | 107,132 | 106,377 | (755) | |
| G113 | Parenting Practitioner | 35,523 | 33,914 | (1,609) | |
| G123 | Riverside Depot | 156,043 | 153,145 | (2,898) | |
| G124 | Street Servs Mgmt + Admin | 56,400 | 44,375 | (12,025) | |
| G135 | Domestic Violence Worker | 42,635 | 41,237 | (1,398) | |
| G142 | Community Safety - CCTV | 1,170 | 1,170 | 0 | |
| G143 | Housing Strategy | 57,427 | 57,612 | 185 | |
| G144 | Enabling (Housing) | 40,097 | 40,281 | 184 | |
| G148 | Trade Waste | (124,600) | (152,950) | (28,350) | Waste disposal costs £42k under spent. Trade Refuse income under achieved by £14k due to COVID (Cancellation of refuse collections due to the closure of businesses). |
| G149 | Recycling | 109,474 | 268,045 | 158,571 | Additional cost of providing an in-house Recycling service, funded by COVID. |
| G153 | Housing Advice | 13,806 | 13,618 | (188) | |
| G176 | Affordable Warmth | 20,608 | 19,923 | (685) | |
| G198 | Head of Housing (GF) | 16,128 | 10,042 | (6,086) | |
| G199 | Head of Street Scene | 37,800 | 38,600 | 800 | |
| G229 | Housing Standards | 0 | (542) | (542) | |
| G239 | Housing + Comm Safety Fixed Penalty Acc | 1,000 | (582) | (1,582) | |
| Total for Environment + Enforcement | | 5,287,644 | 5,179,043 | (108,601) | |
| | | | | | |
| Total for: General Fund | | 9,659,216 | 8,978,208 | (681,007) | |

HOUSING REVENUE ACCOUNT - OUTTURN 2020/21

| | Current Budget 2020/21 £ | Outturn 2020/21 £ | Variance £ |
|---|-----------------------------------|-------------------------|------------------|
| Expenditure | | | |
| Repairs and Maintenance | 4,866,253 | 4,688,271 | (177,982) |
| Rents, Rates, Taxes & Other Charges | 214,117 | 208,691 | (5,426) |
| Supervision and Management | 5,282,389 | 5,174,136 | (108,253) |
| Special Services | 442,725 | 363,348 | (79,377) |
| Housing Related Support - Wardens | 636,020 | 573,768 | (62,252) |
| Housing Related Support - Central Control | 259,708 | 261,370 | 1,662 |
| Tenants Participation | 66,041 | 61,430 | (4,611) |
| New Build Schemes Evaluation | 356,309 | 356,309 | 0 |
| New Bolsover Project | 27,842 | 4,314 | (23,528) |
| Leasehold Flats | 68,248 | 68,248 | 0 |
| Debt Management Expenses | 8,000 | 7,991 | (9) |
| Total Expenditure | 12,227,652 | 11,767,876 | (459,776) |
| Income | | | |
| Dwelling Rents | (20,346,910) | (20,329,929) | 16,981 |
| Non-dwelling Rents | (138,638) | (123,688) | 14,950 |
| Leasehold Flats and Shops Income | (14,480) | (42,197) | (27,717) |
| Repairs and Maintenance | (59,597) | (47,234) | 12,363 |
| Supervision and Management | (1,795) | (1,708) | 87 |
| Special Services | (44,663) | (42,026) | 2,637 |
| Housing Related Support - Wardens | (409,168) | (405,210) | 3,958 |
| Housing Related Support - Central Control | (333,263) | (325,514) | 7,749 |
| Tenants Participation | 0 | (2,741) | (2,741) |
| New Bolsover Project | (27,842) | (4,314) | 23,528 |
| Total Income | (21,376,356) | (21,324,561) | 51,795 |
| Net Cost of Services | (9,148,704) | (9,556,685) | (407,981) |
| Appropriations | | | |
| Increase in Bad Debt Provision | 180,000 | 677,596 | 497,596 |
| Capital Interest Costs | 3,495,466 | 3,246,822 | (248,644) |
| Investment Interest Income | (1,435) | (2,763) | (1,328) |
| Depreciation | 3,800,000 | 4,274,630 | 474,630 |
| T/f to Major Repairs Reserve | 1,432,452 | 957,822 | (474,630) |
| Contribution to Insurance Reserve | 40,000 | 40,000 | 0 |
| Contribution to Development Reserve | 400,000 | 655,802 | 255,802 |
| Contribution to Vehicle Replacement Reserve | 200,000 | 200,000 | 0 |
| Use of Earmarked Reserves | (454,528) | (454,528) | 0 |
| Contribution (from) HRA Balance | (38,696) | (38,696) | 0 |
| Net Operating (Surplus) / Deficit | (95,445) | 0 | 95,445 |
| HRA Balances | | | |
| Opening Housing Revenue Account balance | (2,154,775) | (2,154,775) | |
| Budgeted Contribution from Balances | 38,696 | 38,696 | |
| Closing Housing Revenue Account Balance | (2,116,079) | (2,116,079) | |

CAPITAL EXPENDITURE OUTTURN - 2020/21

| | Current Programme 2020/21 | Actual Outturn 2020/21 | Variance 2020/21 | Carried Forward requests 2021/22 |
|---|---------------------------------|------------------------------|---------------------|---|
| | £ | £ | £ | £ |
| General Fund | | | | |
| Asset Management Plan | | | | |
| Investment Properties | 27,521 | 25,562 | (1,959) | 1,959 |
| Leisure Buildings | 61,806 | 52,056 | (9,750) | 9,750 |
| Pleasley Vale Business Park | 176,010 | 149,730 | (26,280) | 24,835 |
| Riverside Depot | 79,989 | 46,085 | (33,904) | 33,904 |
| The Arc | 92,315 | 88,063 | (4,252) | 4,252 |
| The Tangent | 10,000 | 0 | (10,000) | 10,000 |
| Refurbishment Work | 53,803 | 0 | (53,803) | 0 |
| | 501,444 | 361,496 | (139,948) | 84,700 |
| Assets | | | | |
| Car Parking at Clowne - Additional | 47,581 | 34,165 | (13,416) | 13,416 |
| Land at Portland Drive Shirebrook | 165,000 | 155,519 | (9,481) | 0 |
| LED Lighting Upgrade | 68,875 | 68,875 | 0 | 0 |
| Pleasley Vale Mill 1 - Dam Wall | 106,682 | 6,272 | (100,410) | 100,410 |
| Shirebrook Contact Centre | 15,000 | 11,088 | (3,912) | 0 |
| Polling Booths | 25,000 | 22,900 | (2,100) | 0 |
| Clowne Campus - Refurb Retention | 23,077 | 0 | (23,077) | 23,077 |
| Electric Charging Points | 37,107 | 0 | (37,107) | 37,107 |
| | 488,322 | 298,819 | (189,503) | 174,010 |
| ICT Schemes | | | | |
| E-Store Lite & PCI Pal Midcall Solution | 28,000 | 27,840 | (160) | 0 |
| ICT infrastructure | 109,718 | 12,502 | (97,216) | 97,216 |
| Modern.Gov Software | 2,100 | 2,100 | 0 | 0 |
| | 139,818 | 42,442 | (97,376) | 97,216 |
| Leisure Schemes | | | | |
| Playing Pitch Improvements (Clowne) | 762,500 | 0 | (762,500) | 762,500 |
| Go Active Equipment | 9,614 | 8,565 | (1,049) | 0 |
| Clowne Leisure Facility | 65,422 | (5,514) | (70,936) | 0 |
| | 837,536 | 3,051 | (834,485) | 762,500 |
| Private Sector Schemes | | | | |
| Disabled Facilities Grants | 999,472 | 382,959 | (616,513) | 0 |
| | 999,472 | 382,959 | (616,513) | 0 |
| Joint Venture | | | | |
| Dragonfly - Limited Liability Partnership (LLP) | 2,122,352 | 0 | (2,122,352) | 2,122,352 |
| | 2,122,352 | 0 | (2,122,352) | 2,122,352 |
| Vehicles and Plant | | | | |
| Fleet Management System | 3,260 | 0 | (3,260) | 3,260 |
| Vehicle MOT testing Equipment | 17,850 | 17,850 | 0 | 0 |
| Vehicle Replacements | 488,771 | 253,955 | (234,816) | 249,000 |
| Vehicle Wash Area | 8,098 | 7,098 | (1,000) | 0 |
| Can Rangers Equipment | 14,231 | 0 | (14,231) | 14,231 |
| | 532,210 | 278,903 | (253,307) | 266,491 |
| Total General Fund | 5,621,154 | 1,367,670 | (4,253,484) | 3,507,269 |

CAPITAL EXPENDITURE OUTTURN - 2020/21

| | Current Programme 2020/21 | Actual Outturn 2020/21 | Variance 2020/21 | Carried Forward requests 2021/22 |
|----------------------------------|---------------------------------|------------------------------|---------------------|---|
| | £ | £ | £ | £ |
| Housing Revenue Account | | | | |
| New Build Properties | | | | |
| Avant Creswell | 363,736 | 270,000 | (93,736) | 93,736 |
| Keepmoat Properties at Bolsover | 564,500 | 427,733 | (136,767) | 136,767 |
| Recreation Close Clowne | 5,240 | 0 | (5,240) | 0 |
| Rippon Homes South Normanton | 302,500 | 283,384 | (19,116) | 0 |
| The Paddock Bolsover | 1,083,386 | 924,464 | (158,922) | 21,625 |
| The Whitwell Cluster | 1,456,977 | 1,450,301 | (6,676) | 25,784 |
| Hilltop | 22,930 | (14,892) | (37,822) | 0 |
| Ash Close Pinxton | 33,988 | (7,448) | (41,436) | 0 |
| Beech Grove South Normanton | 13,794 | (13,099) | (26,893) | 0 |
| | 3,847,051 | 3,320,443 | (526,608) | 277,912 |
| Vehicle Replacements | | | | |
| | 80,464 | 59,464 | (21,000) | 21,000 |
| | 80,464 | 59,464 | (21,000) | 21,000 |
| Public Sector Housing | | | | |
| Bramley Vale | 147,313 | 159,088 | 11,775 | 0 |
| Electrical Upgrades | 117,992 | 73,491 | (44,501) | 3,264 |
| Environmental Works | 61,184 | 25,208 | (35,976) | 35,976 |
| External Door Replacements | 129,760 | 31,607 | (98,153) | 98,153 |
| Flat Roofing | 73,000 | 69,943 | (3,057) | 0 |
| House Fire Damage (Insurance) | 151,409 | 41,686 | (109,723) | 109,723 |
| Kitchen Replacements | 239,087 | 151,013 | (88,074) | 0 |
| Re Roofing | 965,529 | 933,509 | (32,020) | 60,227 |
| Regeneration Mgmt & Admin | 92,980 | 92,980 | 0 | 0 |
| Safe and Warm | 4,471,266 | 3,665,170 | (806,096) | 750,301 |
| Soffit and Fascia | 31,755 | 30,145 | (1,610) | 2,713 |
| Reactive Capital Works | 60,874 | 32,576 | (28,298) | 13,015 |
| Welfare Adaptations | 410,000 | 394,575 | (15,425) | 15,425 |
| Heating Upgrades | 2,692 | 0 | (2,692) | 2,692 |
| | 6,954,841 | 5,700,991 | (1,253,850) | 1,091,489 |
| HRA ICT Schemes | | | | |
| Open Housing | 69,494 | 10,767 | (58,727) | 58,727 |
| | 69,494 | 10,767 | (58,727) | 58,727 |
| New Bolsover Scheme | | | | |
| New Bolsover-Regeneration Scheme | 1,685,863 | 1,194,949 | (490,914) | 490,914 |
| | 1,685,863 | 1,194,949 | (490,914) | 490,914 |
| Total HRA | 12,637,713 | 10,286,614 | (2,351,099) | 1,940,042 |
| TOTAL CAPITAL EXPENDITURE | 18,258,867 | 11,654,284 | (6,604,583) | 5,447,311 |

CAPITAL EXPENDITURE OUTTURN - 2020/21

| | Current Programme 2020/21 | Actual Outturn 2020/21 | Variance 2020/21 | Carried Forward requests 2021/22 |
|--------------------------------|---------------------------------|------------------------------|---------------------|---|
| | £ | £ | £ | £ |
| Capital Financing | | | | |
| General Fund | | | | |
| Better Care Fund | (999,472) | (380,961) | 618,511 | 0 |
| Reserves | (3,324,027) | (462,536) | 2,861,491 | (2,839,246) |
| Capital Receipts | (397,027) | (332,642) | 64,385 | (65,987) |
| External Funding | (900,628) | (191,531) | 709,097 | (602,036) |
| | (5,621,154) | (1,367,670) | 4,253,484 | (3,507,269) |
| HRA | | | | |
| Major Repairs Reserve | (8,017,145) | (6,683,125) | 1,334,020 | (1,334,020) |
| Prudential Borrowing | (2,503,639) | (1,976,451) | 527,188 | (400,057) |
| Development Reserve | (561,750) | (387,368) | 174,382 | (88,023) |
| Vehicle Reserve | (80,464) | (59,464) | 21,000 | (21,000) |
| 1-4-1 Capital Receipts | (1,276,662) | (995,721) | 280,941 | (83,374) |
| External Funding | (198,053) | (184,485) | 13,568 | (13,568) |
| | (12,637,713) | (10,286,614) | 2,351,099 | (1,940,042) |
| TOTAL CAPITAL FINANCING | (18,258,867) | (11,654,284) | 6,604,583 | (5,447,311) |

BDC TREASURY MANAGEMENT – OUTTURN 2020/21

Capital Financing Requirement

The key area of Treasury Management is the measurement and control of the overall debt position of the Council. This is calculated through the Capital Financing Requirement (CFR). The CFR calculates the Council's underlying need to borrow in order to finance its capital expenditure. The revised estimate of the CFR for 2020/21 and the actual outturn CFR are shown in the table below: -

| | Current Budget 2020/21 £000 | Actual Outturn 2020/21 £000 |
|---|--|--|
| <i>Capital Financing Requirement 1 April</i> | 115,286 | 115,286 |
| Prudential Borrowing HRA | 2,504 | 1,976 |
| Minimum Revenue Provision (MRP) | (703) | (700) |
| Movement on other debt – retentions | 78 | 19 |
| <i>Capital Financing Requirement 31 March 2021</i> | 117,165 | 116,581 |

The overall outturn position shows a net increase of outstanding debt of £1.295m in 2020/21 when compared to the opening CFR. Prudential borrowing has been undertaken by the Council in 2020/21 totalling £1.976m on new HRA Council Dwellings.

The Capital Financing requirement is split between the HRA and General Fund, the balance of each is shown below:

| Capital Financing Requirement at 31 March 2021 | £000 |
|---|----------------|
| General Fund | 7,446 |
| Housing Revenue Account | 109,135 |
| Total CFR | 116,581 |

How the CFR is covered.

As mentioned above the CFR is the Council's underlying need to borrow to finance capital expenditure. To finance the CFR the Council has external borrowing and the use of its own reserves and balances. The position as at 31 March 2021 is as follows:

| | £000 |
|---|----------------|
| Capital Financing Requirement 31 March 2021 | 116,581 |
| Financed from: | |
| External Borrowing via PWLB | 97,100 |
| Use of internal balances and reserves | 19,481 |
| Total Financing of CFR | 116,581 |

PWLB Borrowing

The Council's total outstanding PWLB debt amounted to £99.100m at 1 April 2020. During 2020/21 £2m of principal has been repaid. No new loans have been taken out with the PWLB during 2020/21. The profile of the outstanding debt is analysed as follows: -

| PWLB BORROWING | Maturity Profile 31 March 2020 £ | Maturity Profile 31 March 2021 £ |
|------------------------|---|---|
| Term | | |
| 12 Months | 2,000,000 | 3,700,000 |
| 1 - 2 years | 3,700,000 | 4,000,000 |
| 2 - 5 years | 14,600,000 | 12,600,000 |
| 5 - 10 years | 20,800,000 | 22,800,000 |
| Over 10 years | 58,000,000 | 54,000,000 |
| Total PWLB Debt | 99,100,000 | 97,100,000 |

PWLB Interest

The interest cost to the Council of the PWLB debt for 2020/21 is £3.474m. The cost is split within the accounts between the HRA and General Fund based on the level of debt outstanding within the CFR.

Temporary Borrowing

Cash flow monitoring and management serves to identify the need for short term borrowing to cover delays in the receipt of income during the course of the year. During 2020/21 no short term borrowing was undertaken by the Council and therefore no interest charges were incurred.

Temporary / Fixed Investments

The table below details the fixed investments held at 31 March 2021

| Bank Name | Balance Invested 31 March 21 £000 |
|----------------------|--|
| Fixed | |
| Local Authorities | 20,456 |
| Call Accounts | |
| Bank Accounts | 5,000 |
| Money Market Funds | 12,500 |
| Total | 37,956 |

From the table above it can be seen that the balance invested by the Council at 31 March 2021 is £37.956m. Interest earned from temporary investments during 2020/21 amounted to £0.167m and is detailed in the following table:

| | Average Period each Investment | Total Investment during year £000 | Interest Received 2020/21 £ |
|-----------------------|---|--|--|
| Local Authorities | 1 year | 24,450 | 62,295 |
| Local Authorities | 9 months | 22,500 | 77,650 |
| Money Market Funds | Overnight | Average interest rate 0.10% | 23,387 |
| Banks | Overnight | Average interest rate 0.12% | 3,618 |
| Total | | | 166,950 |

Overnight Balances

The balance of any daily funds is retained in the Council's general account with Lloyds Bank.

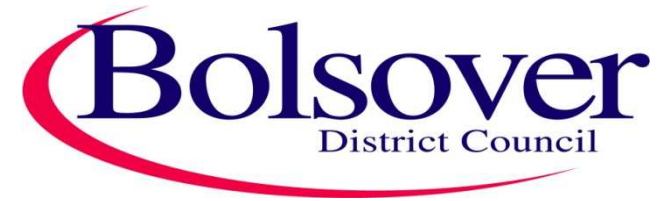
Compliance with Treasury Limits

During the financial year the Council continued to operate within the treasury limits set out in the Council's Borrowing and Investment Strategy.

| | Actual in year 2020/21 £000 | Set Limits in year 2020/21 £000 |
|---|--|--|
| Authorised (total Council external borrowing limit) | 126,581 | 131,665 |
| Operational Boundary | 121,581 | 126,665 |

Financial Outturn 2020/21

Introduction to the reports – General Fund

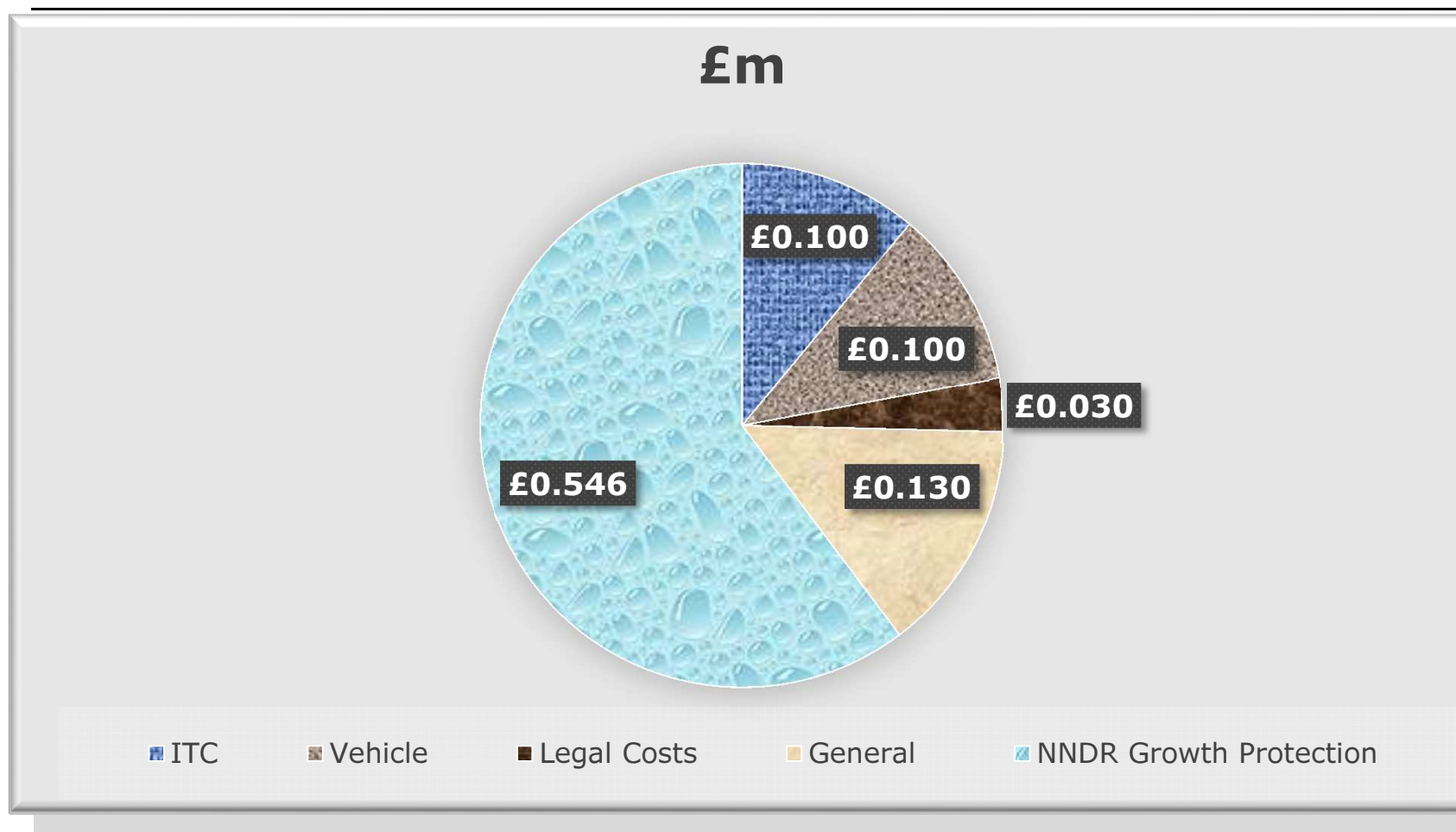
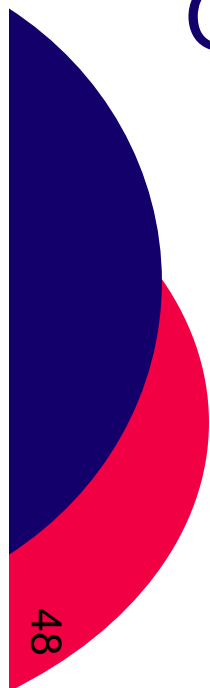


-
- General Fund is every service except housing stock related.
 - In February 2020 we set the council tax for the year 1/4/20 – 31/3/21.
 - To enable us to do this we produced the Medium Term Financial Plan (MTFP).
 - This included revenue budgets made up of income and expenditure for 2021/22 and projections for 2022/23, 2023/24 and 2024/25.
 - This report shows how the financial position for 2020/21 turned out.
 - Appendix 1 and 2 are the general fund elements and show the summary and detail for 2020/21.

General Fund – the outturn

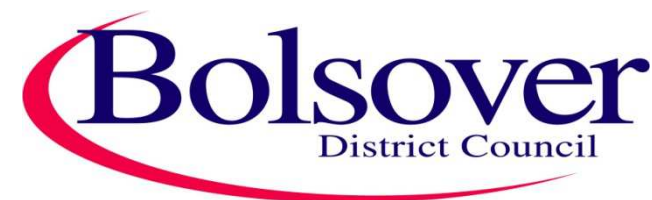
| The main variances | £'000 |
|--|--------------|
| ITC service | (94) |
| Bad debt provision not used | (48) |
| Salaries variances | (267) |
| Non-staff miscellaneous variances | (430) |
| Recycling service changes | 158 |
| Debt charges/Investment interest | (9) |
| Additional NNDR/Council Tax income | (211) |
| Additional government grants | (6) |
| Total Outturn Variance | (907) |
| Net change since revised budget | 1 |
| Contribution to Reserves at Outturn | (906) |

General Fund – transfers to reserves



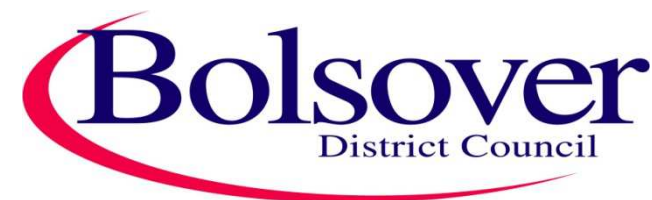
General Fund – future years

(please refer to paragraph 2.11 of the report for this slide)



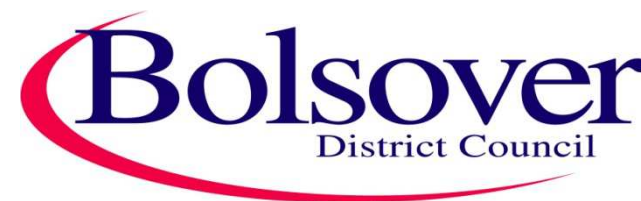
| | 2021/22 Budget £'000 | 2022/23 Budget £'000 | 2023/24 Budget £'000 | 2024/25 Budget £'000 |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| Budget Shortfall – MTFP Feb 2021 | 291 | 402 | 688 | 3,777 |
| Efficiencies identified to date | (191) | (192) | (128) | (110) |
| Current Budget Shortfall | 100 | 210 | 560 | 3,667 |
| Efficiencies identified not yet realised | (100) | (210) | (320) | (430) |
| Closing Budget Shortfall | 0 | 0 | 240 | 3,237 |

Covid-19 Pandemic



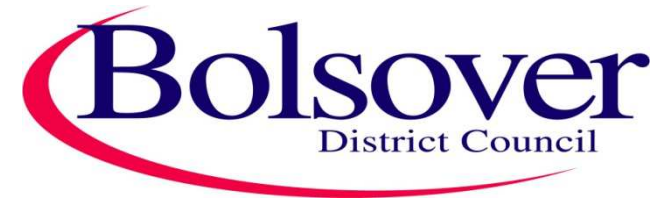
| | Amount received in 20/21 | Amount paid at 31/3/21 |
|---|---|---------------------------------------|
| Business Support grant funding | £23.617m | £19.632m |
| Test + Trace support payments for individuals | £0.188m | £0.092m |
| Council tax hardship relief | £0.780m | £0.738m |
| Expanded retail discount (business rates) | £7.800m | £7.800m |
| Emergency funding to cover our costs | £1.406m | £0.965m |
| Compensation for our income losses | £0.720m | n/a |
| Local tax losses business rates | £0.177m | n/a |
| Local tax losses council tax | £0.118m | n/a |

Introduction to the reports – Housing Revenue Account



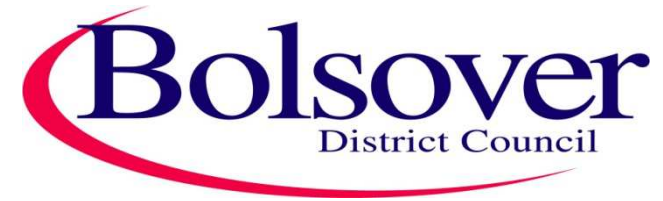
-
- This is purely income and expenditure relating to our housing stock.
 - In February 2020 we set the rents for the year 1/4/20 – 31/3/21.
 - This fed into the Medium Term Financial Plan (MTFP).
 - This included revenue budgets made up of income and expenditure for 2021/22 and projections for 2022/23, 2023/24 and 2024/25.
 - This report shows how the financial position for 2020/21 turned out.
 - Appendix 3 is the housing revenue account element showing the summary for 2020/21.

Housing Revenue Account – the outturn



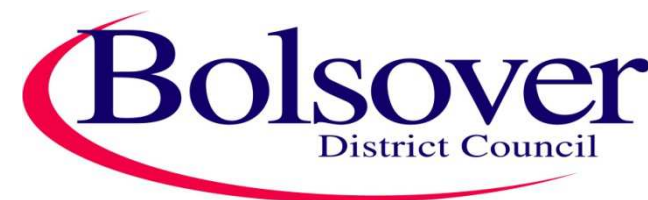
| The main variances | £'000 |
|--|--------------|
| Repairs + Maintenance expenditure | (178) |
| Supervision + Management expenditure | (108) |
| Remainder of HRA expenditure | (174) |
| Dwelling rents income | 17 |
| Remainder of HRA income | 35 |
| Bad debt provision increase | 497 |
| Additional interest cost | (250) |
| Budgeted surplus | (95) |
| Total Outturn Variance | (256) |
| Contribution to Development Reserve at Outturn | 256 |

Introduction to the reports – Capital Programme



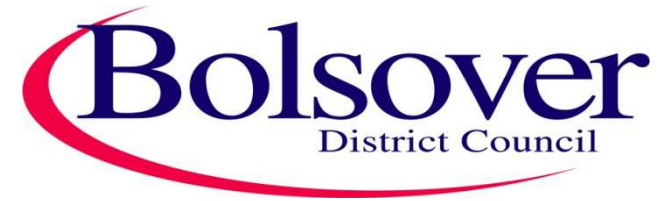
- This is expenditure to purchase new assets or enhance existing ones.
- Capital is shown separately for general fund and housing.
- We also show how we are going to pay for the expenditure.
- In February 2020 the Medium Term Financial Plan (MTFP) included estimates for both.
- We included expenditure and financing for 2021/22 and projections for 2022/23, 2023/24 and 2024/25.
- This report shows how the financial position for 2020/21 turned out.
- Appendix 4 is the capital programme showing the detail of individual schemes and financing for 2020/21.

Capital Programme – the outturn



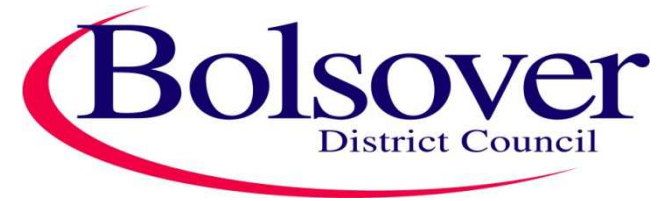
| The main variances | £'000 |
|-------------------------------|----------------|
| GF Building Assets | (330) |
| GF ICT Schemes | (98) |
| Disabled Facilities Grants | (615) |
| Joint Venture - Dragonfly | (2,122) |
| Leisure Schemes | (835) |
| Other GF Capital Schemes | (253) |
| HRA New Build Properties | (527) |
| Public Sector Housing Schemes | (1,254) |
| New Bolsover Scheme | (491) |
| Other HRA Capital Schemes | (80) |
| Total under spend | (6,605) |

Introduction to the reports – Treasury Management



- Treasury Management is the management of the Authority's cash flows (because it has surplus cash as a result of its day-to-day activities), borrowing and investments and the associated risks.
- In February 2020 the Medium Term Financial Plan (MTFP) included estimates of interest payable on loans and receivable on our investment balances.
- We included estimates for 2021/22 and projections for 2022/23, 2023/24 and 2024/25.
- This report shows how the financial position for 2020/21 turned out.
- Appendix 5 covers treasury management for 2020/21.

Treasury Management – the outturn



-
- Our over all borrowing requirement was £116.581m which was £0.584m less than budgeted due mainly to less capital expenditure than anticipated.
 - Public Works Loan Board (PWLB) debt was reduced to £97.100m due to a repayment of £2m in year.
 - Effective internal borrowing is £19.481m being the difference between the PWLB debt and the borrowing requirement.
 - PWLB debt interest paid was £3.474m.
 - Investment income received was £0.167m.

Any Questions?

Please email

Theresa.fletcher@Bolsover.gov.uk

Bolsover District Council

Audit and Corporate Overview Scrutiny Committee

27 July 2021

Annual Corporate Debt Monitoring Performance Report 2020/21

Report of the Head of Finance and Resources

Classification: This report is public

Report By: Theresa Fletcher, Head of Finance and Resources

Contact Officer: Theresa Fletcher – 01246 242458
theresa.fletcher@bolsover.gov.uk

PURPOSE / SUMMARY

To present to Audit and Corporate Overview Scrutiny Committee a summary of the corporate debt position at 31 March 2001.

RECOMMENDATIONS

- 1 That Audit and Corporate Overview Scrutiny Committee note the report concerning the Council's Corporate Debt as at 31 March 2021.
-

IMPLICATIONS

Finance and Risk: Yes ☒ No ☐

Details:

The current position regarding corporate debt is given throughout the report. Failure to collect this debt would have a detrimental impact on the Council's financial position if sufficient bad debt provisions were not in place. It must be remembered that the pandemic will be impacting on the arrears for all our main sources of income at 31st March 21.

On Behalf of the Section 151 Officer

Legal (including Data Protection): Yes ☐ No ☒

Details:

There are none arising directly from this report.

On Behalf of the Solicitor to the Council

Staffing: Yes ☐ No ☒

Details: There are no Human Resources issues arising directly from this report.

On behalf of the Head of Paid Service

DECISION INFORMATION

| | |
|---|---|
| Decision Information | |
| Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds: BDC: Revenue - £75,000 <input type="checkbox"/> Capital - £150,000 <input type="checkbox"/> NEDDC: Revenue - £100,000 <input type="checkbox"/> Capital - £250,000 <input type="checkbox"/> <input checked="" type="checkbox"/> Please indicate which threshold applies | No |
| Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In) | No |
| District Wards Significantly Affected | None directly |
| Consultation: Leader / Deputy Leader <input type="checkbox"/> Cabinet / Executive <input type="checkbox"/> SAMT <input type="checkbox"/> Relevant Service Manager <input type="checkbox"/> Members <input checked="" type="checkbox"/> Public <input type="checkbox"/> Other <input type="checkbox"/> | Click here to enter text. Details: Portfolio holder |

Links to Council Ambition (BDC)/Council Plan (NED) priorities or Policy Framework including Climate Change, Equalities, and Economics and Health implications.

REPORT DETAILS

1 Background

- 1.1 The main sources of income for the Council's General Fund are business rates, council tax, a small number of government grants and service related income. The main source of income for the Council's Housing Revenue Account is dwelling rent, often referred to as 'housing rents'. Government grants are paid over to us on agreed dates direct into our bank account so there is no need to include them on any of our debtor systems. For most other sources of income we have to request the income due to us.

- 1.2 We request the income due to us on the relevant system by raising bills for business rates, council tax and housing rents. There is legislation in place for each of these sources which determines the rules of collecting this income.
- 1.3 For service related income, invoices are raised on the sundry debtor system which is a module of our Civica Financial Management System. Examples of types of income include: housing benefit overpayment, trade refuse, industrial unit rent, garage site rent, wardens service and alarms and leisure hire of facilities. This income is reported in two amounts with housing benefit overpayments identified from the rest.
- 1.4 The following table shows the sources of income for Bolsover District Council as at 31 March 2021 and 2020 for comparison:

Table 1 – Sources of Income

| | 2019/20 | 2020/21 | |
|---|----------|----------|------------|
| position at end of | Q4 | Q4 | variance |
| | £'000 | £'000 | £'000 |
| NNDR | (28,218) | (28,585) | (367) * |
| Council tax | (41,995) | (43,683) | (1,688) ** |
| Housing Rents | (19,948) | (20,330) | (382) |
| Overpaid housing benefits | (617) | (391) | 226 |
| Sundry Debtors | (6,573) | (5,146) | 1,427 |
| | (97,351) | (98,135) | (784) |
| * This is 100%, our share of this is 40% | | | |
| ** This is 100%, our share of this is 16.53% 19/20 + 16.46% 20/21 | | | |

- 1.5 (*and **) these debts are part of the collection fund and are shared with major preceptors including the County, police and fire. Only a percentage of these debts belong to Bolsover District Council.
- 1.6 Debtors of a Local Authority are very sensitive to change. If a tenant/tax payer's circumstances change it can become difficult for them to keep paying their rent or council tax. Informing us of a change in personal circumstances late can

mean more benefit is paid than they are entitled to which can mean they become benefit overpayment debtors.

- 1.7 Circumstances can change quickly and mean debtors fall into arrears. It is very common for Local Authority's to have arrears balances due to the vulnerable nature of some of its debtors. Debt management is how the Council manages its arrears and debtors. The following table shows the level of arrears for Bolsover District Council at 31 March for the last two financial years. This information is published in the Council's Statement of Accounts document each year.

Table 2 – Level of Arrears

| | 2019/20 | 2020/21 | |
|---------------------------|-----------|-----------|------------|
| position at end of | Q4 | Q4 | variance |
| | £ | £ | £ |
| NNDR | 422,563 | 555,701 | 133,138 * |
| Council tax | 2,543,341 | 3,540,825 | 997,484 ** |
| Housing Rents | 1,131,486 | 1,709,514 | 578,028 |
| Overpaid housing benefits | 1,766,212 | 1,643,213 | (122,999) |
| Sundry Debtors | 800,567 | 610,706 | (189,861) |
| | 6,664,169 | 8,059,959 | 1,395,790 |

- 1.8 As you can see from table 2, arrears have increased in 2020/21 for nnldr, council tax and housing rents. Almost certainly the Coronavirus pandemic is part of the reason for this. This may be less so for nnldr as the amount of reliefs provided by Government £7.8m, will have meant some businesses had little or no liability to pay for 2020/21.
- 1.9 Part of managing the debt is assessing the likelihood of future non-collection. At each year end, an estimate of non-collection is made based on historic payment information for the same class of debt. An amount equal to the non-collection is charged against our revenue account and saved in a provision for future use. The provision is often referred to as the bad debt provision. It is considered prudent to not include all the income in the revenue accounts in a year when there is a chance it won't all be collected.
- 1.10 As part of year end work the provision balance for each class of debt is reviewed, compared against latest arrears balances to ensure it still covers the

amount of non-collection in case we have to write-off debts, and either increased or decreased, whichever is appropriate.

- 1.11 Although 2019/20 was relatively unaffected by the Coronavirus pandemic, when we assessed the provision levels at 31 March 2020, we increased the provisions slightly in anticipation of the financial effect on businesses and individuals in 2020/21.
- 1.12 As you can see from the following table which shows the bad debt provision for each class of debtor at 31 March for the last two financial years, we felt it necessary to increase the provision considerably for nndr, council tax and housing rents based on the increased arrears balances at 31/3/21.

Table 3 - Bad Debt Provisions

| | 2019/20 | 2020/21 | |
|---------------------------|-------------|-------------|--------------|
| position at end of | Q4 | Q4 | variance |
| | £ | £ | £ |
| NNDR | (286,317) | (555,701) | (269,384) * |
| Council tax | (1,517,431) | (2,206,432) | (689,001) ** |
| Housing Rents | (607,220) | (1,154,736) | (547,516) |
| Overpaid housing benefits | (1,406,455) | (1,365,626) | 40,829 |
| Sundry Debtors | (80,783) | (140,518) | (59,735) |
| | (3,898,206) | (5,423,013) | (1,524,807) |

- 1.13 As previously mentioned there is legislation that governs the collection of business rates, council tax and housing rents. As a Local Authority it is necessary to have a debt collection process that adheres to legislation but ensures the maximum amount of income is collected.
- 1.14 Members will be aware that due to Covid, from mid-March to the 30th of June 2020, the Council took no recovery action regarding debt collection. From the 1st of July we began 'soft recovery' along with the other Derbyshire authorities. This meant people who owed the Council money received extra letters offering help to settle what they owed over a longer period.
- 1.15 Between 1st of July and 4th November we took small steps towards getting back to pre-Covid processes in our recovery of debts but staff were still contacting debtors by telephone who had not responded to our letters. We saw positive

results from this interaction by payment plans being arranged or some settling their debts in full immediately.

- 1.16 In November when we went back into lockdown, we again reverted to soft recovery and did not send out any court letters. Contact centres were closed and those who pay by cash were unable to make payments so we planned to allow time for missed cash payment to be made before undertaking full recovery again. As we went almost immediately into a third lockdown, we ended the year undertaking soft recovery only and did not send any further court letters out for the year.
- 1.17 The strategy of undertaking mostly soft recovery action during 2020/21 could have meant businesses and individuals took advantage of not being chased and reprioritised their debts if they were having difficulties, which could be another reason for arrears levels being higher.
- 1.18 Now we have reverted once again to pre-Covid processes, it is hoped we will see a sharp increase in the number of businesses and individuals setting up arrangements to pay off their outstanding arrears as staff are once again contacting debtors and offering ways to help.
- 1.19 Indicators for debt collection are monitored through the 'Perform' system and reported at the quarterly performance meetings where any areas of concern are raised. Targets for collecting income and reducing arrears for each class of debt are set and monitored. The performance data on debt collection is also reported quarterly to Executive for information where any areas of concern are raised/discussed.
- 1.20 The following table shows for 2020/21 the movement since last financial year in the value of each source of income, the amount that is outstanding as arrears and the bad debt provision which relates to that source of income.

Table 4 – Summary for 2020/21

| | Income | Arrears | Provision | |
|---------------------------|------------------|------------------|--------------------|----|
| | £ | £ | £ | |
| NNDR | (367,000) | 133,138 | (269,384) | * |
| Council tax | (1,688,000) | 997,484 | (689,001) | ** |
| Housing Rents | (382,000) | 578,028 | (547,516) | |
| Overpaid housing benefits | 226,000 | (122,999) | 40,829 | |
| Sundry Debtors | 1,427,000 | (189,861) | (59,735) | |
| Totals | (784,000) | 1,395,790 | (1,524,807) | |

- 1.21 Over all in 2020/21 we have raised on our systems £0.784m (net) more in income. Our arrears have increased by £1.4m but if we include just nndr, council tax and housing rents the increase is £1.7m. We have increased the bad debt provisions by £1.5m.

2 **Reasons for Recommendation**

- 2.1 To ensure that Audit and Corporate Overview Scrutiny Committee are informed of the latest position concerning the Council's debt.

3 **Alternative Options and Reasons for Rejection**

- 3.1 This report is for information only.

DOCUMENT INFORMATION

| Appendix No | Title |
|--|--------------|
| | |
| Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers) | |
| | |

Bolsover District Council

Audit and Corporate Overview Scrutiny Committee

27 July 2021

Budget Monitoring Report – Quarter 1 – April to June 2021

Report of the Head of Finance and Resources

Classification: This report is public

Report By: Theresa Fletcher, Head of Finance and Resources

Contact Officer: Theresa Fletcher – 01246 242458
theresa.fletcher@bolsover.gov.uk

PURPOSE / SUMMARY

To update Committee on the financial position of the Council following the first quarter's budget monitoring exercise for the General Fund, the Housing Revenue Account (HRA), Capital Programme and Treasury Management activity.

RECOMMENDATIONS

- 1 That Audit and Corporate Overview Scrutiny Committee notes the monitoring position of the General Fund at the end of the first quarter as detailed on **Appendix 1** (A net favourable variance of £0.124m against the profiled budget) and the key issues highlighted within this report.
- 2 That Audit and Corporate Overview Scrutiny Committee notes the position on the Housing Revenue Account (HRA), the Capital Programme and Treasury Management at the end of the first quarter (**Appendices 3, 4 and 5**).

IMPLICATIONS

Finance and Risk: Yes ☒ No ☐

Details:

Financial implications are covered throughout this report.

The issue of Financial Risks is covered throughout the report. In addition, however, it should be noted that the risk of not achieving a balanced budget is outlined as a key risk within the Council's Strategic Risk Register. While officers are of the view that these risks are being appropriately managed it needs to be recognised that there may be pressures on all of the Council's main budgets as these have been or are being reduced to minimum levels. These will need to be managed carefully during the

course of this financial year if we are to protect the existing levels of financial balances and reduce the funding deficit in 2024/25.

On Behalf of the Section 151 Officer

Legal (including Data Protection): Yes ☐ No ☒

Details:

There are no legal issues arising directly from this report.

On Behalf of the Solicitor to the Council

Staffing: Yes ☐ No ☒

Details:

There are no human resource issues arising directly out of this report.

On behalf of the Head of Paid Service

DECISION INFORMATION

| | |
|---|---|
| Decision Information | |
| Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds: BDC: Revenue - £75,000 <input type="checkbox"/> Capital - £150,000 <input type="checkbox"/> NEDDC: Revenue - £100,000 <input type="checkbox"/> Capital - £250,000 <input type="checkbox"/> <input checked="" type="checkbox"/> Please indicate which threshold applies | No |
| Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In) | Yes |
| District Wards Significantly Affected | All |
| Consultation: Leader / Deputy Leader <input checked="" type="checkbox"/> Cabinet / Executive <input type="checkbox"/> SAMT <input type="checkbox"/> Relevant Service Manager <input type="checkbox"/> Members <input checked="" type="checkbox"/> Public <input type="checkbox"/> Other <input type="checkbox"/> | Click here to enter text. Details: Portfolio holder |

Links to Council Ambition (BDC)/Council Plan (NED) priorities or Policy Framework including Climate Change, Equalities, and Economics and Health implications.

REPORT DETAILS

1 Report Details

- 1.1 This report provides the current financial position following the 2021/22 quarter 1 monitoring exercise.

General Fund Revenue Account

- 1.2 The General Fund Revenue Account summary is shown in **Appendix 1**. The original budget for 2021/22 showed a funding deficit of £0.291m. The current budget shows this has reduced to £0.180m deficit after the Council tax increase and other small movements are included. As savings are identified and secured they are moved into the relevant cost centres within the main General Fund Directorates. **Appendix 2** details the net cost of each cost centre within the Directorates.
- 1.3 Salary budgets for 2021/22 were last reviewed by officers in October 2020 as part of preparing the 2021/22 MTFP. Due to the amount of Covid-related returns needing to be submitted to Government, the salary budgets for quarter 1 have not yet been reviewed for changes since October but this will be carried out during the next quarter and savings will then be removed from budgets.
- 1.4 Within the Directorates there is the following to report:
- The Corporate Resources Directorate shows a favourable variance of £0.257m. This relates mainly to :
 1. Under spends due to invoices not yet paid and vacancies at the end of the quarter (£0.282m) – favourable.
 2. Income received in advance of any expenditure (£0.378m) – favourable
 3. Annual invoices were paid in quarter 1 which makes the profiled budget look overspent (£0.143m) – adverse.
 4. Expenditure has been spent but the income hadn't been received as it is claimed in arrears (£0.112m) – adverse.
 5. Over spends against quarter 1 budget due to less income received, new pressures or where expenditure is seasonal and not profiled over 4 quarters (£0.193m) – adverse
 - The Development Directorate shows an adverse variance of £0.252m. This relates mainly to:
 1. Under spends due to invoices not yet paid and vacancies at the end of the quarter (£0.055m) – favourable.
 2. Income received in advance of any expenditure (zero) – favourable.
 3. Annual invoices were paid in quarter 1 which makes the profiled budget look overspent (£0.201m) – adverse.

4. Expenditure has been spent but the income hadn't been received as it is claimed in arrears (£0.098m) – adverse.
 5. Over spends against quarter 1 budget due to less income received, new pressures or where expenditure is seasonal and not profiled over 4 quarters (zero) – adverse.
- The Environment and Enforcement Directorate shows a favourable variance of £0.039m. This relates mainly to:
 1. Under spends due to invoices not yet being paid and vacancies at the end of the quarter (£0.066m) – favourable.
 2. Income received in advance of any expenditure (£0.437m) – favourable.
 3. Annual invoices were paid in quarter 1 which makes the profiled budget look overspent (£0.043m) – adverse.
 4. Expenditure has been spent but the income hadn't been received as it is claimed in arrears (£0.335m) – adverse.
 5. Over spends against quarter 1 budget due to less income received, new pressures or where expenditure is seasonal and not profiled over 4 quarters (£0.023m) – adverse.
- 1.5 In order to improve the monitoring and control of Section 106 monies received by the Council, the sums due to be utilised in a financial year are now recorded within the General Fund directorate budgets with the expenditure recorded against these sums. The amount budgeted to be spent in 2021/22 is £0.009m but the slippage from 2020/21 is currently being added to the financial management system. Officers are working to ensure that this spend is undertaken in line with the S106 legal requirements.
- 1.6 The overall position at the end of quarter 1 shows that there is a favourable variance of £0.124m. This is mainly due to receiving income in advance of spend for the year. The budget pressures continuing to be caused by the pandemic such as leisure income, will be in part covered by government funding. Although we reduced the budget for planning income in the MTFP in light of the pandemic it is pleasing to see we have actually received £0.035m more than a quarter of the anticipated budget by the end of quarter 1.
- 1.7 The table below shows the latest position of all years in the current MTFP after updating the reported figures from the February Council report with the recycling service changes. It should be remembered that for all years from 2021/22 there is a transfer into the general fund from the NNDR Growth Protection Reserve to replace the losses caused by changes in Government funding. As a Council we made it our strategy to save extra income earned in years when we received more than we estimated, to be able to use it in future years' when income was reduced.
- 1.8 These transfers are a net £0.072m into the reserve in 2021/22, then contributions from the reserve of £2.745m in 2022/23 and £3.012m in 2023/24. Any surplus made since April 2021 will be returned to the reserve to extend the use of the reserve for as long as possible.

- 1.9 This reserve is not a sustainable source of income for the general fund. This is where we look to the new directorate for development to generate income and replace the funding we've lost before we run out of the NNDR Growth Protection Reserve in 2023/24.

| <u>Table 1</u> | 2021/22 Budget £000 | 2022/23 Budget £000 | 2023/24 Budget £000 | 2024/25 Budget £000 |
|---|---------------------------|---------------------------|---------------------------|---------------------------|
| Budget Shortfall – MTFP Feb 2021 adjusted for recycling service | 291 | 402 | 690 | 3,778 |
| Efficiencies identified to date (removed from budget) | (111) | (110) | (110) | (110) |
| Current Budget Shortfall | 180 | 292 | 580 | 3,668 |
| Efficiencies identified <u>not yet realised</u> | (100) | (210) | (320) | (430) |
| Pension costs to be funded by GF balance | (80) | (82) | (18) | 0 |
| Target Budget Shortfall | 0 | 0 | 242 | 3,238 |

- 1.10 Officers will begin working with budget managers during the next quarter to compile a revised budget for 2021/22. This will amend the current budgets to capture additional budget savings and losses and reduce spending where it is anticipated that there will be minimal impact upon service delivery. Where possible the budget in future years will be amended to reflect savings identified to assist with projected budget shortfalls. The revised budget position will be presented to Members in November and December.

Delays to Government Reviews

- 1.11 The Public Accounts Committee (PAC) has published a report that looks at the effect of Covid-19 on local government finance as well as at the prospects for reform of local government funding. The report reminds us that funding reforms have been planned since 2015-16 and were initially supposed to be implemented in 2019-20.
- 1.12 It is highly likely that the fundamental reforms such as the Fair Funding Review and business rates reset will again be delayed. Government wants to understand the impact of the pandemic on business rates and council tax income as well as on Local Government as a whole, before introducing the new reforms. We are likely to have to wait until the Spending Review later in this year to see if any decisions on the exact timing of the reviews have been made but 2023-24 is thought to be the earliest date for them to be introduced.

Housing Revenue Account (HRA)

- 1.13 The Housing Revenue Account summary for the first quarter of 2021/22 is set out in **Appendix 3** to this report. At the end of quarter 1 the HRA is showing a net deficit of £0.175m.

Income

- 1.14 The quarter 1 income figures show an adverse variance of £0.535m. This is mainly due to the timing of the rent free week falling into the first quarter. The annual budget is profiled to receive 12 weeks in the first quarter when actually only 11 weeks were billed. An estimate of the weekly rent debit is £0.434m giving a variance of £0.080m due to 1.17% more voids than estimated in quarter 1.
- 1.15 The large adverse variance on Housing Related Support – Wardens, is due to the quarter 1 invoice to DCC for the Provision of Independent Living Service not yet being raised - £0.070m.

Expenditure

- 1.16 Expenditure shows an overall favourable variance of £0.358m. The main areas to highlight are listed below:
1. Repair and Maintenance at £1.050m is £0.257m lower than forecast which is due to a combination of the following:
 - Vacancies are £0.057m under spent.
 - Subcontractor payments and stores issues through Travis Perkins are together £0.188m under spent.
 2. Rent, Rates, Taxes and Other Charges expenditure at £0.010m is £0.038m under spent due to the Council Tax liability on void properties not paid as yet.
 3. Special Services expenditure is £0.047m under spent because the invoice for quarter 1 has not yet been paid.

HRA – Overall Summary

- 1.17 In light of the above and the expenditure patterns to date, the only significant issue to report regarding the overall position for the HRA at the end of the first quarter is the reduction in income caused by voids being at a level higher than budgeted for.
- 1.18 The additional void rent loss is as a result of the on-going ambitions of the Council with the delivery of a wide range of capital schemes, the nature of these schemes often requires the decanting of tenants. Once schemes are completed it is the aim to then let all of the properties within the scheme.

Capital Programme

Capital Expenditure

- 1.19 The capital programme summary for the first quarter of 2021/22 is provided in **Appendix 4** to this report.

1.20 In headline terms, the capital programme profiled budget for quarter 1 is £6.617m and the actual spend and known commitments total £3.938m, which is £2.679m behind the planned spend position. The main areas to highlight are listed below:

1. The new 3G playing pitch has not yet really started so is showing £0.180m under spent.
2. The Disabled Facility Grants are under spent at this time being £0.112m below budget.
3. Dragonfly loan and acquisition of share capital are showing as £0.531m under spent which is due to a delay to the start of the next phase of the scheme.
4. The new build HRA properties are together £1.323m under spent for the quarter due to the phasing of the individual schemes.
5. The HRA Vehicle Replacements appear over spent at £0.061m but the scheme can't really be quarterly profiled.
6. The Public Sector Housing schemes on our own properties are currently £0.423m under spent at the end of the first quarter.

1.21 Whilst there are no significant financial issues to report regarding capital expenditure at the end of the first quarter, it must be noted that the delivery of the approved capital programme is behind the profiled position as at quarter 1.

Capital Resources

1.22 HRA – The Council has sufficient capital resources in place to finance the HRA actual expenditure and commitments at the end of the first quarter.

General Fund – The financing of the General Fund part of the capital programme is in line with the approved financing arrangements.

Treasury Management

1.23 The treasury management function covers the borrowing and investment of Council money. This includes both the management of the Council's day to day cash balances and the management of its long term debt. All transactions are conducted in accordance with the Council's approved strategy and the CIPFA Code of Practice. Good treasury management plays an important role in the sound financial management of the Council's resources.

1.24 The Council approved the 2021/22 Treasury Management Strategy at its meeting in February 2021. **Appendix 5** identifies the Treasury Management activity undertaken during the first quarter of 2021/22 and demonstrates that this is in line with the plans agreed as part of the strategy. The income received from investments is currently higher than budgeted although interest rates being received on investments is generally lower than estimated.

1.25 We have been able to fix a number of investments for longer than 3 months to take advantage of slightly higher rates because we don't have an immediate need to use the cash. Careful monitoring of our cash balances is being undertaken on a daily basis to ensure this can be maintained for as long as possible. A full assessment of this will be done during the next quarter in preparation of revised budgets.

2 Reasons for Recommendation

- 2.1 The report summarises the financial position of the Council following the first quarter's budget monitoring exercise for the General Fund, the Housing Revenue Account, Capital Programme and Treasury Management activity.

3 Alternative Options and Reasons for Rejection

- 3.1 The Budget Monitoring report for 2021/22 is primarily a factual report which details progress against previously approved budgets. Accordingly, there are no alternative options to consider.

DOCUMENT INFORMATION

| Appendix No | Title |
|--|----------------------------|
| 1 | General Fund Summary |
| 2 | General Fund Detail |
| 3 | HRA Summary |
| 4 | Capital Programme |
| 5 | Treasury Management Update |
| Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers) | |
| | |
| Report Author | Contact Number |
| Head of Finance and Resources | 2458 |

GENERAL FUND SUMMARY - 2021/22

| | Per Council 3/2/21 | Per FMS | | | |
|---|-------------------------|------------------------|-------------------------|--------------------------|---------------------------|
| | Original Budget £ | Current Budget £ | 3 months Budget £ | 3 months Actuals £ | 3 months Variance £ |
| Corporate Resources | 3,593,153 | 3,875,553 | 968,888 | 711,761 | (257,127) |
| Development | 1,840,284 | 1,877,534 | 469,384 | 721,534 | 252,151 |
| Environment and Enforcement | 4,865,102 | 5,349,334 | 1,337,334 | 1,298,607 | (38,727) |
| <u>S106 due in year</u> | | | | | |
| Corporate Resources | 8,633 | 8,633 | 2,158 | (66,370) | (68,528) |
| Development | 0 | 0 | 0 | (11,785) | (11,785) |
| Net Cost of Services | 10,307,172 | 11,111,054 | 2,777,764 | 2,653,747 | (124,017) |
| Debt Charges | 967,656 | 967,656 | 241,914 | 241,914 | 0 |
| Investment Interest | (56,972) | (56,972) | (14,243) | (14,243) | 0 |
| Contributions to Reserves | 1,313,785 | 763,785 | 190,946 | 190,946 | 0 |
| Contributions from Earmarked Reserves | (523,647) | (4,722,332) | (1,180,583) | (1,180,583) | 0 |
| Contribution (from)/to S106 Holding A/cs, Grant A/cs and Miscellaneous Holding A/cs | (259,314) | (457,530) | (114,383) | (114,383) | 0 |
| Parish Precepts | 3,241,198 | 3,294,344 | 823,586 | 823,586 | 0 |
| Total Spending Requirement | 14,989,878 | 10,900,005 | 2,725,001 | 2,600,985 | (124,017) |
| Revenue Support Grant | (1,194,913) | (1,194,913) | (298,728) | (298,728) | 0 |
| Business Rate Retention | (4,752,753) | (4,752,753) | (1,188,188) | (1,188,188) | 0 |
| NNDR Collection Fund surplus | 0 | | 0 | 0 | 0 |
| New Homes Bonus Grant | (724,765) | (724,765) | (181,191) | (181,191) | 0 |
| BDC Council Tax Requirement | (3,993,153) | (3,992,970) | (998,243) | (998,243) | 0 |
| Parish Council Council Tax Requirement | (3,241,198) | (3,294,344) | (823,586) | (823,586) | 0 |
| COVID-19 Related Support | (791,591) | (791,591) | (197,898) | (197,898) | 0 |
| Covid-19 Business Grants | 0 | 4,031,915 | 1,007,979 | 1,007,979 | 0 |
| Funding Requirement | (14,698,373) | (10,719,421) | (2,679,855) | (2,679,855) | 0 |
| Funding gap/(surplus) | 291,505 | 180,584 | 45,146 | (78,871) | (124,017) |

General Fund Detail

APPENDIX 2

| List of net budgets per cost centre per directorate | | Full Years | 3 months | 3 months | 3 months | |
|---|--|------------|----------|----------|-----------|---|
| | | Budget | Budget | Actuals | Variance | |
| | | £ | £ | £ | £ | |
| G001 | Audit Services | 123,520 | 30,880 | 123,520 | 92,640 | Budget committed for the full year (call-off order). |
| G002 | I.C.T. | 903,400 | 225,850 | 213,758 | (12,092) | |
| G003 | Communications, Marketing + Design | 333,154 | 83,289 | 79,886 | (3,403) | |
| G006 | Partnership, Strategy & Policy | 428,117 | 107,029 | 102,627 | (4,402) | |
| G011 | Head of Leader's Executive Team | 70,415 | 17,604 | 17,358 | (246) | |
| G012 | Community Champions | 78,580 | 19,645 | 63,834 | 44,189 | Awaiting Holding Account budget to be rolled forward. |
| G014 | Customer Contact Service | 762,884 | 190,721 | 182,744 | (7,977) | |
| G015 | Customer Service + Improvement | 127,943 | 31,986 | 33,198 | 1,212 | |
| G016 | Skills Audit | 43,837 | 10,959 | 0 | (10,959) | |
| G038 | Concessionary Fares & TV Licenses | (10,453) | (2,613) | (99) | 2,514 | |
| G040 | Corporate Management | 171,431 | 42,858 | 60,844 | 17,987 | |
| G041 | Non Distributed Costs | 688,609 | 172,152 | 41,986 | (130,167) | June superann payment £80k not due until July. Added years commitment for Q1 not yet on - £50k. |
| G044 | Financial Services | 313,726 | 78,432 | 64,952 | (13,480) | |
| G052 | Human Resources | 218,090 | 54,523 | 45,765 | (8,757) | |
| G054 | Electoral Registration | 185,021 | 46,255 | 38,105 | (8,151) | |
| G055 | Democratic Representation & Management | 530,725 | 132,681 | 139,980 | 7,299 | |
| G056 | Land Charges | (3,248) | (812) | (3,137) | (2,325) | |
| G057 | District Council Elections | 5,000 | 1,250 | 14,604 | 13,354 | |

General Fund Detail

APPENDIX 2

| List of net budgets per cost centre per directorate | | Full Years | 3 months | 3 months | 3 months | |
|---|---|------------|----------|----------|-----------|---|
| | | Budget | Budget | Actuals | Variance | |
| | | £ | £ | £ | £ | |
| G058 | Democratic Services | 259,371 | 64,843 | 56,012 | (8,831) | |
| G060 | Legal Services | 242,253 | 60,563 | 55,466 | (5,098) | |
| G061 | Bolsover Wellness Programme | 77,853 | 19,463 | 23,062 | 3,598 | |
| G062 | Extreme Wheels | 4,064 | 1,016 | 11,601 | 10,585 | |
| G064 | Bolsover Sport | 140,889 | 35,222 | 29,588 | (5,634) | |
| G065 | Parks, Playgrounds & Open Spaces | 37,469 | 9,367 | 13,951 | 4,584 | |
| G069 | Arts Projects | 49,543 | 12,386 | 11,165 | (1,221) | |
| G070 | Outdoor Sports & Recreation Facilities | 19,567 | 4,892 | (6,665) | (11,556) | |
| G072 | Leisure Services Mgmt & Admin | 267,010 | 66,753 | 52,505 | (14,247) | |
| G084 | Head of Partnerships and Transformation | 38,289 | 9,572 | 9,133 | (439) | |
| G086 | Alliance | 7,250 | 1,813 | 3,250 | 1,438 | |
| G094 | Director of Corporate Resources | 55,581 | 13,895 | 14,096 | 201 | |
| G100 | Benefits | 487,394 | 121,849 | 8,762 | (113,087) | £48k new funding received in advance. £110k Localised Council Tax Support Administration Subsidy recived for the year in Q1. Software/Maintenance paid for the yr showing £36k over spent for the qtr plus other small over/under spends. |

General Fund Detail

APPENDIX 2

| List of net budgets per cost centre per directorate | | Full Years | 3 months | 3 months | 3 months | |
|---|---------------------------------------|-------------|-------------|-------------|-----------|--|
| | | Budget | Budget | Actuals | Variance | |
| | | £ | £ | £ | £ | |
| G103 | Council Tax / NNDR | 442,526 | 110,632 | (19,856) | (130,488) | Salaries showing £20k under spent due to a vacancy. £143k over achieved income due to new burdens funding received for the yr in Q1, fees + charges income not transferred until year end showing £37k under for the qtr. Software/maintenance paid for the yr showing £14k over spent plus other over/under spends. |
| G111 | Shared Procurement | 44,584 | 11,146 | 13,414 | 2,268 | |
| G116 | Parish Council Elections | 0 | 0 | 14,559 | 14,559 | |
| G117 | Payroll | 75,997 | 18,999 | 18,502 | (497) | |
| G122 | County Council Elections | 0 | 0 | (15,036) | (15,036) | |
| G125 | S106 Percent for Art | 0 | 0 | (10,724) | (10,724) | |
| G126 | S106 Formal and Informal Recreation | 8,633 | 2,158 | (20,710) | (22,869) | |
| G146 | Pleasley Vale Outdoor Activity Centre | 59,140 | 14,785 | 6,350 | (8,435) | |
| G155 | Customer Services | 31,175 | 7,794 | 7,642 | (152) | |
| G157 | Controlling Migration Fund | 119,636 | 29,909 | 8,306 | (21,603) | |
| G158 | Police Commissioners Election | 0 | 0 | (41,743) | (41,743) | Will be zero after the election costs are distributed. |
| G161 | Rent Rebates | (92,577) | (23,144) | (23,144) | 0 | |
| G162 | Rent Allowances | (39,293) | (9,823) | (9,823) | 0 | |
| G164 | Support Recharges | (4,020,859) | (1,005,215) | (1,005,215) | 0 | |
| G168 | Multifunctional Printers | 39,900 | 9,975 | 26,090 | 16,115 | |
| G170 | S106 Outdoor Sports | 0 | 0 | (34,936) | (34,936) | Income received from developer, can't be 1/4ly profiled. |

General Fund Detail

APPENDIX 2

| List of net budgets per cost centre per directorate | | Full Years | 3 months | 3 months | 3 months | |
|---|--|------------------|----------------|----------------|------------------|---|
| | | Budget | Budget | Actuals | Variance | |
| | | £ | £ | £ | £ | |
| G177 | Discretionary Housing Payments | 0 | 0 | 0 | 0 | |
| G179 | School Sports Programme | 0 | 0 | (2,269) | (2,269) | |
| G192 | Scrutiny | 22,458 | 5,615 | 5,204 | (410) | |
| G195 | Head of Governance + Monitoring | 38,742 | 9,686 | 9,426 | (260) | |
| G197 | Head of Finance + Resources | 71,389 | 17,847 | 17,505 | (343) | |
| G204 | Construction Skills for the Unemployed | 4,000 | 1,000 | 0 | (1,000) | |
| G207 | Cycling | 0 | 0 | (235) | (235) | |
| G216 | Raising Aspirations | 0 | 0 | 30,750 | 30,750 | Self financing cost centre, spend cannot be profiled quarterly. |
| G218 | I-Venture/Namibia Bound | (9,516) | (2,379) | 0 | 2,379 | |
| G220 | Locality Funding | 0 | 0 | (81,935) | (81,935) | Expenditure not yet incurred. Can't be 1/4ly profiled. |
| G228 | Go Active Clowne Leisure Centre | 238,170 | 59,543 | 203,895 | 144,353 | Income £193k under achieved + business rates bill not yet paid for £50k, various other small underspends due to the Corona Virus Pandemic . |
| G238 | HR Health + Safety | 105,572 | 26,393 | 27,526 | 1,133 | |
| G244 | Bolsover Business Growth Fund | 87,225 | 21,806 | 20,000 | (1,806) | |
| | Total for Corporate Resources Directorate | 3,884,186 | 971,047 | 645,391 | (325,656) | |
| G073 | Planning Policy | 282,935 | 70,734 | 85,566 | 14,832 | |
| G074 | Planning Development Control | 8,147 | 2,037 | (36,436) | (38,473) | Income of £35k over acheived due to an increase in planning applications in Q1. |
| G076 | Planning Enforcement | 122,895 | 30,724 | 24,640 | (6,084) | |

General Fund Detail

APPENDIX 2

| List of net budgets per cost centre per directorate | | Full Years | 3 months | 3 months | 3 months | |
|---|-----------------------------------|------------|----------|----------|----------|--|
| | | Budget | Budget | Actuals | Variance | |
| | | £ | £ | £ | £ | |
| G079 | Senior Urban Design Officer | 22,348 | 5,587 | 13,524 | 7,937 | |
| G080 | Engineering Services (ESRM) | 99,800 | 24,950 | 7,822 | (17,128) | |
| G082 | Tourism Promotion + Development | 13,774 | 3,444 | 9,844 | 6,400 | |
| G083 | Building Control Consortium | 55,000 | 13,750 | 9,108 | (4,642) | |
| G085 | Economic Development | 29,425 | 7,356 | 66,205 | 58,849 | |
| G088 | Derbyshire Economic Partnership | 15,000 | 3,750 | 0 | (3,750) | |
| G089 | Premises Development | (46,286) | (11,572) | (24,818) | (13,247) | |
| G090 | Pleasley Vale Mills | (65,371) | (16,343) | 114,930 | 131,273 | Hired & Contract budget and repairs budget committed for the year + Reserve funding of £95k comitted for clearing the culverts cannot be profiled. |
| G091 | CISWO Duke St Building | 5,000 | 1,250 | 6,570 | 5,320 | |
| G092 | Pleasley Vale Electricity Trading | (62,000) | (15,500) | 12,654 | 28,154 | Qtrly inoices to be raised in July for Q1. |
| G095 | Estates + Property | 528,458 | 132,115 | 133,065 | 951 | |
| G096 | Building Cleaning (General) | 102,649 | 25,662 | 25,294 | (368) | |
| G099 | Catering | 500 | 125 | 0 | (125) | |
| G109 | Director of Development | 110,353 | 27,588 | 28,071 | 482 | |
| G110 | Assistant Director of Development | 70,934 | 17,734 | 17,494 | (239) | |
| G114 | Strategic Investment Fund | 0 | 0 | 23,457 | 23,457 | Can't be 1/4ly profiled. |
| G132 | Planning Conservation | 82,169 | 20,542 | 20,187 | (356) | |
| G133 | The Tangent Business Hub | (51,297) | (12,824) | 21,249 | 34,073 | Hired & Contract budget & Telephone budget committed for the year + Quarterly rents invoices to be sent in July. |

General Fund Detail

APPENDIX 2

| List of net budgets per cost centre per directorate | | Full Years | 3 months | 3 months | 3 months | |
|---|--|------------------|----------------|----------------|----------------|--|
| | | Budget | Budget | Actuals | Variance | |
| | | £ | £ | £ | £ | |
| G151 | Street Lighting | 37,625 | 9,406 | 7,592 | (1,814) | |
| G156 | The Arc | 106,765 | 26,691 | 1,412 | (25,279) | Business rates bill not yet paid £17k + Repairs and Maintenance budget committed for year £36k. |
| G167 | Facilities Management | 13,724 | 3,431 | 11,767 | 8,336 | |
| G169 | Closed Churchyards | 10,000 | 2,500 | 0 | (2,500) | |
| G188 | Cotton Street Contact Centre | 29,080 | 7,270 | 6,165 | (1,105) | |
| G193 | Economic Development Management + Admin | 348,830 | 87,208 | 134,473 | 47,266 | Waiting for Holding account budgets to be rolled forward |
| G200 | Head of Property + Housing Repairs | 7,077 | 1,769 | 1,698 | (71) | |
| G227 | S106 - Public Health | 0 | 0 | (11,785) | (11,785) | |
| | Total for Development Directorate | 1,877,534 | 469,384 | 709,749 | 240,365 | |
| G007 | Community Safety - Crime Reduction | 58,975 | 14,744 | (8,399) | (23,143) | Salaries £9k under spent due to vacancy. Grant funding received in advance for the year - over achieved by £11k plus other small under/over spends. |
| G008 | Community Safety Grant | 0 | 0 | 3,139 | 3,139 | |
| G010 | Neighbourhood Management | 66,196 | 16,549 | 16,549 | 0 | |
| G013 | Community Action Network | 270,890 | 67,723 | 80,377 | 12,655 | |
| G017 | Private Sector Housing Renewal | 82,919 | 20,730 | 21,607 | 877 | |
| G018 | Environmental Health Covid Team | 36,519 | 9,130 | (128,289) | (137,418) | Grant Received for year £128k - cannot be profiled. Awaiting recharges from NE, showing £9k under spent. |
| G020 | Public Health | (70,000) | (17,500) | 70,000 | 87,500 | £70k income accrual still outstanding from CBC. Usually paid in July. 2021/22 income will not be received until July 2022, showing £18k under achieved for Q1. |

General Fund Detail

APPENDIX 2

| List of net budgets per cost centre per directorate | | Full Years | 3 months | 3 months | 3 months | |
|---|---|------------|----------|----------|-----------|---|
| | | Budget | Budget | Actuals | Variance | |
| | | £ | £ | £ | £ | |
| G021 | Pollution Reduction | 220,044 | 55,011 | 60,388 | 5,377 | |
| G022 | Env Health - Health + Safety | 0 | 0 | (181) | (181) | |
| G023 | Pest Control | 31,357 | 7,839 | 8,336 | 497 | |
| G024 | Street Cleansing | 320,848 | 80,212 | 88,113 | 7,901 | |
| G025 | Food, Health & Safety | 125,691 | 31,423 | 31,423 | 0 | |
| G026 | Animal Welfare | 116,375 | 29,094 | 30,229 | 1,135 | |
| G027 | Emergency Planning | 16,447 | 4,112 | 14,104 | 9,992 | |
| G028 | Domestic Waste Collection | 963,277 | 240,819 | 217,159 | (23,660) | Trade Refuse invoices raised in advance for 6 months in Q1, showing £34k over achieved. £10k spent on bin stock for the year in Q1, showing £6k over spent for Q1. Plus other small over/under spends. |
| G032 | Grounds Maintenance | 708,155 | 177,039 | 205,304 | 28,265 | Agency income from DCC showing under achieved by £17k for the qtr but is not due until later in the year plus other small over/under spends. |
| G033 | Vehicle Fleet | 916,107 | 229,027 | 329,565 | 100,538 | Diesel purchase £45k overspent for the qtr due to accrual for NE recharge to be paid in July. Lodge tyre committed for the year, showing £33k over spent. MOT income under achieved by £6k due to coronavirus pandemic. |
| G036 | Environmental Health Mgmt & Admin | 241,987 | 60,497 | 60,522 | 25 | |
| G043 | Director of Environmental + Enforcement | 56,006 | 14,002 | 14,002 | 0 | |
| G046 | Homelessness | 177,776 | 44,444 | (97,471) | (141,915) | Additional grant funding received . Cannot profile 1/4ly |
| G048 | Town Centre Housing | (10,600) | (2,650) | 0 | 2,650 | |
| G053 | Licensing | 30,965 | 7,741 | 13,867 | 6,126 | |

General Fund Detail

APPENDIX 2

| List of net budgets per cost centre per directorate | | Full Years | 3 months | 3 months | 3 months | |
|---|--|-------------------|------------------|------------------|------------------|---|
| | | Budget | Budget | Actuals | Variance | |
| | | £ | £ | £ | £ | |
| G097 | Groundwork & Drainage Operations | 69,529 | 17,382 | 16,541 | (842) | |
| G106 | Housing Anti Social Behaviour | 109,191 | 27,298 | 24,223 | (3,075) | |
| G113 | Parenting Practitioner | 35,836 | 8,959 | 8,287 | (672) | |
| G123 | Riverside Depot | 174,514 | 43,629 | 41,756 | (1,873) | |
| G124 | Street Servs Mgmt & Admin | 19,747 | 4,937 | 4,694 | (243) | |
| G135 | Domestic Violence Worker | 43,126 | 10,782 | (20,889) | (31,670) | Grant Received for year £32k - Cannot Profile 1/4ly |
| G143 | Housing Strategy | 58,597 | 14,649 | 13,897 | (753) | |
| G144 | Enabling (Housing) | 40,578 | 10,145 | 10,145 | 0 | |
| G148 | Commercial Waste | (140,600) | (35,150) | (174,828) | (139,678) | Income over achieved by £90k as sundry debtor invoices have been raised for Mth 1-6 in April. Waste disposal cost £48k under spent. |
| G149 | Recycling | 475,629 | 118,907 | 320,784 | 201,877 | Income accrual outstanding for Q4 Recycling credits plus Q1 not raised yet. |
| G153 | Housing Advice | 14,361 | 3,590 | 3,594 | 4 | |
| G176 | Affordable Warmth | 21,271 | 5,318 | 5,318 | 0 | |
| G198 | Head of Housing (GF) | 28,154 | 7,039 | 6,800 | (239) | |
| G199 | Head of Street Scene | 38,467 | 9,617 | 8,142 | (1,474) | |
| G239 | Housing + Comm Safety Fixed Penalty Acc | 1,000 | 250 | (200) | (450) | |
| | Total for Environment + Enforcement Directorate | 5,349,334 | 1,337,334 | 1,298,607 | (38,726) | |
| | Total Net Cost of Services | 11,111,054 | 2,777,764 | 2,653,747 | (124,017) | |

Appendix 3

Housing Revenue Account - 2021/22

| | Full Years Budget £ | 3 months Budget £ | 3 months Actuals £ | 3 months Variance £ |
|---|---------------------------|-------------------------|--------------------------|---------------------------|
| Expenditure | | | | |
| Repairs and Maintenance | 5,224,954 | 1,306,239 | 1,049,575 | (256,664) |
| Supervision and Management | 5,389,863 | 1,347,466 | 1,381,731 | 34,265 |
| Rents, Rates, Taxes + Other Charges | 191,708 | 47,927 | 10,293 | (37,634) |
| Special Services | 458,212 | 114,553 | 67,043 | (47,510) |
| Housing Related Support - Wardens | 635,544 | 158,886 | 143,174 | (15,712) |
| Housing Related Support - Central Control | 272,954 | 68,239 | 74,771 | 6,533 |
| Tenants Participation | 71,850 | 17,963 | 17,381 | (582) |
| New Build Schemes Evaluations | 400,000 | 100,000 | 59,410 | (40,590) |
| New Bolsover Project | 5,000 | 1,250 | 223 | (1,027) |
| Debt Management Expenses | 8,240 | 2,060 | 3,353 | 1,293 |
| Total Expenditure | 12,658,325 | 3,164,581 | 2,806,954 | (357,627) |
| Income | | | | |
| Dwelling Rents | (20,819,238) | (5,204,810) | (4,690,597) | 514,213 |
| Non-dwelling Rents | (140,709) | (35,177) | (49,615) | (14,438) |
| Leasehold Flats and Shops Income | (14,480) | (3,620) | (2,519) | 1,101 |
| Repairs and Maintenance | (13,500) | (3,375) | (8,098) | (4,723) |
| Supervision and Management | (562) | (141) | (302) | (162) |
| Special Services | (44,663) | (11,166) | (5,988) | 5,178 |
| Housing Related Support - Wardens | (294,387) | (73,597) | (28,772) | 44,825 |
| Housing Related Support - Central Control | (283,872) | (70,968) | (82,416) | (11,448) |
| New Bolsover Project | | - | | - |
| Total Income | (21,611,411) | (5,402,853) | (4,868,307) | 534,545 |
| Net Cost of Services | (8,953,086) | (2,238,272) | (2,061,353) | 176,918 |
| Appropriations | | | | |
| Provision for Doubtful Debts | 180,000 | 45,000 | 45,000 | - |
| Interest Costs | 3,190,231 | 797,558 | 797,558 | - |
| Investment Interest Income | (1,435) | (359) | (359) | - |
| Depreciation | 4,274,630 | 1,068,658 | 1,068,658 | - |
| Transfer to Major Repairs Reserve | 1,112,070 | 278,018 | 278,018 | - |
| Contribution to HRA Reserves | 630,000 | 157,500 | 157,500 | - |
| Use of HRA Earmarked Reserves | (400,000) | (100,000) | (100,000) | - |
| Contribution from HRA Balance | (38,693) | (9,673) | (9,673) | - |
| Net Operating (Surplus) / Deficit | (6,283) | (1,571) | 175,347 | 176,918 |

CAPITAL PROGRAMME SUMMARY

| | Full Years Budget £ | 3 months Budget £ | 3 months Actuals £ | 3 months Variance £ |
|---|---------------------------|-------------------------|--------------------------|---------------------------|
| General Fund | | | | |
| Asset Management Plan | | | | |
| Investment Properties | 1,959 | 490 | 0 | (490) |
| Leisure Buildings | 15,750 | 3,938 | 10,154 | 6,217 |
| Pleasley Vale Business Park | 112,085 | 28,021 | 76,768 | 48,747 |
| Riverside Depot | 37,804 | 9,451 | 4,419 | (5,032) |
| The Arc | 68,129 | 17,032 | 6,454 | (10,578) |
| The Tangent | 15,000 | 3,750 | 0 | (3,750) |
| Asset Management Plan not yet allocated to an individual scheme | 93,973 | 23,493 | 0 | (23,493) |
| | 344,700 | 86,175 | 97,795 | 11,620 |
| Engineering Asset Management Plan | | | | |
| Car Parks | 25,000 | 6,250 | 0 | (6,250) |
| Shelters | 10,000 | 2,500 | 0 | (2,500) |
| Lighting | 15,000 | 3,750 | 0 | (3,750) |
| Churchyards | 17,000 | 4,250 | 0 | (4,250) |
| | 67,000 | 16,750 | 0 | (16,750) |
| Assets | | | | |
| Car Parking at Clowne | 13,416 | 3,354 | 0 | (3,354) |
| Pleasley Vale Mill - Dam Wall | 100,410 | 25,103 | 3,796 | (21,307) |
| Electric Charging Points | 37,107 | 9,277 | 27,828 | 18,551 |
| | 150,933 | 37,733 | 31,624 | (6,109) |
| ICT Schemes | | | | |
| ICT infrastructure | 234,216 | 58,554 | 9,684 | (48,870) |
| | 234,216 | 58,554 | 9,684 | (48,870) |
| Leisure Schemes | | | | |
| Playing Pitch Improvements (Clowne) | 762,500 | 190,625 | 10,865 | (179,760) |
| Go Active Café Equipment | 20,000 | 5,000 | 0 | (5,000) |
| Gym Equipment & Spin Bikes | 365,000 | 91,250 | 0 | (91,250) |
| Go Active Equipment | 15,000 | 3,750 | 4,415 | 665 |
| | 1,162,500 | 290,625 | 15,280 | (275,345) |
| Private Sector Schemes | | | | |
| Disabled Facility Grants | 1,134,054 | 283,514 | 171,027 | (112,487) |
| | 1,134,054 | 283,514 | 171,027 | (112,487) |
| Financial Schemes | | | | |
| Economic Loan Fund - Capital | 10,000 | 2,500 | 10,000 | 7,500 |
| | 10,000 | 2,500 | 10,000 | 7,500 |
| Joint Venture | | | | |
| Dragonfly Joint Venture Shares | 369,150 | 92,288 | 0 | (92,288) |
| Dragonfly Joint Venture Loan | 1,753,202 | 438,301 | 0 | (438,301) |
| | 2,122,352 | 530,588 | 0 | (530,588) |
| Vehicles and Plant | | | | |
| Vehicle Fleet Management System | 3,260 | 815 | 0 | (815) |
| Vehicle Replacements | 1,257,275 | 314,319 | 298,243 | (16,076) |
| Vehicle Wash Area | 1,000 | 250 | 811 | 561 |
| CAN Rangers Equipment | 14,231 | 3,558 | 0 | (3,558) |
| | 1,275,766 | 318,942 | 299,054 | (19,888) |
| Total General Fund | 6,501,521 | 1,625,380 | 634,464 | (990,916) |

CAPITAL PROGRAMME SUMMARY

| | Full Years Budget £ | 3 months Budget £ | 3 months Actuals £ | 3 months Variance £ |
|------------------------------------|---------------------------|-------------------------|--------------------------|---------------------------|
| Housing Revenue Account | | | | |
| New Build Properties | | | | |
| Avant Creswell | 583,736 | 145,934 | 158,100 | 12,166 |
| Ashbourne Extension | 100,000 | 25,000 | 0 | (25,000) |
| Bolsover Homes-yet to be allocated | 5,543,350 | 1,385,838 | 0 | (1,385,838) |
| Keepmoat Properties at Bolsover | 194,267 | 48,567 | 122,807 | 74,240 |
| Langwith/Shirebrook Architects | 90,000 | 22,500 | 89,715 | 67,215 |
| Sandy Lane/Thorpe Ave Whitwell | 3,226,650 | 806,663 | 346,170 | (460,493) |
| The Whitwell Cluster | 1,456,998 | 364,250 | 768,924 | 404,675 |
| West Street Langwith land purchase | 40,000 | 10,000 | 0 | (10,000) |
| | 11,235,001 | 2,808,750 | 1,485,716 | (1,323,034) |
| Vehicle Replacements | | | | |
| | 225,000 | 56,250 | 117,662 | 61,412 |
| | 225,000 | 56,250 | 117,662 | 61,412 |
| Public Sector Housing | | | | |
| Bramley Vale | 750,000 | 187,500 | 0 | (187,500) |
| Electrical Upgrades | 125,000 | 31,250 | 64,971 | 33,721 |
| Environmental Works | 85,976 | 21,494 | 0 | (21,494) |
| External Door Replacements | 110,741 | 27,685 | 94,919 | 67,234 |
| External Wall Insulation | 1,954,000 | 488,500 | 198,494 | (290,006) |
| Flat Roofing | 40,000 | 10,000 | 14,170 | 4,170 |
| Heating Upgrades | 20,000 | 5,000 | 9,615 | 4,615 |
| House Fire Damage | 109,723 | 27,431 | 36,704 | 9,273 |
| Kitchen Replacements | 200,000 | 50,000 | 35,800 | (14,200) |
| Re Roofing | 750,000 | 187,500 | 103,455 | (84,045) |
| Regeneration Mgmt & Admin | 94,888 | 23,722 | 23,722 | 0 |
| Safe & Warm | 2,066,664 | 516,666 | 545,452 | 28,786 |
| Soffit and Facia | 30,000 | 7,500 | 0 | (7,500) |
| Unforeseen Reactive Capital Works | 137,827 | 34,457 | 13,858 | (20,599) |
| Welfare Adaptations | 415,425 | 103,856 | 158,429 | 54,573 |
| | 6,890,244 | 1,722,561 | 1,299,589 | (422,972) |
| HRA ICT Schemes | | | | |
| Careline Upgrade | 41,000 | 10,250 | 40,009 | 29,759 |
| Open Housing | 98,727 | 24,682 | 0 | (24,682) |
| | 139,727 | 34,932 | 40,009 | 5,077 |
| New Bolsover Scheme | | | | |
| New Bolsover-Regeneration Scheme | 1,478,696 | 369,674 | 360,806 | (8,868) |
| | 1,478,696 | 369,674 | 360,806 | (8,868) |
| Total HRA | 19,968,668 | 4,992,167 | 3,303,782 | (1,688,385) |
| TOTAL CAPITAL EXPENDITURE | 26,470,189 | 6,617,547 | 3,938,246 | (2,679,301) |

CAPITAL PROGRAMME SUMMARY

| | Full Years Budget £ | 3 months Budget £ | 3 months Actuals £ | 3 months Variance £ |
|--------------------------------|---------------------------|-------------------------|--------------------------|---------------------------|
| Capital Financing | | | | |
| General Fund | | | | |
| Better Care Fund | 1,134,054 | 283,514 | 171,027 | (112,487) |
| Reserves | 4,276,246 | 1,069,062 | 333,399 | (735,663) |
| Capital Receipts | 467,072 | 116,768 | 81,183 | (35,585) |
| External Funding | 624,149 | 156,037 | 48,855 | (107,182) |
| | 6,501,521 | 1,625,380 | 634,464 | (990,916) |
| HRA | | | | |
| Major Repairs Allowance | 6,229,217 | 1,557,304 | 1,240,395 | (316,909) |
| Prudential Borrowing | 1,155,885 | 288,971 | 576,782 | 287,811 |
| Vehicle Reserve | 364,727 | 91,182 | 157,671 | 66,489 |
| Development Reserve | 1,608,615 | 402,154 | 158,100 | (244,054) |
| Bolsover Homes Capital Reserve | 9,000,000 | 2,250,000 | 435,885 | (1,814,115) |
| Capital Receipts | 670,501 | 167,625 | 314,949 | 147,324 |
| External Funding | 939,723 | 234,931 | 420,000 | 185,069 |
| | 19,968,668 | 4,992,167 | 3,303,782 | (1,688,385) |
| TOTAL CAPITAL FINANCING | 26,470,189 | 6,617,547 | 3,938,246 | (2,679,301) |

Treasury Management Update - Quarter 1 2021/22

The Council's main current account is held with Lloyds Bank and the current contract is due to expire on 30th April 2022.

PWLB Borrowing

As at 1 April 2021 the Authority's total outstanding PWLB debt amounted to £97,100,000.

The Council has not taken any new loans from the PWLB during the first three months.

At 30 June 2021 nothing has been repaid to the PWLB as no repayments were due.

The profile of the outstanding debt is analysed as follows:

| PWLB Borrowing Term | Maturity Profile 30-Jun-21 |
|--------------------------------|---------------------------------------|
| | £ |
| 12 Months | 3,700,000 |
| 1-2 years | 4,000,000 |
| 2-5 years | 12,600,000 |
| 5-10 years | 22,800,000 |
| 10-15 years | 24,000,000 |
| over 15 years | 30,000,000 |
| Total PWLB Debt | 97,100,000 |

PWLB Interest

The total interest cost to the Council of the PWLB debt for 2021/22 is estimated at £3,379,700. This cost is split between the HRA and General Fund based on the level of debt outstanding. Interest paid to the PWLB in the three months was £246,313.

Temporary Borrowing

Cash flow monitoring and management identifies the need for short term borrowing to cover delays in the receipt of income during the year. Minimal interest charges were incurred during the first three months on overdrawn bank balances (<£10). At 30 June 2021 the only temporary borrowing undertaken by the Council was £774,463 which is the investment balances held on behalf of Parish Councils.

Compliance with Treasury Limits

During the financial year the Council continued to operate within the treasury limits set out in the Council's Borrowing and Investment Strategy.

| | Actual to Date 2021/22 | Approved Limits 2021/22 |
|---|------------------------|-------------------------|
| Authorised Limit (Total Council external borrowing limit) | £117,079,192 | £136,518,022 |
| Operational Boundary | £117,079,192 | £131,518,022 |

Treasury Management Update - Quarter 1 2021/22

Temporary Investments

Interest Received

The performance of the Council's investments is as follows:

| | 3 months Actual | 3 months Budget | 3 months Variance |
|---------------------------|-----------------|-----------------|-------------------|
| Interest generated (£) | (17,466) | (15,397) | (2,070) |
| Average rate of interest | 0.21% | 0.10% | - |
| Bank of England base rate | 0.10% | 0.10% | - |

The investments have been made in accordance with the Council's Treasury Management Strategy.

The Bank of England base rate is currently 0.10%, the above actual figure is the 3 month average rate.

Interest rates offered by most institutions remain low.

The following tables show the investments and interest earned to 30 June 2021:

Investments on call

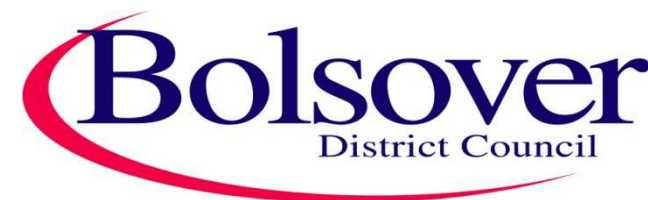
| Counterparty | Balance at 1/4/21 £ | Deposits £ | Withdrawals £ | Interest received £ | Balance at 30/06/21 £ |
|-----------------|---------------------------|---------------|------------------|---------------------------|-----------------------------|
| Aberdeen (MMF) | 2,500,000 | 5,000,000 | (5,500,030) | 30 | 2,000,000 |
| Federated (MMF) | 5,000,000 | | (125) | 125 | 5,000,000 |
| Invesco (MMF) | 0 | 5,000,000 | (5,000,062) | 62 | 0 |
| CCLA (MMF) | 5,000,000 | 0 | (370) | 370 | 5,000,000 |
| Santander | 5,000,000 | 0 | 0 | 1,496 | 5,001,496 |
| | 17,500,000 | 10,000,000 | (10,500,587) | 2,083 | 17,001,496 |

Budget Monitoring Report Q1 - April to June 2021

A refresher of the basics

- General Fund is every service except housing stock related.
- Council tax and business rates, finance general fund.
- Housing rents funds the HRA.
- We have revenue budgets made up of income and expenditure for general fund and HRA but we keep them separate.
- We also have capital budgets for general fund and HRA.

General Fund – the latest position for all years



| | 2021/22 Budget £'000 | 2022/23 Budget £'000 | 2023/24 Budget £'000 | 2024/25 Budget £'000 |
|--|----------------------------|----------------------------|----------------------------|----------------------------|
| Budget Shortfall – MTFP Feb 2021 | 291 | 402 | 690 | 3,778 |
| Efficiencies identified to date | (111) | (110) | (110) | (110) |
| Current Budget Shortfall | 180 | 292 | 580 | 3,668 |
| Efficiencies identified not yet realised | (100) | (210) | (320) | (430) |
| Pension costs to be funded by GF balance | (80) | (82) | (18) | 0 |
| Closing Budget Shortfall | 0 | 0 | 242 | 3,238 |

The GF Variances

| General Fund Detail - 2021/22 | | | | APPENDIX 2 | | |
|-------------------------------|-----------------------|---------|---------|------------|-----------|--|
| | | 12/12 | 3/12 | 3/12 | 3/12 | |
| | | Budget | Budget | Actuals | Variance | |
| | | £ | £ | £ | £ | |
| G041 | Non Distributed Costs | 688,609 | 172,152 | 41,986 | (130,167) | June superann payment £80k not due until July. Added years commitment for Q1 not yet on - £50k. |
| G100 | Benefits | 487,394 | 121,849 | 8,762 | (113,087) | £48k new funding received in advance. £110k Localised Council Tax Support Administration Subsidy received for the year in Q1. Software/Maintenance paid for the yr showing £36k over spent for the qtr plus other small over/under spends. |
| G103 | Council Tax / NNDR | 442,526 | 110,632 | (19,856) | (130,488) | Salaries showing £20k under spent due to a vacancy. £143k over achieved income due to new burdens funding received for the yr in Q1, fees + charges income not transferred until year end showing £37k under for the qtr. Software/maintenance paid for the yr showing £14k over spent plus other over/under spends. |

The GF Variances

| | | 12/12 | 3/12 | 3/12 | 3/12 | |
|------|---------------------------------|----------|----------|-----------|-----------|--|
| | | Budget | Budget | Actuals | Variance | |
| | | £ | £ | £ | £ | |
| G228 | Go Active Clowne Leisure Centre | 238,170 | 59,543 | 203,895 | 144,353 | Income £193k under achieved + business rates bill not yet paid for £50k, various other small underspends due to the Corona Virus Pandemic . |
| G074 | Planning Development Control | 8,147 | 2,037 | (36,436) | (38,473) | Income of £35k over achieved due to an increase in planning applications in Q1. |
| G090 | Pleasley Vale Mills | (65,371) | (16,343) | 114,930 | 131,273 | Hired & Contract budget and repairs budget committed for the year + Reserve funding of £95k committed for clearing the culverts cannot be profiled. |
| G018 | Environmental Health Covid Team | 36,519 | 9,130 | (128,289) | (137,418) | Grant Received for year £128k - cannot be profiled. Awaiting recharges from NE, showing £9k under spent. |
| G020 | Public Health | (70,000) | (17,500) | 70,000 | 87,500 | £70k income accrual still outstanding from CBC. Usually paid in July. 2021/22 income will not be received until July 2022, showing £18k under achieved for Q1. |

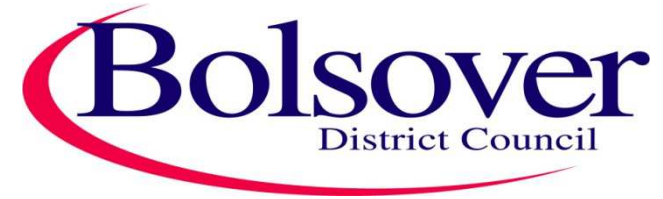
The GF Variances

| | | 12/12 | 3/12 | 3/12 | 3/12 | |
|------|------------------|-----------|----------|-----------|-----------|---|
| | | Budget | Budget | Actuals | Variance | |
| | | £ | £ | £ | £ | |
| G033 | Vehicle Fleet | 916,107 | 229,027 | 329,565 | 100,538 | Diesel purchase £45k overspent for the qtr due to accrual for NE recharge to be paid in July. Lodge tyre committed for the year, showing £33k over spent. MOT income under achieved by £6k due to coronavirus pandemic. |
| G046 | Homelessness | 177,776 | 44,444 | (97,471) | (141,915) | Additional grant funding received . Cannot profile 1/4ly |
| G148 | Commercial Waste | (140,600) | (35,150) | (174,828) | (139,678) | Income over achieved by £90k as sundry debtor invoices have been raised for Mth 1-6 in April. Waste disposal cost £48k under spent. |
| G149 | Recycling | 475,629 | 118,907 | 320,784 | 201,877 | Income accrual outstanding for Q4 Recycling credits plus Q1 not raised yet. |

The HRA Variances

| Housing Revenue Account - 2021/22 | | | APPENDIX 3 | | |
|-----------------------------------|--------------|-------------|-------------|-----------|---|
| | Full Years | 3 months | 3 months | 3 months | |
| | Budget | Budget | Actuals | Variance | |
| | £ | £ | £ | £ | |
| Expenditure | | | | | |
| Repairs and Maintenance | 5,224,954 | 1,306,239 | 1,049,575 | (256,664) | Vacancies £56,848 Subcontractors £92,184 Travis Perkins £95,865. |
| Special Services | 458,212 | 114,553 | 67,043 | (47,510) | Gas reactive repairs invoices from Mears are committed £22,150 but not yet paid. Gas Usage higher in winter months so actuals not a straight 1/12 split. |
| New Build Schemes Evaluations | 400,000 | 100,000 | 59,410 | (40,590) | Reserve funding for New Build Evaluations - spend not even throughout the year. |
| Income | | | | | |
| Dwelling Rents | (20,819,238) | (5,204,810) | (4,690,597) | 514,213 | Mainly caused by rent free weeks. Actual is 11 weeks, budget is 12 weeks. If we remove this known variance, the actual adverse variance is £80,479 after 11 weeks. Voids budgeted at 3% but actually averaging 4.17% in Q1. |
| Housing Related Support - Wardens | (294,387) | (73,597) | (28,772) | 44,825 | Q1 Sundry debtor to DCC for Independent Living Service of £70,000 not raised until Q2. |

Capital and Treasury Management



-
- The capital programme spend is currently behind the budget for Q1.
 - This is not causing an issue so far.
 - Treasury management continues to be no issues to report.
 - Investment interest is slightly better than predicted. (£2k)

Bolsover District Council

Audit and Corporate Overview Scrutiny Committee

27 July 2021

Strategic Risk Register and Partnership Arrangements

Report of the Director of Corporate Resources

Classification: This report is public

Report By: Director of Corporate Resources

Contact Officer: Lee Hickin

PURPOSE / SUMMARY

- To update members of the Audit and Corporate Overview Scrutiny Committee of the current position regarding Risk Management arrangements and the Strategic Risk Register as at July 2021.
-

RECOMMENDATIONS

1. That the Audit and Corporate Overview Scrutiny Committee notes the report and Strategic Risk Register as at July 2021 as set out in Appendix 1.

Approved by the Portfolio Holder – Yes

IMPLICATIONS

Finance and Risk: Yes ☐ No ☒

Details:

There are no additional financial implications arising out of this report. Whilst, where appropriate, additional mitigation measures have been identified and implemented during the course of preparing the Strategic and Operational Risk Registers, the cost of implementing this mitigation will be met from within previously agreed budgets.

Risk Management Issues are covered throughout the body of the main report.

On Behalf of the Section 151 Officer

Legal (including Data Protection):

Yes ☒

No ☐

Details:

There are no legal or data protection issues arising directly out of this report.

On Behalf of the Solicitor to the Council

Staffing: **Yes** ☐

No ☒

Details:

There are no human resource issues arising directly out of this report.

On behalf of the Head of Paid Service

DECISION INFORMATION

| Decision Information | |
|---|--|
| Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds: BDC: Revenue - £75,000 <input type="checkbox"/> Capital - £150,000 <input checked="" type="checkbox"/> NEDDC: Revenue - £100,000 <input type="checkbox"/> Capital - £250,000 <input type="checkbox"/> <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i> | No |
| Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In) | No |
| District Wards Significantly Affected | None directly |
| Consultation: Leader / Deputy Leader <input type="checkbox"/> Cabinet / Executive <input checked="" type="checkbox"/> SAMT <input checked="" type="checkbox"/> Relevant Service Manager <input type="checkbox"/> Members <input checked="" type="checkbox"/> Public <input type="checkbox"/> Other <input type="checkbox"/> | Yes Details: The new Strategy has included consultation with SAMT; Audit Committee and Executive |

| |
|--|
| <p>Links to Council Ambition (BDC)/Council Plan (NED) priorities or Policy Framework including Climate Change, Equalities, and Economics and Health implications.</p> |
|--|

| |
|------------|
| <p>All</p> |
|------------|

REPORT DETAILS

1 **Background** *(reasons for bringing the report)*

1.1 The previous Audit Committee endorsed the Council's Risk Management Strategy which was then approved by Executive in March 2020. The Strategy includes but is not limited to the following;

- The nature of 'risk' both the 'threats' and the 'opportunities'
- The benefits of a robust risk management approach
- The Council's risk appetite
- Risk categorisation – Operational, Governance, Strategic
- Project and Partnership risk
- The Council's risk management approach and arrangements including a new 'Risk Management Group'
- Roles and responsibilities including Senior Risk Officer and Senior Information Risk Officer (SRO and SIRO)

1.2 The Strategy also details the work of a 'Risk Management Group'. This is elected Member led and includes the Councils Senior Risk Officer (SRO), Senior Information Risk Officer (SIRO), S151 Officer, representation from senior management, Internal Audit and Health and Safety. The group provides a comprehensive oversight of risk throughout the organisation and is the conduit to and from the whole organisation in terms of risk management.

1.3 The group 'regularly' and 'consistently' oversee, all of the risk registers ensuring they are up to date and accurate whilst offering challenge to the assessment process itself. It is responsible for risk management reporting to stakeholder groups across the Council, including this Committee and supports the production of the Annual Governance Statement. The group leads on the development and review of all risk related policies, plans and strategies across the Council and oversees and champions the implementation of the Risk Management Strategy and associated action plan including training 'relating to' and the 'embedding of' an effective risk management culture.

2. **Details of Proposal or Information**

Update of the Risk Management Group held on 29th April 2021:

2.1 REVIEW OF STRATEGIC RISK REGISTER

A new strategic risk around ICT and Cyber Security, which was previously in the operational register, had now been escalated to Strategic.

2.2 REVIEW OF OPERATIONAL RISK REGISTERS

Having previously developed and established new risk register templates for Strategic, Operational, Partnership and Project related risks, the group have overseen their completion by Heads of Service in relation to their own service areas. The templates cover; risk area, threat/opportunity, and mitigation and risk ratings.

At the meeting Kath Drury, Information, Engagement and Performance Manager, presented the Performance Operational Risk Register. Discussion centred predominantly around the following;

Kath explained the risks associated with the joint team and advised that the current Deputy Data Protection Officer was leaving, so therefore someone else will fill that role.

Cllr Moesby thanked Kath and queried whether the review of the consultation post at NEDDC would have an impact on BDC. Kath advised that any decisions at either Council could have an impact on the other but this will be factored in to discussions going forward.

Cllr Moesby queried as there is only 1 officer that has access to the back office of Perform, would that have a negative impact if that officer was on long term sick. Kath advised that this would not have an impact on reporting and extracting of data as Kath is able to do that, however whenever there is a change to the framework it would be impacted but does not happen very often. Kath assured this would be looked at once staffing changes had settled.

Also at the meeting Steve Brunt, Joint Head of Street Scene presented the Street Scene Operational Risk Register – discussion centred predominantly around the following;

The Risk Management Group were made aware of a conversation at NEDDC regarding bringing recycling services in house, this would be moved from the Strategic risk register to operational under third party contract risks as the service will be the same as others provided by Street scene.

2.3 REVIEW OF PARTNERSHIP AND PROJET RISK REGISTERS

The Director of Corporate Resources advised this item was an opportunity for anyone to raise points or provide examples of partnership risks. An example of a partnership risk assessment would be presented to the next Risk Management meeting.

2.4 NEW OR EMERGING RISKS IDENTIFIED

An example of fraud at Bassetlaw District Council was given. A Revenues officer was sent to prison due to processing non domestic rates to businesses into a personal account rather than a business account. The officer had done this on 21 occasions transferring over £60,000 into a personal account. The

Head of Internal Audit stressed the importance of audit and illustrates separation of duties for audit.

Agile Working Policies. Both Councils were working on Agile Working Policies. Due to the pandemic we do anticipate going back to working as we did before but potentially looking at hybrid ways of working. The Director of Corporate Resources added there are both positives and negatives so the Risk Management Group needs to be aware in terms of risk. Cllr McGregor is leading on this at Bolsover and a regular update will be provided to this the Risk Management Group as it progresses.

Cllr Moesby raised potential Data Protection risks as part of Agile Working. Kath added that there are policies and legislation in place relating to transferring data and knowing where the data is stored. We must ensure if data is stored in another country that the data protection legislation is comparable. In terms of home working Kath added that all staff must undertake a risk assessment but as we move forward this may need to be reviewed.

The Director of Corporate Resources added as we have been treating current home working as a dynamic response to the pandemic, systems we have in place now might not be fit for purpose moving forward. The starting point as part of the policy will be to look at is whether this could have a negative impact on our service users.

2.5 INSURANCE CLAIMS/LEGAL CLAIMS

Tony presented an overview of claims for April 2020 to March 2021, the claims were broken down by policy (Public Liability, Vehicle Claims and Property). Tony explained the categories within each of policies in terms of figures and how they can change as the claim progresses.

The Director of Corporate Resources thought the Risk Management Group would find it useful to know how this is compared year on year and if there are any trends appearing.

Cllr Moesby suggested a separate meeting to discuss the best way to present the information to the Risk Management Group. Nicola suggested relooking at the cyber security insurance as part of this.

2.6 TRAINING

The Director of Corporate Resources presented a brief presentation around risk management training in terms of benefits of risk management, categorisation of risks, headlines and risk management arrangements.

2.7 HEALTH AND SAFETY UPDATE

The Health and Safety Manager provided an update on return to work inspections. A new Health and Safety advisor had been appointment for Street scene to look at key risks and risks assessments, an action plan will be

produced addressing main issues at both depots. There will also be work on a corporate solution for lone working across both councils.

Cllr Moesby enquired as virtual meetings with any public involvement for example Council, will no longer be able to take place virtually following a judgement order. Do we need to look at any measures to be put in place relating to this? The Health and Safety Manager advised that they will be undertaking assessments of the Council Chamber and other large meeting rooms.

Cllr Moesby added whether the lateral flow testing could be done a couple of days before meetings by members, officers and members of the public. The Health and Safety Manager advised that this cannot be enforced but can put in a good practice recommendation.

2.8 POLICIES, PLANS AND STRATEGIES REVIEW – ACROSS THE COUNCIL

Property Services are running a pilot around the agile working policy and will provide feedback to the Risk Management Group.

2.9 AUDIT

The Head of Internal Audit advised that there were no high priority recommendations or risks. As work begins on the new plan this year, any risks identified will be brought to the Risk Management Group.

The Director of Corporate Resources added that NEDDC, having brought recycling in house, had requested an additional audit and suggested doing the same at Bolsover.

2.10 EMERGENCY PLANNING/BUSINESS CONTINUITY PLANNING

The Senior Emergency Planning Officer provided an update on Emergency Planning. Consideration was being given to a cyber security and a training exercise moving forward and will look at a joint approach across both authorities. Suggested bringing a proposal to the next Risk Management Group on how this will be run. Ongoing work with the pandemic response and working with Bolsover on surge testing, for example if a variant was identified in a specific location how would the Council respond to it.

In terms of Business Continuity the Head of Corporate Resources added that a lot had changed over the past year and there will come a time when a full review will need to be undertaken and to adapt the plan moving forward.

3 **Reasons for Recommendation**

- 3.1 The Council have in place a robust Risk Management Strategy and action plan which enables the organisation to manage the many and varied risks facing the Council. The approach to managing those risks is applied within decision making processes and is continuous with a structured review process overseen by the Risk Management Group.

- 3.2 The Risk Management Group is elected Member led and includes the Councils Senior Risk Officer (SRO), Senior Information Risk Officer (SIRO), S151 Officer, representation from senior management, Internal Audit and Health and Safety. The group provides a comprehensive oversight of risk throughout the organisation and is now becoming the conduit to and from the whole organisation in terms of risk management. The Risk Management Group is now able to provide risk management reporting to stakeholder groups across the Council and will support the production of the Annual Governance Statement.
- 3.3 The Risk Management Group have made significant progress in ensuring that risk is effectively managed within the organisation. By leading on the development and review of all risk related policies, plans and strategies across the Council, the Risk Management Group will provide consistency of approach and alignment of all service areas in relation to risk management. By overseeing and championing the implementation of the Risk Management Strategy and associated action plan including training 'relating to' and the 'embedding of' an effective risk management culture, the Risk Management Group will be pivotal in the organisations future success.

4 Alternative Options and Reasons for Rejection

- 4.1 Under relevant good practice and to facilitate the development of robust managerial arrangements the Council is required to prepare a Strategic Risk Register as part of its risk management framework. This report is intended for Members and Officers to consider both the Strategic Risk Register, together with the Council's wider framework for managing risk and partnerships. Given the importance of these arrangements for the overall governance of the Council it is necessary to subject them to regular review. The alternative of not providing this is therefore rejected.

DOCUMENT INFORMATION

| Appendix No | Title |
|--|---|
| 1. | Strategic Risk Register as at July 2021 |
| Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers) | |
| Service Area Operational Risk Registers | |

STRATEGIC RISK REGISTER As of July 2021

| Area Of Risk (Reference / Date) | | Threats / Opportunities | | | Mitigation / Controls In Place / Actions Undertaken | | | Potential Further Action / Action Planned / When By Date | |
|---|----------|--|-----|-----------|--|-----|-----------|---|-----------------------------|
| STR1 Government Legislation / Parliamentary uncertainty / impact of Brexit / adverse external economic climate has an accelerating impact on Council (poor financial settlement), or upon the local economy, to which Council is unable to adopt an appropriate change of Strategic direction. | | <ul style="list-style-type: none"> • Unable to deliver a package of services that meet changing local needs and aspirations. • Reduced influence over delivery of local services. • Unable to effectively support local communities. • Increased demands on Council services at a time when Council resource base is reducing. | | | <ul style="list-style-type: none"> • The Council is outward looking and actively works to understand proposed changes and the approaches that might be adopted to mitigate any adverse impacts of these. • The Council has effective political and managerial (governance) arrangements in place to manage change. • Appropriate levels of financial reserves / investment funding are maintained to fund strategic shifts in service delivery. • Effective engagement with staff to ensure they embrace necessary change. | | | | |
| STR1 | 16/11/20 | Inherent Risk Score (Likelihood x Impact) | 4x4 | 16 | Residual Risk Score (Likelihood x Impact) | 3x4 | 12 | Risk Owner / Lead Officer | SAMT / Political Leadership |
| STR2 Failure to deliver a balanced budget in line with the MTFP, at a time when the Council's reserves are limited to 'adequate' levels | | <ul style="list-style-type: none"> • Impact upon ability to deliver current level of services. • Unable to resource acceptable levels of service. • Significant adverse reputational Impact. | | | <ul style="list-style-type: none"> • The Council has effective financial and wider management arrangements in place to ensure budget / service delivery arrangements are robust. • The current MTFP indicates challenging but manageable savings targets. A key risk is that under | | | Revised budgets for 2020/21 have been updated as at 23/10/20 and they are balanced for general fund and the HRA. Work on the MTFP for 2021/22 onwards is underway and will be reported to Members in February 2021. | |

| Area Of Risk (Reference / Date) | | Threats / Opportunities | | | Mitigation / Controls In Place / Actions Undertaken | | | Potential Further Action / Action Planned / When By Date | |
|---|----------|--|-----|-----------|---|-----|-----------|--|--|
| | | | | | 'localism' there is less certainty concerning income (NNDR, NHB). • The Council has 'adequate' financial reserves in place to cushion against any loss of income for a period of at least one financial year. | | | | |
| STR2 | 16/11/20 | Inherent Risk Score (Likelihood x Impact) | 4x4 | 16 | Residual Risk Score (Likelihood x Impact) | 3x4 | 12 | Risk Owner / Lead Officer | Political Leadership / S151 Officer/ SAMT |
| STR3 The Council is affected by an operational service failure which has a major impact upon the local community, this impact being reflected in the Council's sustainability and reputation. Failure could arise from services – inc Data Protection – failing to adhere to best practice. Resulting in a potential impact upon the Council's ability to secure its corporate objectives. Given the efficiency measures that have been introduced to date this is considered to be an increasing issue for the Council. | | <ul style="list-style-type: none"> • A significant service failure associated with a major impact on the local community, leading to a wider detrimental corporate impact. • Deterioration in services to the public, potentially a major initial impact upon a local resident or a group of local residents. • Significant staff and financial resources required to resolve position, impacting on other services. • A major service has its operating capacity significantly impact and is required to introduce major reform in its approach to service delivery | | | <ul style="list-style-type: none"> • The Council has appropriate managerial arrangements in place supported by staff recruitment and training to ensure these risks are effectively managed. • The Council has a Performance Management Framework in place to help ensure that services are delivered in line with good practice and industry standards. Ongoing monitoring and regular reporting will help ensure that any emerging issues re service performance are effectively identified and resolved at the earliest possible opportunity | | | | |

| Area Of Risk (Reference / Date) | | Threats / Opportunities | | | Mitigation / Controls In Place / Actions Undertaken | | | Potential Further Action / Action Planned / When By Date | |
|--|----------|---|-----|-----------|--|-----|-----------|--|------|
| STR3 | 16/11/20 | Inherent Risk Score (Likelihood x Impact) | 3x5 | 15 | Residual Risk Score (Likelihood x Impact) | 2x5 | 10 | Risk Owner / Lead Officer | SAMT |
| STR4 It becomes increasingly difficult to recruit to key posts or to replace key staff who leave (for example Environmental Health Officers). Staff morale is adversely affected by as a result of pace of change, tightening financial circumstances or external circumstances. | | <ul style="list-style-type: none"> • Deterioration in services to the public. • Increasing inefficiencies in service provision. • Weakening of Internal Control arrangements. • Increased pressure on other members of staff. | | | <ul style="list-style-type: none"> • The Council has effective communication and working with staff as validated by securing 'silver' accreditation at IIP. • There is sufficient funding to bring in agency staff where required to maintain service performance. • At this stage the problematic areas are those where there are national 'shortages'. In the majority of areas it has proved possible to recruit appropriate replacement staff. • Appropriate training budgets are in place to ensure that staff receive necessary training to maintain service quality. • The Council will look at introducing appropriate apprenticeship / training schemes in order to develop employees to meet our requirements | | | | |
| STR4 | 16/11/20 | Inherent Risk Score (Likelihood x Impact) | 3x4 | 12 | Residual Risk Score (Likelihood x Impact) | 2x4 | 8 | Risk Owner / Lead Officer | SAMT |
| STR5 Delivery of the Council's Agenda is dependent upon | | <ul style="list-style-type: none"> • New initiatives are not delivered in a cost-effective manner. | | | <ul style="list-style-type: none"> • The Council has effective prioritisation and project management arrangements in place | | | | |

| Area Of Risk (Reference / Date) | | Threats / Opportunities | | | Mitigation / Controls In Place / Actions Undertaken | | | Potential Further Action / Action Planned / When By Date | |
|--|----------|--|-----|-----------|---|-----|----------|--|------|
| effective delivery of both a number of major initiatives / projects and implementing a range of new government reforms whilst maintaining service quality, which may overstretch our reduced organisational capacity. | | <ul style="list-style-type: none"> • Failure to maintain / improve services in line with local aspirations. • Failure to generate the savings required to balance the budget. • Financial savings measures weaken Governance / Internal Control arrangements. • Service deterioration / failure arising from capacity issues. | | | to ensure resources are directed at key objectives. <ul style="list-style-type: none"> • The Council has made efforts to ensure effective use of employees by utilising shared services to protect service resilience, by maintaining appropriate training arrangements and by investing in transformational ICT projects. • The Council has a robust performance management framework intended to highlight emerging issues. | | | | |
| STR5 | 16/11/20 | Inherent Risk Score (Likelihood x Impact) | 3x4 | 12 | Residual Risk Score (Likelihood x Impact) | 2x4 | 8 | Risk Owner / Lead Officer | SAMT |
| STR6 Emergency Planning and Business Continuity arrangements fail to meet required standards when tested by flu pandemic, natural disaster (flood), etc. The Council is exposed to cyber crime with a loss of data / systems resulting in a potential inability to provide core services and incurring reputational damage. | | <ul style="list-style-type: none"> • Inability of Council to provide services as a consequence of a severe catastrophic external event (e.g. flooding, major terrorist incident, flu pandemic, fire). • Failure of IT infrastructure, leading to inability to effectively operate services and to safeguard income streams. • Business Continuity Plans prove ineffective in practice | | | <ul style="list-style-type: none"> • The Council works in partnership with a range of partners on its Emergency Planning arrangements to ensure that we operate in line with best practice. There is an annual 'desktop' scenario to test officers understanding of the arrangements and that they are fit for purpose in a realistic 'trial' scenario. • All sections have Business Continuity plans in place which identify key risks and mitigation. Corporate IT systems have been tested against Industry standards for Business Continuity. | | | | |

| Area Of Risk (Reference / Date) | | Threats / Opportunities | | | Mitigation / Controls In Place / Actions Undertaken | | | Potential Further Action / Action Planned / When By Date | |
|--|----------|--|-----|-----------|---|-----|-----------|--|-----------------------------------|
| | | | | | <ul style="list-style-type: none"> The Council works in partnership with a range of other agencies that should be able to provide support in the event of the Council's own procedures failing to be effective. The Council has put in place industry standard measures to minimise the risk of cyber crime. | | | | |
| STR6 | 16/11/20 | Inherent Risk Score (Likelihood x Impact) | 5x5 | 25 | Residual Risk Score (Likelihood x Impact) | 5x3 | 15 | Risk Owner / Lead Officer | SAMT |
| STR7 Lack of strategic direction from Members / Corporate Management, external partners change Strategic direction | | <ul style="list-style-type: none"> Failure to deliver high quality services which address national and local priorities. Deterioration in Governance Arrangements. Refocus of current services necessary with associated disruption | | | <ul style="list-style-type: none"> There are appropriate structured training arrangements in place for both Members and Officers. The Council is an outward looking organisation where both Members and Officers are encouraged to network with peer groups to ensure a developed awareness of the broader environment within which we operate. | | | | |
| STR7 | 16/11/20 | Inherent Risk Score (Likelihood x Impact) | 3x4 | 12 | Residual Risk Score (Likelihood x Impact) | 2x4 | 8 | Risk Owner / Lead Officer | SAMT / Political Leadership |
| STR8 Governance Arrangements including Performance, Finance and Risk Management need to be maintained in order to continue to operate | | <ul style="list-style-type: none"> Adverse Impact upon Service Quality. Failure to deliver high quality services which address national and local priorities. Significant adverse reputational impact | | | <ul style="list-style-type: none"> The Council has appropriate managerial arrangements in place supported by staff recruitment and training to ensure these risks are effectively managed. | | | | |

| Area Of Risk (Reference / Date) | | Threats / Opportunities | | | Mitigation / Controls In Place / Actions Undertaken | | | Potential Further Action / Action Planned / When By Date | |
|---|----------|---|-----|-----------|--|-----|-----------|---|--|
| effectively in a rapidly changing environment. | | | | | <ul style="list-style-type: none"> The Council has an active Standards and Audit Committee which provide independent review of the Governance arrangements in the Council. The Annual Governance Report sets out an evidence based structured assessment of the operation of the Council's governance arrangements. | | | | |
| STR8 | 16/11/20 | Inherent Risk Score (Likelihood x Impact) | 3x4 | 12 | Residual Risk Score (Likelihood x Impact) | 2x4 | 8 | Risk Owner / Lead Officer | S151 Officer / Monitoring Officer / SAMT |
| STR9 HS2 - Without considerable environmental mitigation measures, HS2 will have a significant impact on the visual amenity of the district, disruption to businesses, home owners and communities | | <ul style="list-style-type: none"> Without considerable environmental mitigation measures will have a negative impact on the visual amenity of the district, disruption to businesses, home owners and communities. It also has the potential to sterilise areas of development due to uncertainty. Following the release of the Working Draft Environmental Statement, potential impacts and land take have increased. Therefore the impact score has been adjusted to reflect this. | | | <ul style="list-style-type: none"> Directors and senior management actively engaged with HS2 staff to discuss proactive business mitigation measures. Political leadership working with relevant community groups and agencies lobbying for enhanced mitigation measures. Contributing to the East Midlands HS2 growth strategy and also that we part of the mitigation study | | | Awaiting the outcome of the Government Review and the Integrated Rail Plan. | |
| STR9 | 16/11/20 | Inherent Risk Score (Likelihood x Impact) | 4x5 | 20 | Residual Risk Score (Likelihood x Impact) | 4x5 | 20 | Risk Owner / Lead Officer | SAMT / Political Leadership |

| Area Of Risk (Reference / Date) | Threats / Opportunities | Mitigation / Controls In Place / Actions Undertaken | Potential Further Action / Action Planned / When By Date |
|---|--|---|--|
| STR10 Failure to have in place robust, comprehensive and up to date policies and procedures for safeguarding children and vulnerable adults. | <ul style="list-style-type: none"> • Profile of safeguarding is poor • Staff and members do not know what safeguarding is and their role within it • Staff and members do not know how to spot the signs • Staff and members do not know how to report it and to who? • Lack of public confidence in Council policies plans and staff • Reputational damage • Potential significant harm to individuals resulting from abuse and neglect of Children and/or Vulnerable Adults possibly leading to personal harm, injury and death | <ul style="list-style-type: none"> • The Council has in place up to date policies for safeguarding both Children and Vulnerable Adults. These policies are aligned to DCC policies which in turn are in line with legislation, regulation and statutory duties placed on Local Authorities. • The Council has in place and maintain systems of working practice to safeguard children and vulnerable adults at Council activities and those who receive Council services. • Staff recognised as appropriate to do, are DBS/CRB checked • All staff receive mandatory safeguarding training • Safeguarding is widely promoted and embedded throughout the organisation with all staff being issued with a wallet sized 'safeguarding quick reference guide' which details what to look out for and what to do • The Council has an internal safeguarding group which meets quarterly which has representation from all service areas of the Council. • The Council host and Chair the Countywide Derbyshire Safeguarding Leads Sub Group of | |

| Area Of Risk (Reference / Date) | | Threats / Opportunities | | | Mitigation / Controls In Place / Actions Undertaken | | | Potential Further Action / Action Planned / When By Date | |
|---|----------|---|-----|-----------|---|-----|-----------|--|-----------------------------------|
| | | | | | the Derbyshire Safeguarding Childrens Board and Derbyshire Safeguarding Adults Board • The Council are represented on both the Derbyshire Safeguarding Children's Board (DSCB) and the Derbyshire Safeguarding Adults Board (DSAB) | | | | |
| STR10 | 16/11/20 | Inherent Risk Score (Likelihood x Impact) | 5x4 | 20 | Residual Risk Score (Likelihood x Impact) | 4x3 | 12 | Risk Owner / Lead Officer | SAMT / Political Leadership |
| STR11 Failure to address the impact of COVID-19 upon the organisation, local economy and community | | <ul style="list-style-type: none"> • Inability to deliver services or service failure • Loss of income to the Council • Inability to provide safe working environment resulting in COVID contamination and infection • Adverse impact on employee health • Inability to change the Councils 'ways of working' to meet the current challenges • Increased Cybersecurity and ICT related risk due to remote working increase • Inability to deliver strategic plans and ambitions • Inability to support local businesses and employers • Inability to support the community and in particular vulnerable people | | | <ul style="list-style-type: none"> • The Council plays an active role in the Local Resilience Forum (LRF) and network of sub groups taking part in very frequent meetings and working to effectively and collectively tackle the impact of COVID within the County. This forum includes many agencies across the public sector spectrum including emergency services, NHS, Public Health and others (see strategic risk 6 also) • The Council has in place effective business continuity and emergency action plans which enabled the effective and efficient deployment and diversification of resources to ensure service resumption, business and community support in the initial response phase of the COVID-19 pandemic | | | | |

| Area Of Risk (Reference / Date) | Threats / Opportunities | Mitigation / Controls In Place / Actions Undertaken | Potential Further Action / Action Planned / When By Date |
|------------------------------------|-------------------------|--|--|
| | | <ul style="list-style-type: none"> • The Council have in place robust recovery plans which include the following; • Maintaining Financial Control - Development of financial resilience reserves and accessing govt. funding aimed at local authority support, service budget reviews, controlling expenditure, regular fees and charges reviews, furloughing staff as necessary • Workplace Safety – Return to work protocols and risk assessments, regular inspection, social distancing plans, protection and hygiene measures, PPE, staff testing, communication plan, staff related policy reviews, training and briefings, recognition of vulnerable employees • New Ways of Working – Virtual and remote working capability, digital workforce training, digital inclusion plans, remote and homeworking task group, homeworking policy review, website and online services capability review, managing teams remotely guidance • ICT and Cybersecurity – Evaluation of remote applications and tools, | |

| Area Of Risk (Reference / Date) | Threats / Opportunities | Mitigation / Controls In Place / Actions Undertaken | Potential Further Action / Action Planned / When By Date |
|------------------------------------|-------------------------|--|--|
| | | <p>training and guidance, cybersecurity investment planning</p> <ul style="list-style-type: none"> • Front Facing Services – Workplace safety as above, public interaction protocols, equipment such as 'sneeze, screens in place and face masks etc, floor markings and signage, social distancing measures, one way systems in facilities and public areas, NHS test and trace registration and materials in place • Strategy and Plans Review – Risk management, Transformation Programme, Digital, Climate Change, People, Growth, Tourism and Leisure are all strategies currently being reviewed • External Recovery Plans – Aimed at the local economy, business support and survival, includes channelling and distribution of business grants, council tax and business rates support, links to other bodies including; LRF Recovery Sub Group, D2N2 Recovery. There is also a key focus on Communities and the Council's engagement and support with them including Parish Councils, voluntary sector and partners at all levels in the restoration and recovery challenge | |

| Area Of Risk (Reference / Date) | | Threats / Opportunities | | | Mitigation / Controls In Place / Actions Undertaken | | | Potential Further Action / Action Planned / When By Date | |
|---|------------|---|-----|-----------|--|-----|-----------|--|-----------------------------------|
| STR11 | 16/11/20 | Inherent Risk Score (Likelihood x Impact) | 5x5 | 25 | Residual Risk Score (Likelihood x Impact) | 5x3 | 15 | Risk Owner / Lead Officer | SAMT / Political Leadership |
| STR12 Cyber security attack which severely impacts ICT systems and data. E.g. Ransomware attack rendering access to ICT unavailable for some time. | | <ul style="list-style-type: none"> Inability of Council to provide services as a consequence of a severe catastrophic event which renders access to ICT unavailable such as Ransomware attack. Potential ICO Fines and reputational damage. Adverse Impact upon Service Quality and income streams. Failure to deliver high quality services which address national and local priorities. Potential ICO fines for loss of data Significant adverse reputational impact. Significant cost to Council. | | | <ul style="list-style-type: none"> See Operational level activities risk reference ICT1 The Council works in partnership with a range of partners on its Emergency Planning arrangements to ensure that we operate in line with best practice. All sections have Business Continuity plans in place which identify key risks and mitigation. Corporate IT systems have been tested against Industry standards for Business Continuity. | | | <p>Emergency planning to run Cyber security training events.</p> <p>Improved awareness to Service Managers.</p> <p>Service Managers to review business continuity plans specifically relating to cyber-attack.</p> | |
| STR12 | 08/02/2021 | Inherent Risk Score (Likelihood x Impact) | 5x5 | 25 | Residual Risk Score (Likelihood x Impact) | 5x5 | 25 | Risk Owner / Lead Officer | SAMT / Political Leadership |
| STRxx | | • | | | • | | | | |

Bolsover District Council

Audit and Corporate Overview Scrutiny Committee

27th July 2021

Internal Audit Consortium Summary of Progress on the 2020/21 Internal Audit Plan

Report of the Internal Audit Consortium Manager

Classification: This report is public

Report By: Internal Audit Consortium Manager

Contact Officer: Jenny.Williams@ne-Derbyshire.gov.uk

PURPOSE

To present, for members' information, the final progress report in respect of the 2020/21 Internal Audit Plan.

RECOMMENDATIONS

1. That the report be noted.

Approved by the Portfolio Holder – Councillor Clive Moesby

IMPLICATIONS

Finance and Risk: Yes ☒ No ☐

Details:

Internal audit reviews help to ensure that processes and controls are operating effectively thereby contributing to ensuring that value for money is obtained.

On Behalf of the Section 151 Officer

Legal (including Data Protection): Yes ☐ No ☒

Details:

The core work of internal audit is derived from the statutory responsibility under the Accounts and Audit Regulations 2015 which requires the Council to “undertake an effective internal audit to evaluate the effectiveness of its risk management, control

and governance processes, taking in to account the Public Sector Internal Audit Standards or guidance”.

On Behalf of the Solicitor to the Council

Staffing: Yes ☐ No ☒
Details:

Click here to enter text.

On behalf of the Head of Paid Service

DECISION INFORMATION

| Decision Information | |
|--|-------------------------------------|
| Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds: BDC: Revenue - £75,000 <input type="checkbox"/> Capital - £150,000 <input checked="" type="checkbox"/> NEDDC: Revenue - £100,000 <input type="checkbox"/> Capital - £250,000 <input type="checkbox"/> <input checked="" type="checkbox"/> Please indicate which threshold applies | No |
| Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In) | No |
| District Wards Significantly Affected | None |
| Consultation: Leader / Deputy Leader <input type="checkbox"/> Cabinet / Executive <input type="checkbox"/> SAMT <input type="checkbox"/> Relevant Service Manager <input checked="" type="checkbox"/> Members <input type="checkbox"/> Public <input type="checkbox"/> Other <input type="checkbox"/> | Yes Details: Ward Members |

Links to Council Ambition (BDC)/Council Plan (NED) priorities or Policy Framework including Climate Change, Equalities, and Economics and Health implications.

Internal audit reviews help to ensure that the Council is delivering high quality, cost effective services.

REPORT DETAILS

1 Background

- 1.1 The Public Sector Internal Audit Standards require that the Internal Audit Consortium Manager reports periodically to the Audit and Corporate Overview Scrutiny Committee in respect of performance against the audit plan. Significant risk and control issues should also be reported.

2. Details of Proposal or Information

- 2.1 Appendix 1 is a summary of reports issued between the 10th April 2021 and the 9th July 2021. The Appendix shows for each report the level of assurance given and the number of recommendations made / agreed where a full response has been received. This provides an overall assessment of the system's ability to meet its objectives and manage risk. The definitions of the assurance levels used can be seen in the table below:-

| Assurance Level | Definition |
|------------------------------|---|
| Substantial Assurance | There is a sound system of controls in place, designed to achieve the system objectives. Controls are being consistently applied and risks well managed. |
| Reasonable Assurance | The majority of controls are in place and operating effectively, although some control improvements are required. The system should achieve its objectives. Risks are generally well managed. |
| Limited Assurance | Certain important controls are either not in place or not operating effectively. There is a risk that the system may not achieve its objectives. Some key risks were not well managed. |
| Inadequate Assurance | There are fundamental control weaknesses, leaving the system/service open to material errors or abuse and exposes the Council to significant risk. There is little assurance of achieving the desired objectives. |

- 2.2 In this period 5 reports have been issued 3 with substantial assurance and 2 with reasonable assurance.
- 2.3 Reports are issued as Drafts with five working days being allowed for the submission of any factual changes, after which time the report is designated as a Final Report. Fifteen working days are allowed for the return of the Implementation Plan.

- 2.4 In respect of the audits being reported, it is confirmed that no issues arising relating to fraud were identified.
- 2.5 Work has now been started on the 2021/22 internal audit plan. The audits not completed from the 2020/21 internal audit plan were included in the 2021/22 internal audit plan where appropriate following a risk assessment exercise and consultation with the Strategic Alliance Management Team.

3 Reasons for Recommendation

- 3.1 To inform Members of progress on the 2020/21 Internal Audit Plan and to provide details of the Audit Reports issued to date.
- 3.2 To comply with the requirements of the Public Sector Internal Audit Standards.

4 Alternative Options and Reasons for Rejection

- 4.1 None

DOCUMENT INFORMATION

| Appendix No | Title |
|--|--|
| Appendix 1 | Summary of Internal Audit reports issued in respect of the 2020/21 Internal Audit Plan between the 10th April 2021 and the 9th July 2021 |
| Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers) | |
| Click here to enter text. | |

BOLSOVER DISTRICT COUNCIL**Internal Audit Consortium - Report to Audit Committee****Summary of Internal Audit Reports Issued between the 10th April 21 and the 9th July 2021**

| Report Ref No. | Report Title | Scope and Objectives | Assurance Provided | Date | | Number of Recommendations | |
|----------------|--------------------------------|--|--------------------|---------------|--------------|---------------------------|----------|
| | | | | Report Issued | Response Due | Made | Accepted |
| B019 | Careline Supporting People | To ensure that processes and controls are operating effectively | Substantial | 6/4/21 | 27/4/21 | 1L | 1 |
| B020 | Housing Repairs | To ensure that housing repairs are being appropriately prioritised particularly in the light of COVID-19 | Substantial | 29/4/21 | 21/5/21 | 2L | 2 |
| B021 | Planning Processes and Appeals | To review and assess processes in respect of appeals | Substantial | 3/6/21 | 24/6/21 | 1M | Note 1 |
| B022 | Network Security and Policies | To ensure that policies are up to date and to review network security | Reasonable | 29/6/21 | 20/7/21 | 3(2M 1L) | Note 2 |
| B023 | Gas and Solid Fuel Servicing | To ensure that Gas and Solid Fuel Servicing is taking place in line with legislation | Reasonable | 6/7/21 | 27/7/21 | 5 (1H 2M 2L) | Note 2 |

H = High Priority M = Medium Priority L = Low Priority

Bolsover District Council

Audit and Corporate Overview Scrutiny Committee

27th July 2021

Implementation of Internal Audit Recommendations

Report of the Internal Audit Consortium Manager

Classification: This report is public

Report By: Internal Audit Consortium Manager

Contact Officer: Jenny.Williams@ne-Derbyshire.gov.uk

PURPOSE

To present, for members' information, a summary of the internal audit recommendations made and implemented for the financial years 2018/19 - 2020/21 to date.

RECOMMENDATIONS

1. That the report be noted.

Approved by the Portfolio Holder – Councillor Clive Moesby

IMPLICATIONS

Finance and Risk: Yes ☒ No ☐

Details:

The implementation of internal audit recommendations helps to ensure that there are effective controls in place to reduce the risk of fraud and error.

On Behalf of the Section 151 Officer

Legal (including Data Protection): Yes ☐ No ☒

Details:

On Behalf of the Solicitor to the Council

Staffing: Yes ☐ No ☒

Details:

Click here to enter text.

On behalf of the Head of Paid Service

DECISION INFORMATION

| | |
|--|-------------------------------------|
| Decision Information | |
| Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds: BDC: Revenue - £75,000 <input type="checkbox"/> Capital - £150,000 <input checked="" type="checkbox"/> NEDDC: Revenue - £100,000 <input type="checkbox"/> Capital - £250,000 <input type="checkbox"/> <input checked="" type="checkbox"/> Please indicate which threshold applies | No |
| Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In) | No |
| District Wards Significantly Affected | None |
| Consultation: Leader / Deputy Leader <input type="checkbox"/> Cabinet / Executive <input type="checkbox"/> SAMT <input type="checkbox"/> Relevant Service Manager <input checked="" type="checkbox"/> Members <input type="checkbox"/> Public <input type="checkbox"/> Other <input type="checkbox"/> | Yes Details: Ward Members |

Links to Council Ambition (BDC)/Council Plan (NED) priorities or Policy Framework including Climate Change, Equalities, and Economics and Health implications.

The implementation of Internal audit recommendations help to ensure that the Council is delivering high quality, cost effective services.

REPORT DETAILS**1 Background**

- 1.1 Internal Audit make recommendations to improve the governance, risk and control processes in place. It is important to monitor the implementation of these recommendations to improve the control environment and to reduce the risk of fraud and error.

2. Details of Proposal or Information

- 2.1 This report is to inform Members of the Audit and Corporate Overview Scrutiny Committee of the number of internal audit recommendations made and the progress in respect of implementing them.
- 2.2 Appendix 1 provides an analysis of the number of recommendations made and implemented for the financial years 2018/19 – 2020/21 to date. The table also summarises the number of recommendations that have been implemented and those that are outstanding. Below this the table details every outstanding recommendation.
- 2.3 No high priority recommendations are outstanding. There are however 13 medium priority recommendations from 2019/20 and 8 from 2020/21 outstanding. As operations start to return to normal officers should now revisit these recommendations to progress their implementation.

3 Reasons for Recommendation

- 3.1 To inform Members of the internal audit recommendations made and outstanding so that it can be assessed if appropriate and timely action is being taken.

4 Alternative Options and Reasons for Rejection

- 4.1 Not Applicable

DOCUMENT INFORMATION

| Appendix No | Title |
|--|--|
| Appendix 1 | Summary of Internal Audit Recommendations Made and Implemented |
| Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers) | |
| Click here to enter text. | |

Bolsover District Council

Summary of Internal Audit Recommendations made and implemented 2018/19 – 2020/21 (at end June 21)

| Recommendations Made | 2018/19 | 2019/20 | 2020/21 |
|------------------------------------|------------|------------|------------|
| Number of High Priority | 8 | 0 | 1 |
| Number of Medium Priority | 41 | 24 | 20 |
| Number of Low priority | 85 | 42 | 32 |
| Total | 134 | 66 | 53 |
| Recommendations Implemented | 123 | 40 | 10 |
| High Recommendations Outstanding | 0 | 0 | 0 |
| Medium Recommendations Outstanding | 1 | 13 | 8 |
| Low Recommendations Outstanding | 10 | 13 | 8 |
| Not overdue yet | 0 | 0 | 27 |
| Total Overdue Recommendations | 11 | 26 | 16 |
| Percentage due implemented | 92% | 61% | 38% |

BDC Internal Audit Recommendations Outstanding

2018/19

| Report Ref | Audit | Directorate | Conclusion | Recommendations | | | Total | Not Overdue | Overdue | Implemented |
|--------------|--------------------------------|-------------|-------------|-----------------|--------|-----|-------|-------------|-----------|-------------|
| | | | | High | Medium | Low | | | | |
| B003 | Money Laundering | People | Reasonable | | 2 | 4 | 6 | | 4 (1M 3L) | 2 |
| B005 | Gifts and Hospitality | People | Substantial | | | 3 | 3 | | 2L | 1 |
| B034 | Premises and Personal Licences | Place | Reasonable | | | 7 | 7 | | 2L | 5 |
| B037 | Fly Tipping | Place | Reasonable | 1 | 3 | 10 | 14 | | 1L | 13 |
| B038 | JVC Dragon Fly | Place | Substantial | | | 4 | 4 | | 2L | 2 |
| | | | | | | | | | | |
| Total | | | | 1 | 5 | 28 | 34 | | 11 | 23 |

2019/20

| Report Ref | Audit | Directorate | Conclusion | Recommendations | | | Total | Not Overdue | Overdue | Implemented |
|------------|--|-------------|-------------|-----------------|--------|-----|-------|-------------|-----------|-------------|
| | | | | High | Medium | Low | | | | |
| B002 | Property Services Compliance | Place | Reasonable | | 2 | 1 | 3 | | 3 (2M 1L) | |
| B004 | Business Continuity & Emergency Planning | Place | Reasonable | | 1 | 4 | 5 | | 1M | 4 |
| B012 | Payroll | People | Substantial | | | 1 | 1 | | 1L | |
| B016 | Transformation Agenda | People | Reasonable | | 4 | | 4 | | 4M | |

| Report Ref | Audit | Directorate | Conclusion | High | Medium | Low | Total | Not Overdue | Overdue | Implemented |
|--------------|---|-------------|-------------|----------|-----------|-----------|-----------|-------------|-----------|-------------|
| B019 | Main Accounting & Budgetary Control | People | Substantial | | | 1 | 1 | | 1L | |
| B022 | Members IT Equipment | People | Reasonable | | 3 | | 3 | | 3M | |
| B023 | The Tangent & Pleasley Vale Business Park | Place | Reasonable | | 2 | 3 | 5 | | 2 (1M 1L) | 3 |
| B025 | Housing Repairs (voids) | Place | | | 2 | 4 | 6 | | 5 (2M 3L) | 1 |
| B026 | Transport | Place | | | 1 | 4 | 5 | | 4L | 1 |
| B027 | Sundry Debtors | People | Reasonable | | | 2 | 2 | | 2L | |
| | | | | | | | | | | |
| Total | | | | 0 | 15 | 20 | 35 | | 26 | 9 |

2020/21

| Report Ref | Audit | Directorate | Conclusion | Recommendations | | | Total | Not Overdue | Overdue | Implemented |
|------------|------------------|---------------------------|-------------|-----------------|--------|-----|-------|-------------|-----------|-------------|
| | | | | High | Medium | Low | | | | |
| B001 | Data Protection | Corporate Resources | Substantial | | | 3 | 3 | 2 | | 1 |
| B002 | Elections | Corporate Resources | Reasonable | | 1 | 3 | 4 | | 4 (1M 3L) | |
| B003 | Community Safety | Environmental Enforcement | Substantial | | | 1 | 1 | | | 1 |
| B004 | Procurement | Corporate Resources | Reasonable | | 5 | 1 | 6 | 1 | 4 (3M 1L) | 1 |
| B005 | Asset Management | Development | Substantial | | 2 | 1 | 3 | | 3 (2M 1L) | |
| B006 | VAT | Corporate Resources | Substantial | | | | 0 | | | 0 |

| Ref | Audit | Directorate | Conclusion | H | M | L | Total | Not Overdue | Overdue | Implemented |
|------|---------------------------------|---------------------|-------------|---|---|---|-------|-------------|----------|-------------|
| B007 | CIPFA Financial Management Code | Corporate Resources | Substantial | | 1 | 2 | 3 | 3 | | |
| B008 | Climate Change | Corporate Resources | Substantial | | | 2 | 2 | | 2L | |
| B009 | Corporate Targets | Corporate Resources | Substantial | | | 1 | 1 | 1 | | |
| B010 | Social Media | Corporate Resources | Reasonable | | 3 | 1 | 4 | 1 | 3(2M 1L) | |
| B011 | Joint Dog Warden Service | Env & Enforcement | Substantial | | | 2 | 2 | | | 2 |
| B012 | Disabled Facilities Grants | Env & Enforcement | Substantial | | | 3 | 3 | | | 3 |
| B013 | Street Cleansing | Corporate Resources | Substantial | | 1 | 1 | 2 | 2 | | |
| B014 | Housing Rents | Env & Enforcement | Substantial | | | 1 | 1 | 1 | | |
| B015 | Cash and Banking | Corporate Resources | Substantial | | | | 0 | | | 0 |
| B016 | Mobile Phones | Corporate Resources | Substantial | | | | 0 | | | 0 |
| B017 | Council Tax | Corporate Resources | Substantial | | | | 0 | | | 0 |
| B018 | Laptops & Removable Media | Corporate Resources | Reasonable | | 2 | 4 | 6 | 6 | | |
| B019 | Careline Supporting People | Env & Enforcement | Substantial | | | 1 | 1 | 1 | | |
| B020 | Housing Repairs | Development | Substantial | | | 2 | 2 | | | 2 |
| B021 | Planning Processes and Appeals | Development | Substantial | | 1 | | 1 | 1 | | |

| | | | | | | | | | | |
|-------------------|------------------------------|---------------------|-------------------|----------|-----------|-----------|--------------|--------------------|----------------|--------------------|
| | | | | | | | | | | |
| Report Ref | Audit | Directorate | Conclusion | H | M | L | Total | Not Overdue | Overdue | Implemented |
| B022 | Network Security | Corporate Resources | Reasonable | | 2 | 1 | 3 | 3 | | |
| B023 | Gas and Solid Fuel Servicing | Development | Reasonable | 1 | 2 | 2 | 5 | 5 | | |
| Total | | | | 1 | 20 | 32 | 53 | 27 | 16 | 10 |

BDC Outstanding Internal Audit Recommendations as at end June 2021

| Audit and date audit completed | Recommendation Outstanding | Priority and Original Target Date | Managers Comment |
|--------------------------------|--|-----------------------------------|---|
| Money Laundering – June 2018 | Once the Anti-Money Laundering policy has been updated and approved staff with key roles should be made fully aware of their associated responsibilities and ensure compliance with and awareness of the policy going forward. The policy should also be made available to wider employees via the intranet. | Medium December 2018 | The policy was approved by Delegated Decision on 23 rd June 2020. The pandemic has meant there hasn't yet been any big roll out to staff, the document has been put in the library on the intranet. Contact centre staff have been updated but no other staff have yet been trained. |
| Money Laundering – June 2018 | Reporting of Money Laundering incidents and limits of cash that can be accepted needs to be consistent across all staff guidance and related policies/policy to ensure potential issues are promptly dealt with in line with AML regulations. | Low December 2018 | Once policy is approved this recommendation will be completed. |
| Money Laundering – June 2018 | A training programme/matrix to be documented in line with the new regulations (previous | Low | Once policy is approved this recommendation will be completed. |

| Audit and date audit completed | Recommendation Outstanding | Priority and Original Target Date | Managers Comment |
|-----------------------------------|---|-----------------------------------|--|
| | training date, records for scope and effectiveness of training) and rolled out for employee's who are working in the "potential risk areas" to keep them updated and refresh their knowledge. | December 2018 | |
| Money Laundering – June 2018 | The Anti-Money Laundering Compliance Officer (as recommended as part of R2) should undertake a periodic review of payments received into NEDDC and BDC sites. This should identify any regular or large payments of cash with a view to highlighting and reporting any potential instances of money laundering. | Low December 2018 | Once policy is approved this recommendation will be completed. |
| Gifts and Hospitality – June 2018 | It should be ensured that the annual inspection report is presented to the Standards Committee during the year following inspection. | Low End June 2019 | |

| Audit and date audit completed | Recommendation Outstanding | Priority and Original Target Date | Managers Comment |
|---|---|--|--|
| Gifts and Hospitality – June 2018 | Consideration be made to adding 'print name', 'position' and 'date of authorisation' to the Gift/Hospitality Declaration form and to check the Gifts and Hospitality forms upon receipt for appropriate authorisation signatures. | Low End March 2019 | |
| Premises and Personal Licences – March 2019 | To be compliant with legislation, ensure registers of licence are available and published as soon as possible | Low December 2019 | Web connectors have been purchased from Uniform to enable the licensing registers to be published online. This has been delayed by the Covid 19 pandemic. On hold |
| Premises and Personal Licences – March 2019 | Establish a procedure to identify licences that are no longer operational and decide on an appropriate timeframe / regularity for the committee to revoke these | Low July 2020 | This work is low priority. It had commenced but has now been affected by the Covid 19 pandemic and is on hold. |
| Fly tipping – May 2019 | It should be ensured that the new legislation regarding Duty of Care is reflected within the existing Fly tipping policy. | Low December 2019 | The flytipping policy is due to be reviewed and will begin when the current Environmental Health service review is concluded. To begin this beforehand would be premature. |

| Audit and date audit completed | Recommendation Outstanding | Priority and Original Target Date | Managers Comment |
|--|---|--|-------------------------|
| Joint Venture Company – Dragonfly May 2019 | The areas of taxation which were raised by the external auditors should be subject to continued consideration and resolution to ensure compliance with all liabilities. | Low March 2020 | |
| Joint Venture Company – Dragonfly May 2019 | Consideration should be given to the declaration of interests requirements for all designated Council representatives who have a specific managerial or operational role with Dragonfly Developments Ltd. | Low March 2020 | |
| Property Services Compliance – June 2019 | All contracts in operation should have an agreed set of KPI's which should be monitored and reported accordingly. Any poor performance, or that which falls below expected standards, should be promptly identified and improvement plans agreed with the relevant supplier(s). | Medium June 2020 | |
| Property Services Compliance – June 2019 | The new Facilities Management Contract should include, but not be limited to: <ul style="list-style-type: none"> • Required frequencies of inspections in each compliance area | Medium June 2020 | |

| Audit and date audit completed | Recommendation Outstanding | Priority and Original Target Date | Managers Comment |
|--|---|-----------------------------------|--|
| | <ul style="list-style-type: none"> • Applicable compliance legislation Required quality assurance processes to be applied by the contractor • Performance Indicators for monitoring purposes • Record retention requirements | | |
| Property Services Compliance – June 2019 | Consider completing a formal reconciliation on a yearly basis with Estates to ensure sites are being inspected as appropriate | Low June 2020 | |
| Business Continuity – July 2019 | To inform the next review of the Strategic Alliance Corporate Business Continuity Plan, service area business continuity plans are created / revisited (including key contacts) with the support of the Senior Emergency Planning Officer. | Medium April 2020 | <p>In terms of Business Continuity, in order to meet the requirements of the Civil Contingencies Act 2004 local authorities are required to have in place a corporate business continuity plan and a register of priority functions, which we have. The service area bc plans are more of an additional level of best practice that some local authorities in Derbyshire use and some that decide not to.</p> <p>Based on the current situation and the fact that there have recently been some structural changes, the way the authority works has changed dramatically. My recommendation will</p> |

| Audit and date audit completed | Recommendation Outstanding | Priority and Original Target Date | Managers Comment |
|------------------------------------|---|-----------------------------------|--|
| | | | be that the corporate business continuity plan will be updated in light of Covid-19 and structural changes, and that I look at, in consultation with Karen, the suitability and effectiveness of having service area bc plans moving forward, and if they are to be continued to look at further training needs. |
| Payroll – October 2019 | Forms that require a signature for authorisation must be checked to the authorised signatory list before payment is made. It is recommended that discussions are held between Payroll, Finance and HR to update and streamline the authorised signatory process and confirm where responsibilities lie in checking documentation. | Low March 2020 | |
| Transformation Agenda – January 20 | Further work is required to embed the Transformation Agenda principles within both BDC & NEDDC. The continued development of the project management principles is required to ensure that the principles of the change | Medium October 2020 | |

| Audit and date audit completed | Recommendation Outstanding | Priority and Original Target Date | Managers Comment |
|---------------------------------------|---|--|-------------------------|
| | requirements are known and that projects are progressed. | | |
| Transformation Agenda – January 20 | Regular communications are required to ensure that staff are fully aware of the Transformation Agenda and its purpose and progress. Communications should include examples of completed projects together with the efficiencies gained. | Medium October 2020 | |
| Transformation Agenda – January 20 | Councillors, Managers and Staff should be encouraged to provide feedback and comments regarding the Transformation Agenda as it develops and becomes embedded into both BDC and NEDDC. These communications should be acknowledged and progress reported back to the both the individual making the comment and more generally authority wide, this could be carried out within the Extranet environment. | Medium October 2020 | |
| Transformation Agenda – January 20 | Management should consider supplementing and improving the Extranet facilities and web pages to provide improved | Medium October 2020 | |

| Audit and date audit completed | Recommendation Outstanding | Priority and Original Target Date | Managers Comment |
|--|---|-----------------------------------|------------------|
| | communication with Members and staff concerning the purpose, progress and adoption of Transformation ideas across both authorities. | | |
| Main Accounting & Budgetary Control – January 2020 | Legal – Through the Constitutional Review Process, align the Budget and Policy Framework Rules (Page 129, para 4.3.6) and Financial Regulations (page 146, Para 4.7.2 (7)) in relation to the authorisation of virements. | Low May 2020 | |
| Members IT Equipment – February 2020 | Due to the financial risk associated with unreturned Council owned I.T. equipment and to conform to the Members ICT Charter, responsibilities for retrieving all I.T. equipment from departing Members needs to be clarified and a procedure defined e.g. escalation to senior management/Leader and/or apply charges | Medium December 2020 | |
| Members IT Equipment – February 2020 | When equipment is issued or returned, liaison with I.T. and Accountancy is required to ensure all relevant paperwork is completed e.g. device transfer forms AND all records are | Medium December 2020 | |

| Audit and date audit completed | Recommendation Outstanding | Priority and Original Target Date | Managers Comment |
|---|--|--|-------------------------|
| | updated e.g. EE, Support Works and spreadsheets | | |
| Members IT Equipment – February 2020 | Members should be formally reminded to submit their equipment for a regular health check in accordance with the Members ICT Charter. Where equipment is not received on an annual basis, management should liaise with the Leaders at both Councils for following up with individual Members. | Medium December 2020 | |
| The Tangent & Pleasley Vale Business Centres – March 2020 | To safeguard the Council against potential losses and to ensure lease requirements are being met, the process introduced to confirm that incoming tenants hold an appropriate level of insurance cover and a valid Fire Risk Assessment (FRA) (compliance with the Regulatory Reform (Fire Safety) Order 2005) should be extended to record all requests made. Checks of insurance should be made on an annual basis thereafter and efforts to collect related documents should prioritise | Medium December 2020 | |

| Audit and date audit completed | Recommendation Outstanding | Priority and Original Target Date | Managers Comment |
|---|--|--|--|
| | tenancies assessed as of higher risk. | | |
| The Tangent & Pleasley Vale Business Centres – March 2020 | To review, update and increase the web-presence of the Business Centres to promote facilities and services available. A review of charges for the virtual office / mailing address service should run concurrently | Low March 21 | |
| Housing Repairs (Voids) – April 2020 | The Operational Repairs Manager should periodically review the completion of property documentation to ensure that a comprehensive management trail of information is consistently provided. | Low April 2020 | The paper based documents will be superseded with electronic forms as part of Open Housing / Total Mobile project during 2020/21 |
| Housing Repairs (Voids) – April 2020 | The Operational Repairs Manager should periodically review the completion of recharge information on property documentation and the timeliness of raising recharges to ensure that the costs of repair associated with cases of neglect or wilful damage caused by previous tenancies is fully and promptly recovered. | Medium April 2020 | The Recharge information will be collected electronically during void pre-inspections utilising Total Mobile as part of the Open Housing project during 2020/21. |
| Housing Repairs (Voids) – April 2020 | As the Rechargeable Works Policy is dated 2013, it is considered that it should be | Low | |

| Audit and date audit completed | Recommendation Outstanding | Priority and Original Target Date | Managers Comment |
|---------------------------------------|--|--|--|
| | reviewed and updated where required. | August 2020 | |
| Housing Repairs (Voids) – April 2020 | Notional rent loss details relating to void properties based on target rent charges should be routinely collated and reported as management information to the Housing Stock Management Group. | Low September 2020 | This will need Housing stock approval |
| Housing Repairs (Voids) – April 2020 | A range of alternative performance measures should be introduced and incorporated within the new Council Vision to ensure that short-term and long-term void performance monitoring is separately established and is soundly based to provide both clarity and transparency. | Medium September 2020 | Housing Management Team have started consultation with Senior Management on new targets. |
| Transport – April 2020 | Guidelines should be provided to clarify when a refund can be issued. Staff should be provided with appropriate training to ensure all transactions are accounted for and supported by relevant authorisation. | Low End July 2020 | In progress |
| Transport – April 2020 | To comply with the Goods Vehicles (Licensing of Operators) Act 1995 and to fulfil the requirements of the Traffic | Low December 2020 | |

| Audit and date audit completed | Recommendation Outstanding | Priority and Original Target Date | Managers Comment |
|--------------------------------|--|-----------------------------------|------------------|
| | Commissioner, a second named contact who works closely with the Transport section, should be allocated to the Operator 'O' Licence. | | |
| Transport – April 2020 | The range of reports required from the Tranman system are considered to determine the most cost effective way of producing a functional library of operational reports | Low December 2020 | |
| Transport – April 2020 | <p>To review the process of the annual driving licence validation, ensuring that checks are performed promptly and include licence endorsement status. The process should ensure that licences expiring mid-year are identified and drivers contacted to provide their current licence.</p> <p>Historical copy licences should be confidentially destroyed, to ensure that only current, valid licences are held on file.</p> <p>Consideration could be given to storing copy licences electronically.</p> | Medium December 2020 | |

| Audit and date audit completed | Recommendation Outstanding | Priority and Original Target Date | Managers Comment |
|---------------------------------------|--|--|-------------------------|
| Debtors – May 2020 | Performance management information relating to Debtors should be reviewed to ensure that measures are designed to support the Council Vision and provide details relating to both short-term and long-term debtor information. | Low January 2021 | |
| Debtors – May 2020 | Regular updates should be pursued with originating departments and Legal section to provide sufficient assurance regarding the extent and effectiveness of debt recovery progress. | Low January 21 | |
| Elections – August 2020 | A review of systems and processes should be completed for the check and authorisation of parameters and fees to ensure that they are accurately based and calculated. | Medium April 21 | |
| Elections – August 2020 | The extent of clarity and transparency of premises hire charges should be reviewed to easily reconcile the amounts due to those paid. | Low January 2021 | |

| Audit and date audit completed | Recommendation Outstanding | Priority and Original Target Date | Managers Comment |
|---------------------------------------|--|--|-------------------------|
| Elections – August 2020 | The risk evaluation process and risk register should be reviewed regularly to ensure that management actions are sufficient to mitigate new and emerging risks associated with the electoral processes. | Low December 2020 | |
| Elections – August 2020 | The Electoral Services Manager should evaluate and confirm the extent of the future insurance cover requirements. | Low December 2020 | |
| Procurement – September 2020 | Perform should be routinely updated to reflect the implementation status of audit recommendations. | Low November 2020 | |
| Procurement – September 2020 | Once the relevant revisions to the budget and policy framework are completed and the updates to the procurement rules are made, the latest version of the Procurement Strategy should be formally approved and made available on the Councils' Extranet. | Medium TBC | |
| Procurement – September 2020 | The Procurement Manager should ensure that the training information previously provided to Gedling Borough Council is adapted and delivered across both Bolsover and North East | Medium TBC | |

| Audit and date audit completed | Recommendation Outstanding | Priority and Original Target Date | Managers Comment |
|-----------------------------------|---|-----------------------------------|------------------|
| | Derbyshire District Councils with the provision to repeat the training annually or biennially as a refresher for designated operational managers and staff, this should be delivered through the development of a webinar if current restrictions continue. | | |
| Procurement – September 2020 | The Procurement Manager should design and seek the approval of the Head of Finance for key performance targets for the Procurement team, the approved targets should then be incorporated within the Perform system to allow actual outturns to be measured against targeted performance. | Medium December 2020 | |
| Asset Management – September 2020 | Work to progress benchmarking and KPI's should be embedded into Asset Management processes as part of the current service review. | Medium October 2020 | |
| Asset Management – September 2020 | Service targets/action points (strategy and team action plans) with timescales should be updated and taken to the Asset Management Group for consideration. | Low April 2021 | |

| Audit and date audit completed | Recommendation Outstanding | Priority and Original Target Date | Managers Comment |
|---------------------------------------|--|--|-------------------------|
| Asset Management – September 2020 | The move to IDOX for a centralised asset register is progressed and an action plan including timescales is prepared. | Medium April 2021 | |
| Climate Change – October 2020 | Climate change should be included on service risk registers and consideration be given to including it on the Strategic Risk Register. | Low February 2021 | |
| Climate Change – October 2020 | Consideration should be given to adding Climate Change as a consideration to all Committee reports | Low February 2021 | |
| Social Media – November 2020 | A review of the Social Media guidance document should be completed to ensure all content is relevant and following completion the latest version should be included on the Extranet. | Medium March 2021 | |
| Social Media – November 2020 | Social media should be subject to a documented risk assessment and inclusion in the risk register with further reviews completed when relevant operational changes occur. | Medium March 2021 | |
| Social Media – November 2020 | The Communications Marketing and Design Manager should liaise with ICT to ensure that | Low | |

| Audit and date audit completed | Recommendation Outstanding | Priority and Original Target Date | Managers Comment |
|--------------------------------|---|-----------------------------------|------------------|
| | relevant and up to date reference is included for new starters regarding the use of social media. | March 2021 | |

Bolsover District Council

Audit and Corporate Overview Scrutiny Committee

27th July 2021

Internal Audit Consortium Annual Report 2020/21

Report of the Internal Audit Consortium Manager

Classification: This report is public

Report By: Internal Audit Consortium Manager

Contact Officer: Jenny.Williams@ne-Derbyshire.gov.uk

PURPOSE / SUMMARY

The purpose of this report is to: -

- Present a summary of the internal audit work undertaken during 2020/21 from which the opinion on the internal control environment is derived.
- Provide an opinion on the overall adequacy and effectiveness of the Council's control environment including any qualifications to that opinion.
- Draw attention to any issues that need to be considered for inclusion in the Annual Governance Statement.
- Compare work undertaken with that which was planned and summarise performance.
- Comment on compliance with the Public Sector Internal Audit Standards (PSIAS).
- Comment on the results of the internal quality assurance programme.
- Confirm the organisational independence of internal audit
- Review the performance of the Internal Audit Consortium against the current Internal Audit Charter.

RECOMMENDATION

1. That the Internal Audit Consortium Annual Report for 2020/21 be accepted.

Approved by the Portfolio Holder – Councillor Clive Moesby

IMPLICATIONS

Finance and Risk: Yes ☒ No ☐

Details:

Internal audit reviews help to ensure that processes and controls are operating effectively thereby contributing to ensuring that value for money is obtained. Regular audit reviews help to ensure that risk is managed appropriately. Internal audit makes recommendations to reduce the level of risk and improve the control environment.

On Behalf of the Section 151 Officer

Legal (including Data Protection): Yes ☒ No ☐

Details:

The core work of internal audit is derived from the statutory responsibility under the Accounts and Audit Regulations 2015 which requires the Council to “undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking in to account the Public Sector Internal Audit Standards or guidance”.

On Behalf of the Solicitor to the Council

Staffing: Yes ☐ No ☒

Details:

Click here to enter text.

On behalf of the Head of Paid Service

DECISION INFORMATION

| Decision Information | |
|--|-------------------------------------|
| Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds: BDC: Revenue - £75,000 <input type="checkbox"/> Capital - £150,000 <input checked="" type="checkbox"/> NEDDC: Revenue - £100,000 <input type="checkbox"/> Capital - £250,000 <input type="checkbox"/> <input checked="" type="checkbox"/> Please indicate which threshold applies | No |
| Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In) | No |
| District Wards Significantly Affected | None |
| Consultation: Leader / Deputy Leader <input type="checkbox"/> Cabinet / Executive <input type="checkbox"/> SAMT <input type="checkbox"/> Relevant Service Manager <input checked="" type="checkbox"/> Members <input type="checkbox"/> Public <input type="checkbox"/> Other <input type="checkbox"/> | Yes Details: Ward Members |

| Links to Council Ambition (BDC)/Council Plan (NED) priorities or Policy Framework including Climate Change, Equalities, and Economics and Health implications. |
|---|
| Audit reviews help to ensure that the council's resources and priorities are focused on achieving the objectives within the Council Ambition. |

REPORT DETAILS

1 Background

- 1.1 The Public Sector Internal Audit Standards require that the Internal Audit Consortium Manager deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.

2. Details

IMPACT OF COVID 19

- 2.1 The advent of COVID- 19 has unsurprisingly had an impact on the extent of completion of the 2020/21 internal audit plan however, enough of the internal audit plan (along with reliance on other assurances) has been completed to be able to give an unlimited audit opinion in respect of the 2020/21 financial year.

SUMMARY OF WORK UNDERTAKEN

- 2.2 Appendix 1 details the audit reports issued in respect of audits included in the 2020/21 internal audit plan. The appendix shows for each report the overall assurance level provided on the reliability of the internal controls and the assurance level given at the last audit. The report opinions can be summarised as follows:

| Assurance Level | 2019/20 Number | 2019/20 % | 2020/21 Number | 2020/21 % |
|------------------------|-----------------------|------------------|-----------------------|------------------|
| Substantial | 15 | 54 | 17 | 74 |
| Reasonable | 13 | 46 | 6 | 26 |
| Limited | 0 | 0 | 0 | 0 |
| Inadequate | 0 | 0 | 0 | 0 |
| Total | 28 | 100 | 23 | 100 |

- 2.3 A definition of the above assurance levels is shown in Appendix 1.

- 2.4 No fraud was identified.

- 2.5 The following table summarises the performance indicators for the Internal Audit Consortium as detailed in the Internal Audit Service Plan:

| Description | 2020/21 | | 2021/22 |
|---|----------------|--------------|----------------|
| | Plan | Actual | Plan |
| Cost per Audit Day | £294 | £284 | £306 |
| Percentage of Plan Completed | 75% | 72% | 75% * |
| Sickness Absence (Average Days per Employee) | 8.0 | 0.00 | 8.0 |
| Customer Satisfaction Score | 85% | 93.5% | 85% |
| To issue internal audit reports within 10 days of the close out meeting | 90% | 100% | 90% |
| Number/proportion of audits completed within time allocation | 80% | Not measured | 80% |
| Quarterly reporting to Audit Committee | 100% | 100% | 100% |

* Although the usual target is 96%, this will not be achievable given the continued impact of COVID-19 and that the 2020/21 plan has run into 2021/22.

23/32 audits have been completed = 72%. Although not quite reaching the target this is still considered a major achievement given the circumstances.

It is also worth noting that an additional audit was also undertaken that involved reviewing the processes in place for the payment of COVID – 19 business grants.

OPINION ON THE ADEQUACY AND EFFECTIVENESS OF THE CONTROL ENVIRONMENT

- 2.6 The Internal Audit Consortium Manager is responsible for the delivery of an annual audit opinion that can be used by the council to inform its governance system. The annual opinion concludes on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.
- 2.7 Although COVID-19 has meant that less internal audit work has been undertaken than usual during the year, in my opinion, sufficient work has been completed and assurances ascertained to be able to provide an unlimited opinion on the systems of governance, risk management and control in place.
- 2.8 As well as internal audit work assurance has also been gained from previous years' work, the work of the Risk Management Group, PSN compliance, external audit and compliance with the Code of Corporate Governance.
- 2.9 In my opinion reasonable assurance can be provided on the overall adequacy and effectiveness of the council's framework for governance, risk management and control for the year ended 2020/21.
- 2.10 Assurance can never be absolute. In this context "reasonable assurance" means that arrangements are in place to manage key risks and to meet good governance principles, but there are some areas where improvements are required.
- 2.11 Overall, 100% of the areas audited received Substantial or Reasonable Assurance demonstrating that there are effective systems of governance, risk management and control in place.

ISSUES FOR INCLUSION IN THE ANNUAL GOVERNANCE STATEMENT

- 2.12 There are no issues directly arising from internal audit work that need to be included as significant issues on the Annual Governance Statement.

COMPARISON OF PLANNED WORK TO ACTUAL WORK UNDERTAKEN

- 2.13 The Internal Audit Plan for 2020/2021 was considered and approved by the Strategic Alliance Management Team. Due to COVID-19 and the cancellation of the Audit Committee meetings the plan was not formally approved by members. 23/32 audits have now been completed. In respect of the remaining audits the majority of these have been scheduled into the 2021/22 Internal Audit Plan. Appendix 2 details the audits completed and those deferred.

COMPLIANCE WITH THE PUBLIC SECTOR INTERNAL AUDIT STANDARDS AND OTHER QUALITY ASSURANCE RESULTS

- 2.14 During 2020/21 a self- assessment was undertaken to review compliance with the Public Sector Internal Audit Standards. The review confirmed that there were no significant areas of non- compliance.
- 2.15 In October 2016 the internal audit consortium was subject to an external review and was deemed to be compliant with the Public Sector Internal Audit Standards. A further review has taken place in May 2021 the results of which conclude “Current services are assessed to “generally conform” with the PSIAS and compare favourably with peers, there are no areas where the service does not comply with the Standards”.
- 2.16 An improvement spreadsheet is utilised to identify further areas for improvement. This spreadsheet is discussed at team meetings and actions agreed accordingly. An action plan will be developed from the points arising in the 2021 external review and will be used to further drive improvement.
- 2.17 It can be confirmed that the internal audit activity is organisationally independent. Internal audit reports directly to the Head of Finance but has a direct and unrestricted access to the Strategic Alliance Management Team and the Audit and Corporate Overview Scrutiny Committee.
- 2.18 Quality control procedures have been established within the internal audit consortium as follows:
- Individual Audit Reviews – Working papers and reports are all subject to independent review to ensure that the audit tests undertaken are appropriate, evidenced and the correct conclusions drawn. All reports are reviewed to ensure that they are consistent with working papers and in layout. Whilst these reviews may identify issues for clarification, the overall conclusion of the quality assurance checks is that work is being completed and documented thoroughly.
 - Customer Satisfaction – A Customer Satisfaction Survey form is issued with each report. This form seeks the views of the recipient on how the audit was conducted, the report and recommendations made.
 - Client Officer Views – A survey form has been issued to the client officer seeking their views on the overall performance of the Internal Audit

Consortium for the year in achieving the objectives set out in the Internal Audit Charter.

- All staff have been provided with a copy of the Public Sector Internal Audit Standards and the Internal Audit Manual has been updated to reflect the requirements of the standards and issued to all staff. The audit manual was reviewed and updated in May 2020.

2.19 The above quality control procedures have ensured conformance with the PSIAS.

2.20 Based on the customer satisfaction survey forms returned, the average score was 93.5% for customer satisfaction during 2020/21 (2019/20 result 94%).

2.21 The results of the Client Officer survey for Bolsover District Council was a score of 100% (a score of 35/35 over 7 questions).

3 Reasons for Recommendation

3.1 To present to Members the annual report for the Internal Audit Consortium in respect of Bolsover District Council for 2020/21.

3.2 To ensure compliance with the Public Sector Internal Audit Standards.

4 Alternative Options and Reasons for Rejection

4.1 Not applicable

DOCUMENT INFORMATION

| Appendix No | Title |
|--|--|
| Appendix 1 | Internal Audit Reports Issued 2020/21 |
| Appendix 2 | Comparison of Planned Work to Work Completed 2020/21 |
| Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers) | |
| Click here to enter text. | |

Appendix 1

Appendix 1

Bolsover District Council – Internal Audit Reports Issued 2020/21

| Ref | Report Title | Assurance Level 2020/21 | Opinion Previous Audit |
|-----|---------------------------------|-------------------------|------------------------|
| 1 | Data Protection | Substantial | Substantial |
| 2 | Elections | Reasonable | Good |
| 3 | Community Safety | Substantial | N/A |
| 4 | Procurement | Reasonable | Reasonable |
| 5 | Asset Management | Substantial | Substantial |
| 6 | VAT | Substantial | Substantial |
| 7 | CIPFA Financial Management Code | Substantial | N/A |
| 8 | Climate Change | Substantial | N/A |
| 9 | Corporate Targets | Substantial | Reasonable |
| 10 | Social Media | Reasonable | Limited |
| 11 | Joint Dog Warden Service | Substantial | N/A |
| 12 | Disabled Facilities Grants | Substantial | Substantial |
| 13 | Street Cleansing | Substantial | Substantial |
| 14 | Housing Rents | Substantial | Substantial |
| 15 | Cash and Bank | Substantial | Substantial |
| 16 | Mobile Phones | Substantial | N/A |
| 17 | Council Tax | Substantial | Substantial |
| 18 | Laptops & Removable Media | Reasonable | Satisfactory |
| 19 | Careline Supporting People | Substantial | N/A |
| 20 | Housing Repairs | Substantial | Reasonable |
| 21 | Planning Processes and Appeals | Substantial | N/A |
| 22 | Network Security | Reasonable | Substantial |
| 23 | Gas and Solid Fuel Servicing | Reasonable | Substantial |

| Assurance Level | Definition |
|------------------------------|---|
| Substantial Assurance | There is a sound system of controls in place, designed to achieve the system objectives. Controls are being consistently applied and risks well managed. |
| Reasonable Assurance | The majority of controls are in place and operating effectively, although some control improvements are required. The system should achieve its objectives. Risks are generally well managed. |
| Limited Assurance | Certain important controls are either not in place or not operating effectively. There is a risk that the system may not achieve its objectives. Some key risks were not well managed. |
| Inadequate Assurance | There are fundamental control weaknesses, leaving the system/service open to material errors or abuse and exposes the Council to significant risk. There is little assurance of achieving the desired objectives. |

Appendix 2

Agenda Item No *

Appendix 2

Bolsover District Council Internal Audit Plan 2020/21

| | |
|--|-----------------------------|
| | Audit Complete |
| | Ongoing |
| | Audit to be carried forward |

| | Main Financial Systems | 2020/21 Days |
|--|-------------------------------------|-------------------------|
| | CIPFA Financial Management Code | 8 |
| | Debtors | 15 |
| | Cash and Banking (key controls) | 13 |
| | Council Tax | 20 |
| | Non Domestic Rates(Key Controls) | 10 |
| | Housing / Council Tax Benefit | 18 |
| | Housing Rents | 20 |
| | Housing Repairs | 20 |
| | Total Main Financial Systems | 124 |
| | Other Operational Audits | 2020/21 |
| | Asset Management Arrangements | 10 |
| | Careline / Supporting People | 10 |
| | Community Safety | 10 |
| | Corporate Targets | 15 |
| | Data Protection | 12 |
| | Disabled Facilities Grants | 10 |
| | Dog Warden | 5 |
| | Elections | 10 |
| | Facilities Management | 12 |

| | | |
|--|---|----------------|
| | Final Accounts | 7 |
| | Food Hygiene | 13 |
| | Gas Servicing | 12 |
| | Housing Allocations and Lettings | 15 |
| | Planning Processes & Procedures / Appeals | 10 |
| | Procurement | 15 |
| | Social media | 8 |
| | Street Cleansing | 10 |
| | VAT | 8 |
| | Total Operational Areas | 192 |
| | IT Related | |
| | Laptops / Removable Media | 12 |
| | Network / Cyber security | 12 |
| | Total IT | 24 |
| | | 2020/21 |
| | Fraud and Corruption | |
| | National Fraud Initiative (Key Contact) | 10 |
| | Total Fraud and Corruption | 10 |
| | Corporate / Cross Cutting Issues | |
| | Climate Change | 5 |
| | Corporate Governance/Assurance Statement | 2 |
| | Ethics | 10 |
| | Financial Advice/Working Groups/Test Schedule Development | 12 |
| | Mobile Phones / Communications | 10 |

| | | |
|--|---|------------|
| | Transformation Agenda | 10 |
| | Use of Consultants / IR35 | 14 |
| | | |
| | Total Corporate/Cross Cutting Issues | 63 |
| | Apprenticeship / Training | 30 |
| | Special Investigations / Contingency | 25 |
| | | |
| | Audit Committee / Client Liaison | 15 |
| | Grand Total | 483 |

Bolsover District Council

Audit Committee

27th July 2021

Internal Audit Plan 2021/22

Report of the Internal Audit Consortium Manager

Classification: This report is public

Report By: Internal Audit Consortium Manager

Contact Officer: Jenny.Williams@ne-derbyshire.gov.uk

PURPOSE / SUMMARY

To present to Members for consideration and agreement the Internal Audit Plan for 2021/22.

RECOMMENDATIONS

1. That the Internal Audit Plan be agreed.
2. That it be noted that the plan is provisional and may need adjusting and prioritising in the light of any emerging risks.

Approved by the Portfolio Holder – Councillor Clive Moesby

IMPLICATIONS

Finance and Risk: Yes ☒ No ☐

Details:

The internal audit budget for 2021/22 has been approved by the Joint Board.

Risk management issues – no formula exists that can be applied to determine internal audit coverage needs. However, as a guide the minimum level of coverage is that required to give an annual evidence-based opinion on internal controls. The level of coverage provided by the proposed 2021/22 internal audit plan will be sufficient upon which to base an opinion.

The audit plan is designed to provide assurance that the significant risks identified as part of the risk assessment process are being managed effectively. If additional risks are identified and / or there are changes to priorities during the year the plan will be reconsidered. Any significant changes to the plan will be reported back to this

Committee for approval.

On Behalf of the Section 151 Officer

Legal (including Data Protection):

Yes ☒

No ☐

Details:

The core work of internal audit is derived from the statutory responsibility under the Accounts and Audit Regulations 2015 which requires the Council to “undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking in to account the Public Sector Internal Audit Standards or guidance”.

On Behalf of the Solicitor to the Council

Staffing:

Yes ☐

No ☒

Details:

[Click here to enter text.](#)

On behalf of the Head of Paid Service

DECISION INFORMATION

| Decision Information | |
|--|-------------------------------------|
| Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds: BDC: Revenue - £75,000 <input type="checkbox"/> Capital - £150,000 <input checked="" type="checkbox"/> NEDDC: Revenue - £100,000 <input type="checkbox"/> Capital - £250,000 <input type="checkbox"/> <input checked="" type="checkbox"/> Please indicate which threshold applies | No |
| Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In) | No |
| District Wards Significantly Affected | None |
| Consultation: Leader / Deputy Leader <input type="checkbox"/> Cabinet / Executive <input type="checkbox"/> SAMT <input type="checkbox"/> Relevant Service Manager <input checked="" type="checkbox"/> Members <input type="checkbox"/> Public <input type="checkbox"/> Other <input type="checkbox"/> | Yes Details: Ward Members |

| |
|---|
| Links to Council Ambition (BDC)/Council Plan (NED) priorities or Policy Framework including Climate Change, Equalities, and Economics and Health implications. |
|---|

| |
|--|
| The internal audit plan is linked to the Council's vision in respect of its aim to provide excellent services. |
|--|

REPORT DETAILS

1 **Background**

- 1.1 A key requirement of the Public Sector Internal Audit Standards is that a periodic risk based plan should be prepared that is sufficiently flexible to reflect the changing risks and priorities of the organisation. The risk based plan should be fixed for a period of no longer than one year, should outline the assignments to be carried out, their respective priorities and the estimated resources needed.

2. **Details of Proposal or Information**

- 2.1 The plan has been prepared taking into account the following factors: -
- The organisational objectives and priorities
 - Local and national issues and risks
 - The requirement to produce an annual internal audit opinion
 - An update of the internal audit risk assessment exercise covering the financial control and other procedures subject to audit
 - The Council's strategic risk register
 - Consultation with the Strategic Alliance Management Team
- 2.2 This year I felt it prudent to increase the number of contingency days to allow for coverage of any unforeseen or emerging risks.
- 2.3 A number of reserve audit areas have also been identified. Whilst every effort will be made to complete the 2021/22 planned areas first, a list of reserved areas provides more flexibility. At certain times of the year, particularly year end and for example during lockdown there can be legitimate reasons why an audit is not feasible at a particular time. If the contingency days are not required then these will be utilised on the reserve areas.
- 2.4 It should also be noted that the frequency of some audits will be reduced over the next few years whilst the reduction in the number of audits completed in 2020/21 due to COVID-19 is caught up on.
- 2.5 An annual report summarising the outcome of the 2020/21 internal audit plan will be presented to this Committee after the year-end.

- 2.6 A summary of the internal audit plan for 2021/22 is shown below and the detailed plan is shown as Appendix 1.

Internal Audit Plan 2021/22

| Summary | Audit Days |
|-------------------------------------|-------------------|
| Main Financial Systems | 166 |
| Other Operational Audits | 126 |
| Computer / IT Related | 14 |
| Fraud and Corruption | 10 |
| Corporate / Cross Cutting | 79 |
| Special Investigations/ Contingency | 43 |
| Audit Committee / Client Liaison | 15 |
| Apprenticeship / Training | 30 |
| Grand Total | 483 |

- 2.7 Resource availability has been based on the Consortium Business Plan for 2021/22. The plan allocates 483 days to Bolsover District Council which is the same allocation as for 2020/21.

3 Reasons for Recommendation

- 3.1 To ensure that a risk based audit plan is adopted and to determine the internal audit work programme for 2021/22.
- 3.2 To comply with the Public Sector Internal Audit Standards.

4 Alternative Options and Reasons for Rejection

- 4.1 Not applicable

DOCUMENT INFORMATION

| Appendix No | Title |
|--|-----------------------------------|
| Appendix 1 | Draft Internal Audit Plan 2021/22 |
| Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers) | |
| Click here to enter text. | |

Appendix 2

Bolsover District Council Internal Audit Plan 2019/20 – 2021/22

Not completed 2020/21

| Priority | | 2019/20 Days | 2020/21 Days | 2021/22 Days | Risk Factor / Strategic Risk |
|----------|--|-----------------|-----------------|-----------------|--|
| | Main Financial Systems | | | | |
| M | Main Accounting/Budgetary Control / MTFP | 15 | 0 | 15 | Failure to produce a reliable set of accounts, lack of control over spending, (Strategic Risk 2) |
| M | CIPFA Financial Management Code | 0 | 8 | 0 | Lack of financial resilience / Sustainability (Strategic Risk 2) |
| H | Payroll | 12 | 0 | 15 | Employees are paid incorrectly, there are ghost employees in the system |
| H | Creditor Payments | 15 | 0 | 10 | Incorrect or fraudulent payments are made (Strategic risk 3) |
| H | Business Grants | 0 | 0 | 15 | Monies not paid out in accordance with scheme |
| H | Debtors | 10 | 15 | 15 | Loss of income, fraud |
| M | Treasury Management | 10 | 0 | 15 | Misappropriation of funds, poor investment decisions |
| M | Cash and Banking | 18 | 13 | 18 | Loss of income, theft |
| M | Council Tax | 0 | 20 | 0 | Loss of income, fraud (Strategic risk 3) |
| H | Non Domestic Rates | 10 | 10 | 20 | Loss of income, fraud (Strategic risk 3) |
| H | Housing / Council Tax Benefits | 18 | 18 | 18 | Reputational damage, fraud (Strategic risk 3) |
| H | Housing Rents | 20 | 20 | 20 | Loss of income, fraud (Strategic risk 3) |
| M | Housing Repairs | 20 | 20 | 0 | Reputational damage, health and safety risks |
| M | HRA Business Plan | 0 | 0 | 5 | Lack of financial resilience / Sustainability (Strategic Risk 2) |
| L | VAT | 0 | 8 | 0 | Financial penalties |
| L | Capital Accounting | 5 | 0 | 0 | Assets may not be properly accounted for |
| | Total Main Financial Systems | 153 | 132 | 166 | |

| Priority | | 2019/20 Days | 2020/21 Days | 2021/22 Days | Risk Factor / Strategic Risk |
|----------|---|-----------------|-----------------|-----------------|---|
| | Other Operational Audits | | | | |
| L | Careline / Supporting People | 0 | 10 | 0 | Reputation |
| M | Central Garage/Transport | 15 | 0 | 0 | Poor Fleet Management, fraud |
| M | Clowne Leisure Centre | 15 | 0 | 13 | Loss of income / theft (Strategic risk 3) |
| M | Committee Processes | 0 | 0 | 8 | Lack of transparency (Strategic risk 8) |
| L | Community Safety | 0 | 10 | 0 | Public safety (Strategic risk 3) |
| M | Disabled Facilities Grants | 0 | 10 | 0 | Poor VFM, fraud (Strategic risk 3) |
| L | Elections (Carry fwd 19/20) | 10 | 10 | 0 | Registers inaccurate /Incorrect payments |
| L | E. Health Dog Warden Service | 0 | 5 | 0 | Reputation / loss of income |
| H | E Health Food Hygiene | 0 | 13 | 12 | Public Health risk (Strategic risk 3) |
| M | E Health - Taxi Licences | 10 | 0 | 0 | Safeguarding issues, safety issues (Strategic risk 10) |
| L | Facilities Management (carry fwd 19/20) | 12 | 12 | 0 | Poor VFM, Fraud |
| M | Final Accounts | 6 | 7 | 5 | Incorrect payments, fraud |
| M | Gas Servicing | 0 | 12 | 0 | Safety risk, reputational issues (Strategic risk 3) |
| L | Grounds Maintenance | 0 | 0 | 8 | Reputational (Strategic risk 3) |
| M | Homelessness | 12 | 0 | 12 | Reputation, public welfare, failure in statutory duty |
| M | Housing Allocations and Lettings | 0 | 15 | 12 | Reputational risk, fraud |
| M | Insurance | 0 | 0 | 10 | Wrong cover levels and type, fraudulent claims |
| L | Members Expenses | 10 | 0 | 10 | Fraud, reputational risk |
| M | Partnership Working | 0 | 0 | 12 | Lack of governance arrangements |
| M | Planning processes and procedures / appeals | 0 | 10 | 0 | Reputation, financial loss, loss of control (Strategic risk 3) |
| M | Pleasley Mills/Property Rents | 15 | 0 | 0 | Loss of income, fraud |
| L | Refuse Collection | 12 | 0 | 0 | Reputational Risk (Strategic risk 3) |
| M | Section 106 | 0 | 0 | 12 | Loss of income/fraud/ reputational damage, failure to complete projects |
| M | Sheltered Housing | 15 | 0 | 0 | Fraud, reputational risk |

| Priority | | 2019/20 Days | 2020/21 Days | 2021/22 Days | Risk Factor / Strategic Risk |
|----------|---|-----------------|-----------------|-----------------|---|
| M | Social Media | 0 | 8 | 0 | Reputation |
| L | Street Cleaning | 0 | 10 | 0 | Reputational damage (Strategic risk 3) |
| M | Stores | 0 | 0 | 12 | Theft, poor contract management |
| M | The Tangent | 12 | 0 | 0 | Poor admin / loss of income |
| | | | | | |
| | Total Operational Audits | 144 | 132 | 126 | |
| | | | | | |
| | Computer and IT Related | | | | |
| H | Cyber Security / Network Security / Systems Security/ Transformation programme/ Digital | 10 | 12 | 8 | Attack on Council systems (Strategic risk 12) |
| H | Disaster Recovery / Cyber Security | 0 | 0 | 6 | Failure to restore data in a timely manner (Strategic risk 6) |
| M | Laptops & Removable Media | 0 | 12 | 0 | Reputation, data protection (Strategic risk 12) |
| L | Members IT Equipment | 10 | 0 | 0 | Theft, misuse |
| | | | | | |
| | Total Computer and IT related | 20 | 24 | 14 | |
| | | | | | |
| | Cross Cutting Areas | | | | |
| | | | | | |
| M | Asset Management Arrangements | 0 | 10 | 0 | Poor value for money, assets not fit for purpose |
| M | Climate Change | 0 | 5 | 0 | Reputation, failure to meet council objectives |
| M | Compliance Audit – Gas and Electric etc. | 12 | 0 | 0 | Safety of workforce |
| H | Corporate Governance and AGS | 2 | 2 | 2 | Poor Governance (Strategic Risk 8) |
| M | Data Protection | 0 | 12 | 0 | Mis- use of data, large fines |
| H | Business Continuity | 10 | 0 | 8 | Public Safety (Strategic Risk 6) |
| M | Ethics | 0 | 10 | 10 | Reputation, lack of transparency (Strategic Risk 8) |

| Priority | | 2019/20 Days | 2020/21 Days | 2021/22 Days | Risk Factor / Strategic Risk |
|----------|---|-----------------|-----------------|-----------------|---|
| H | Financial Advice / Working Groups | 12 | 12 | 12 | Appropriate controls not in place |
| M | Health and Safety | 10 | 0 | 12 | Risk of injury, death (Strategic Risk 8) |
| L | Mobile phones / communications | 0 | 10 | | Poor VFM |
| H | Performance Management/ Corporate Targets | 10 | 15 | 10 | Poor Governance (Strategic Risk 8) |
| M | Procurement | 15 | 15 | 0 | Fraud, poor value for money |
| M | Risk Management | 10 | 0 | 7 | Failure to identify and mitigate risks (Strategic risk 8) |
| M | Safeguarding | 8 | 0 | 8 | Public safety, reputational risk (Strategic Risk 10) |
| H | Transformation Agenda | 10 | 10 | 10 | Failure to meet savings/transformation targets (Strategic Risk 5) |
| L | Use of Consultants / IR35 (Carry fwd 19/20) | 17 | 14 | 0 | Poor VFM, reputational risk |
| | Total Cross Cutting | 116 | 115 | 79 | |
| | | | | | |
| | | | | | |
| | Special Investigations /Contingency/Emerging risks | 25 | 25 | 43 | Fraud, loss of income |
| | Apprenticeship / training | 0 | 30 | 30 | Lack of appropriately trained staff |
| | NFI Key contact | 10 | 10 | 10 | Fraud |
| | Audit Committee / Client Officer Liaison | 15 | 15 | 15 | Non- compliance with Public Sector Internal Audit Standards |
| | | | | | |
| | Planned Total Days | 483 | 483 | 483 | |
| | | | | | |

Reserve Areas

Taxi Licences

Sickness absence

Land Charges

Sheltered Housing Scheme

IT Disposal of old equipment

Housing Repairs

Bolsover District Council

Audit and Corporate Overview Scrutiny Committee

27th July 2021

Results of an External Review of Internal Audit

Report of the Internal Audit Consortium Manager

Classification: This report is public

Report By: Internal Audit Consortium Manager

Contact Officer: Jenny.Williams@ne-Derbyshire.gov.uk

PURPOSE

The purpose of this report is to inform members of the results of the external review of internal audit that took place in May 2021.

RECOMMENDATION

1. That the results of the external review of internal audit be noted.

Approved by the Portfolio Holder – Councillor Clive Moesby

IMPLICATIONS

Finance and Risk: Yes ☒ No ☐

Details:

The external review confirms that the internal audit service meets the requirements of the PSIAS and therefore risk is reduced as internal audit is effectively reviewing the council's risk, governance and control processes.

On Behalf of the Section 151 Officer

Legal (including Data Protection): Yes ☐ No ☒

Details:

The Public Sector Internal Audit Standards require that an external review of internal audit takes place every 5 years and this review meets that requirement.

On Behalf of the Solicitor to the Council

Staffing: Yes ☐ No ☒

Details:

Click here to enter text.

On behalf of the Head of Paid Service

DECISION INFORMATION

| Decision Information | |
|--|-------------------------------------|
| Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds: BDC: Revenue - £75,000 <input type="checkbox"/> Capital - £150,000 <input checked="" type="checkbox"/> NEDDC: Revenue - £100,000 <input type="checkbox"/> Capital - £250,000 <input type="checkbox"/> <input checked="" type="checkbox"/> Please indicate which threshold applies | No |
| Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In) | No |
| District Wards Significantly Affected | None |
| Consultation: Leader / Deputy Leader <input type="checkbox"/> Cabinet / Executive <input type="checkbox"/> SAMT <input type="checkbox"/> Relevant Service Manager <input checked="" type="checkbox"/> Members <input type="checkbox"/> Public <input type="checkbox"/> Other <input type="checkbox"/> | Yes Details: Ward Members |

| Links to Council Ambition (BDC)/Council Plan (NED) priorities or Policy Framework including Climate Change, Equalities, and Economics and Health implications. |
|--|
|--|

| |
|---|
| Having an internal audit resource that complies with the Public Sector Internal Audit Standards ensures that internal audit can effectively contribute to ensuring that the council's resources and priorities are focused on achieving the Council Ambition. |
|---|

REPORT DETAILS

1 Background

- 1.1 The Public Sector Internal Audit Standards (PSIAS) were introduced from the 1st April 2013 and Internal Audit has been working to those standards since that date. The PSIAS require that internal and external assessments of internal audit must take place.
- 1.2 An internal self-assessment against the PSIAS utilising the recommended CIPFA checklist has been undertaken on an annual basis by the Internal Audit Consortium Manager and these have concluded compliance with the Standards.
- 1.3 The PSIAS require that an external assessment of internal audit should be carried out at least once every 5 years by a qualified, independent assessor or team. The previous external review took place in 2016.
- 1.4 The selected assessor (Robin Pritchard from Business Risk Solutions) is CIPFA qualified and has over 40 years internal audit experience including being Chief Internal Auditor at Staffordshire County Council and a national partner responsible for internal audit at a number of professional service firms. Robin also spent 6 years as a professor of internal audit and risk management at Birmingham City University. Robin is an experienced External Quality Assessor and has undertaken over 50 reviews of this nature.

2. Details of Proposal or Information

Format of the assessment

- 2.1 The assessment took place throughout May 2021 and was conducted remotely due to COVID-19. The assessment involved a review of the Consortium's documentation, working practices, committee reports and working paper files. The audit committee chairs and senior managers were also invited to complete a questionnaire.
- 2.2 This approach enabled Robin to assess the Internal Audit Consortium's conformance with the PSIAS against the recommended checklist and associated standards.

Results of the Review - Headlines

- 2.3 The report concludes that the Internal Audit Consortium are delivering internal audit services to a standard that generally conforms with the PSIAS. There are no areas where the service does not comply with the standards. This means that Members can have confidence in the service provided by the audit team. It is acknowledged that the audit team has significant experience and a

range of qualifications allowing a robust internal audit standard to be maintained and delivered.

- 2.4 The external review report includes benchmarking against other provision in both the sector and the wider industry and this shows that the team compares favourably in comparison with its peers and other sectors (Appendix 1 pages 18 - 20).
- 2.5 As would be expected, the report has made a number of recommendations that are aimed at highlighting where further development can be made to enhance the value of the service being provided.
- 2.6 The assessor's full report can be seen at Appendix 1.

Key Points Arising out of the Review

- 2.7 The key theme throughout the report and associated recommendations is in relation to enhancing and developing the use of risk- based auditing and linking more to the council's own risk management definitions and appetite.
- 2.8 The recommendations are graded red, amber and green to reflect their relative importance. There are no red recommendations.
- 2.9 Feedback from the client questionnaires was extremely positive.
- 2.10 The next step is to produce an action plan to address the recommendations arising. Progress against the action plan will then be included as part of the 2021/22 annual report.

3 Reasons for Recommendation

- 3.1 To ensure that Members are aware of the results of the external review of internal audit that is required by the Public Sector Internal Audit Standards.

4 Alternative Options and Reasons for Rejection

- 4.1 Not Applicable

DOCUMENT INFORMATION

| Appendix No | Title |
|--|--|
| Appendix 1 | External Review of Internal Audit Report June 2021 |
| Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers) | |
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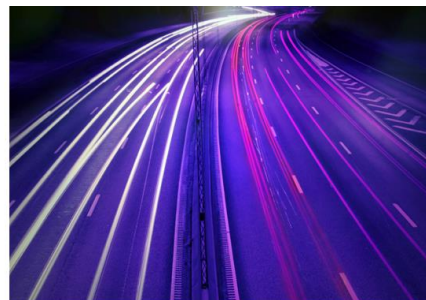
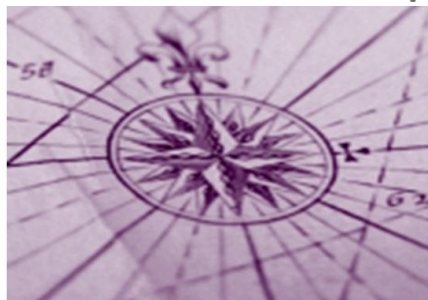


Internal Audit Consortium and Derbyshire Dales District Council

External Quality Assessment

Internal Audit Services

Executive report – June 2021



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External Quality Assessment

Internal Audit Consortium and Derbyshire Dales District Council

BUSINESS
RISK
SOLUTIONS

Opinion

Overall assessment: The Internal Audit Consortium and Derbyshire Dales District Council are delivering internal audit services to a standard that **generally conforms** with the Public Sector Internal Audit Standards.

173 Key matters arising from the review:

- The service would benefit by further integration of the use of risk-based internal audit techniques with the risk appetite of its clients regarding planning and the scoping of engagements,
- Developing a clear alignment through working papers for each assignment to focus on the achievement of agreed Management (Business) objectives through consideration of agreed significant risks and relevant key controls. This would likely enhance efficiency of the methodology as well as the benefit of and value gained from audit reports.
- Consideration should be given to the revision of the basis for expressing internal audit recommendations and opinions in line with risk impact definitions recognised by each client in Risk Management Policies.
- The Head of Internal Audit Annual Report should be enhanced through further development of the inclusion of a summary of the significant residual risks being faced and those other assurances both internal and external available to the Head of Internal Audit in reaching an annual opinion.

Good Practice identified during the review

- The team demonstrates effective communication with Officers and members at all clients,
- Appropriate attention is given to gaining feedback and demonstration of the quality of services through review of performance which is routinely presented to Audit Committees,
- The Internal Audit team has a strong commitment to training,
- The team has constructed an analysis of Assurances available at each of its clients
- A Fraud Risk Assessment has been completed and is integrated with the internal audit methodology
- Audit planning is supported by appropriately detailed notes of discussions with management.

Executive summary

The Internal Audit Consortium has developed a standard approach to the delivery of services to three local authorities of Chesterfield, Bolsover and NE Derbyshire and in addition to this core service, provides management of the internal audit service at Derbyshire Dales District Council and an outsourced service to Rykneld Homes; this has enabled the team to develop an appropriate depth and breadth of skills to successfully meet the needs of clients.

Services are provided by a dedicated team of in-house staff, which is headed by Jenny Williams as Internal Audit Consortium Manager, who assumes the role of Chief Audit Executive (HoIA) for the purposes of this review and regarding all internal audit appointments.

In 2020/21 services have been impacted by the effects of the pandemic which has led to 'remote auditing' being required; this appears not to have adversely impacted on the methodology but has been reflected in the availability of client staff to engage whilst dealing with other front-line priorities. A number of vacancies have also been experienced during the year.

74 The service has continued to respond to the changes of focus in professional standards by developing an increasingly risk based approach with regard to planning and the completion of assignment work; the Internal Audit Manual has been updated to reflect this in May 2020.

From an internal audit perspective, considerable further advantage may be gained through increasing recognition of management objectives and inherent risk, as this will enable internal audit plans and assignments to focus on the value of 'Control Risk' and therefore attention on significant key controls and the assurances that have been identified as available. This represents recognition of those key controls which management feel reduce risk to an acceptable level (risk appetite) and aligns with other current initiatives within internal audit.

Nevertheless, with a constantly changing risk environment, particularly as the service responds to the changing needs of clients post COVID-19; there is a need and opportunity for the internal audit service to continue to enhance its delivery through acting as a catalyst to ensure that robust risk management systems are operational, thereby increasing its awareness of the assessment of risk at each client and as a consequence informing its own approach.

Current services are assessed to '**generally conform**' with the PSIAS and compare favourably with peers, there are no areas where the service does not comply with the standards. A series of specific recommendations are made in the report that follows to reflect building on the existing considerable strengths in relation to resources, competency and delivery in order to enhance future service delivery.

Overall assessment

| 1 | RESOURCES | | Excelling – Processes in this area are fully embedded within every-day practices and reflect best practice that is at least consistent with PSIAS expectations. |
|---|-------------------|--|---|
| 2 | COMPETENCY | | Established – Processes in this area are generally compliant with the PSIAS and embedded within every-day practices; the EQA has identified a number of areas where further development would be beneficial. |
| 3 | DELIVERY | | Established – Processes in this area are generally compliant with the PSIAS and embedded within every-day practices; the EQA has identified a number of areas where further development would be beneficial. |

Summary of good practice identified within EQA

| PSIAS | Good practice identified | Observation |
|-------------|---|--|
| 1000 | An Internal Audit Charter has been established and agreed with client Audit Committees (AC). | The combination of the Charter is comprehensive and establishes an appropriate framework against which internal audit services can be delivered in accordance with the PSIAS. |
| 1100 | Independence and objectivity | A team wide process is in place regarding the identification and management of potential conflicts and/or declarations of interest. |
| 1311 | The service has conducted internal assessment exercises of its performance. | Performance review is embedded within procedures and supported by a staff Performance and Development Reviews process which identifies and supports performance development needs. |
| 176 2020 | Active engagement at Board and management level | Represents the establishment of a good understanding of issues through interaction with Executive Management and Members. |
| 2030 | The need for appropriate internal audit resources is recognised within internal audit planning processes. | This represents a firm basis for the consideration of the successful delivery of the internal audit plan and the use of support from other parties, if required. |
| 2040 | A detailed Internal Audit Manual is in place which aligns with the PSIAS. | Provides the basis for a consistent approach to delivery of internal audit services delivered through a series of templates. |
| 2060 | Reports are produced using a standard template which is consistently applied. Customer feedback is routinely obtained at the conclusion of each engagement and at year end. | Demonstration of a consistent approach for communication which is generally well received by management and the AC's – effective follow-up ensures issues are not lost. |
| 2120 | Evaluate the potential for the occurrence of fraud and how the organisation manages fraud risk | Fraud Risk registers have been established at each client and integrated with the internal audit methodology. |
| 2400 | Reports are clear and express opinions in a manner that is understood by stakeholders. | Reports are produced on a timely basis, with comprehensive detail of internal audit activity being produced for AC attention including performance information. |
| 2500 | Establish and maintain a system to monitor the disposition of results communicated to management. | A formal process for follow-up and reporting on actions taken regarding recommendations has been established. |

Part one



Compliance with the Public Sector Internal Audit Standards (PSIAS)

177

Business Vision and Mission, Governance arrangements, Recognition of standards, Charter, Guidance, Procedures and Supervision, Terms of Engagement, Ethics and business conduct.

| | Issue identified | Recommended action | |
|-----|--|---|--|
| 1 | Internal Audit Charter Whilst the Charter requires that the HoIA's Annual Opinion is correctly expressed in relation to Risk Management, Governance and Internal Control – there are references in the Charter and other documentation which simply relate to 'internal control' or the 'control environment'. | When the Internal Audit Charter and other documentation is next revised update the requirement for the HoIA to provide an Annual Opinion in the consistent form of Risk Management, Governance and Internal Control. | |
| 178 | 2020/21 engagement completion Current year provision has been impacted by Covid and the team holding a number of vacancies. At the time of the review, internal audit plan outcomes for 2020/21 were not available other than in the case of Derbyshire Dales DC, where reference has been made to the internal auditor being required to undertake other duties in relation to COVID-19 business grants processes, queries and government returns. , | Where these events impact upon completion of the internal audit plan and therefore the content of the Head of Internal Audit Annual opinion, a reflection on the advice provided by CIPFA could be beneficially referred to explain the context and advice provided by the professional body. | |
| | | PSIAS 1010 | |
| | | PSIAS 2450 | |

| | Issue identified | Recommended action | |
|---|---|---|--|
| 1 | <p>Audit Planning</p> <p>The HoIA maintains a spreadsheet-based approach to the conduct of an audit needs assessment which supports the development of the annual plan.</p> <p>This recognises the teams' judgement of factors relating to Materiality, Control Environment, Sensitivity, Management Concern and time since last audit. None of these factors relates directly to the organisations risk appetite as expressed in each clients' risk management system.</p> | <p>Whilst it is recognised that client risk registers contain varying levels of detail regarding controls and assurances and certainly may not be comprehensive in terms of covering all risks. Conformance with the PSIAS would be enhanced by formally recognising the risk appetite of each client in internal audit planning, particularly where the concept of 'Control Risk' (the assessed difference between Inherent and Residual risk) is identified.</p> <p>PSIAS 2010</p> | |
| 2 | <p>Management Objectives</p> <p>The Internal Audit service currently specifies the Audit Objective as part of the Scoping Document for engagements although there is inconsistency. PSIAS 2201 provides advice regarding planning considerations for engagements and states that: "In planning the engagement, internal auditors must consider - The objectives of the activity being reviewed and the means by which the activity controls its performance and the significant risks to the activity, its objectives, resources and operations and the means by which the potential impact of risk is kept to an acceptable level".</p> | <p>The Internal Audit Service should consider focusing each audit on agreed Management Objectives for the area for review as this would help structure the engagement on significant risks and align the review with the associated controls that are designed to mitigate this risk.</p> <p>In this respect, this may allow greater focus to be provided on 'what matters most' and attention being given to selected controls testing currently contained within established 'controls check-lists'.</p> <p>PSIAS 2200/1</p> | |

Competency continued

| Issue identified | Recommended action | | | | | | | | | | | | |
|---|--|----------------|------------|------------|------|---------------------|----------------|--------|----------|----------|-----|-------|---------------|
| <div>3</div> <div><h3>Grading of recommendations</h3><p>Issues on which the audit opinion is based currently reflect High, Medium or Low ratings for which internal audit has defined what it considers as events which merit concern at these levels. The definitions are not currently contained within the internal audit manual or are included in internal audit reports to support gradings.</p><p>This is inconsistent with terminology used by each Council in their Risk Management Policies where definitions of impact are contained to varying levels of detail.</p><p>The PSIAS uses consistent terminology relating to the identification and reporting on 'significant' risk. And it may therefore be beneficial for internal audit to align its understanding of significance with that of each client.</p></div> | <div><p>a) It would be beneficial to align future grading of recommendations with those impact definitions used within the risk management process relating to each clients' risk appetite.</p><p>Existing clients appear to use either a 4x4 or 5x5 risk matrix and therefore inclusion within internal audit reports as to how consistent alignment is achieved would assist in both agreeing the specific risk focus of each engagement as well in assessing the relative importance of findings at the exit meeting and in determining an opinion within assurance reports through use of a consistent understanding and application of risk.</p><p>A simple matrix may be:</p><table><tr><th>IA grade</th><th>4x4 matrix</th><th>5x5 matrix</th></tr><tr><td>High</td><td>Catastrophic/Severe</td><td>Critical/Major</td></tr><tr><td>Medium</td><td>Moderate</td><td>Moderate</td></tr><tr><td>Low</td><td>Minor</td><td>Unlikely/Rare</td></tr></table></div> <div><p>b) Include appropriate explanation of alignment of gradings within the internal audit manual and provide appropriate training to staff regarding how this should be implemented.</p></div> <div>PSIAS 2120/2201</div> | IA grade | 4x4 matrix | 5x5 matrix | High | Catastrophic/Severe | Critical/Major | Medium | Moderate | Moderate | Low | Minor | Unlikely/Rare |
| IA grade | 4x4 matrix | 5x5 matrix | | | | | | | | | | | |
| High | Catastrophic/Severe | Critical/Major | | | | | | | | | | | |
| Medium | Moderate | Moderate | | | | | | | | | | | |
| Low | Minor | Unlikely/Rare | | | | | | | | | | | |

Competency continued

| | Issue identified | Recommended action | |
|---|---|--|--|
| 4 | <p>Quality Assurance Improvement Programme (QAIP) The HoIA currently undertakes an annual self-assessment process and reports a summary of matters arising to Audit Committees in the Annual Report.</p> <p>The current process considers matters such as issues arising from PDR's, client surveys, ideas from team members and training requirements in addition to matters arising from external quality assessments.</p> <p>At present, each element is maintained separately.</p> | <p>It would be beneficial to consider drawing together the various elements of review in a formal QAIP policy and presenting this to Audit Committees, as such in the Annual Report as required in the PSIAS.</p> <p>An example policy has been provided.</p> <p>PSIAS 1300</p> | |

Client engagement and relationship, Directed led service, Terms of Engagement (Audit/Assignment Brief), Discussion of assurance and advisory opinions, Reporting at assignment and strategic levels

| | Issue identified | Recommended action | |
|-----|--|--|--|
| 182 | <p>1 Risk-based internal audit</p> <p>The emphasis of the PSIAS concerns significance. Earlier observations referred to the benefit which may be obtained by increasing alignment with each Councils risk management processes.</p> <p>In this respect current practice:</p> <ul style="list-style-type: none"> a) Includes low risk audits in annual audit plans b) Utilises 'Control Checklists' as the basis for audits, and c) Has a tendency to produce reports that are 'controls based' rather than focusing on risks to achievement of identified management objectives. | <p>Ensure that in all aspects of the internal audit methodology there is transparent consideration of the significant risks that may impact upon successful delivery of management objectives.</p> <p>At an Engagement level this should include identification and focus on particular risks, to the exclusion of others, where risk management policies or discussions identify issues of a potentially catastrophic nature such as safeguarding, health and safety, legislative compliance, failure to deliver statutory services or reputational damage.</p> <p style="text-align: right;">PSIAS 2010/2300/2060</p> | |
| | <p>2 Code of Ethics</p> <p>Internal Audit reports currently state that the audit has been conducted in accordance with the Public Sector Internal Audit Standards.</p> | <p>Increasingly best practice also states that the audit has been conducted in accordance with the Institute of Internal Auditors Code of Ethics.</p> <p style="text-align: right;">PSIAS Code of Ethics</p> | |
| | <p>3 Working papers</p> <p>The file review exercise identified different practices in relation to how the audit working papers were constructed with some focusing on risks and other more reflective of controls.</p> | <p>Establishing the 'Golden Thread' between Management Objectives, significant risks and key controls should be the basis of each audit as this would allow the development of a consistent approach to the conduct of audit engagements and ensure a focus on significance.</p> <p style="text-align: right;">PSIAS 2200/2300</p> | |

| | Issue identified | Recommended action |
|---|---|---|
| 4 | <p>IA Opinions</p> <p>Internal Audit currently uses four levels of opinion – Substantial, Reasonable, Limited and Inadequate – definitions of expectations is provided clarifying the differences between the levels, although this uses general terminology regarding risk rather than relating specifically to the risk appetite of each client.</p> <p>The PSIAS as stated previously emphasises the requirement to focus on what is ‘significant’ to the achievement of Management Objectives.</p> | <p>The HoIA should consider rewording basis of overall opinions to provide increasing clarity regarding how internal auditors should assess the assurance level provided based on the significance of the risks identified and the recommendations made.</p> <p>Where a risk/recommendation of a ‘Critical, Catastrophic or Severe’ nature is identified this would indicate that at best a ‘Limited Assurance’ opinion should be used.</p> <p style="text-align: right;">PSIAS 2410 A1/2060</p> |

Delivery continued

| | Issue identified | Recommended action | |
|-----|--|--|--|
| 184 | <p>5 Head of Internal Audit Annual Report</p> <p>The Annual Report provides an evidenced approach regarding the basis upon which the opinion regarding risk management, governance and control has been reached and compares favourably with other practice in the sector.</p> <p>This includes increasing recognition of significant risk and those wider sources of assurance that are available to the HoIA in reaching this opinion.</p> <p>Whilst risk management systems do not consistently include a comprehensive analysis of the sources of assurance as a second line of defence, the internal audit team has made good progress in identifying routine sources of assurance that are available as well as compiling a Fraud Risk Assessments for each client.</p> | <p>The Head of Internal Audit should continue to develop the formality of the Annual Report process building the links between this report and the Annual Governance Statement.</p> <p>Inclusion of references to significant risks currently faced by each client will be of benefit to all stakeholders.</p> <p>Further consideration should be given to inclusion other sources of assurances that are available such as that relating to independent assurance regarding PSN, where these are relevant to providing evidence regarding the significant risks faced by each client.</p> <p>PSIAS 2060/2450</p> | |

Part two

Suggested enhancements for consideration

Suggested Enhancements for consideration

| | Issue identified | Recommended action |
|-----|---|--|
| 186 | <p>1. Exit meeting template Discussions with management regarding the findings identified within engagements are discussed with management and based upon a first draft of the report.</p> <p>A summary of the discussion is then recorded in a narrative note, which is then used to produce the final report.</p> <p>Draft reports can contain misunderstandings or factual inaccuracies which may detract from the value of a report and which may be better clarified before time is incurred constructing a report and recommendations.</p> | <p>It is recognised that the HoIA prefers to use the draft report as the basis for conducting the exit meeting however it may be beneficial to introduce a standard template on which to record findings/recommendations along with draft management reactions as the audit progresses, as this will both formalise the approach to arriving at the draft report stage, as well as support timely feedback and verify any misunderstandings or factual inaccuracies.</p> <p>This may represent a more efficient and effective use of time by all parties rather than wait for production of a draft report to correct misunderstandings.</p> |
| | <p>2. Client surveys Progress has been made in obtaining feedback from auditees following each audit.</p> | <p>The level of response is similar to that seen in other organisations and therefore Internal Audit may find it useful to utilise an application such as Microsoft Forms or Survey Monkey for collecting feedback, as this can prove to be an efficient means which helps achieve an early response.</p> |
| | <p>3. Working Paper review record Current practice is to evidence supervision of an engagement using a working paper review template which reflects good practice.</p> <p>Other evidence of review is contained on pre-engagement documentation and at report stage.</p> | <p>It may be beneficial to extend the use of the existing template to include evidence of the review of pre-audit involvement of the nominated supervisor as well as approval of the review and release of draft and final reports.</p> |

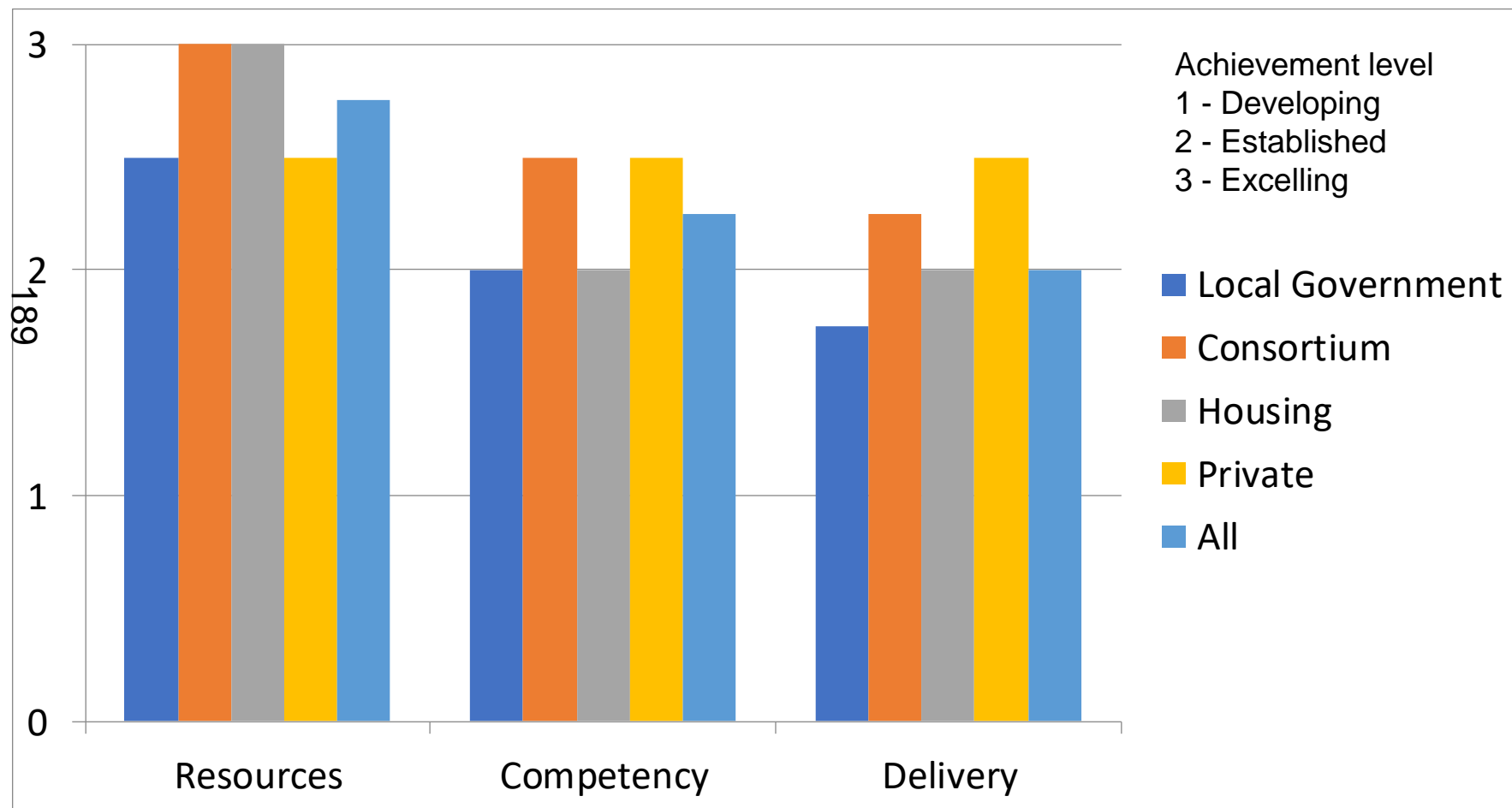
Suggested Enhancements for consideration

| | Issue identified | Recommended action |
|----|--|--|
| 4. | <p>HoIA Performance Development Review</p> <p>The current process is managed as required by the policy at Chesterfield Borough Council with the review being completed by the Service Director Finance; the Chief Executive reviews and comments as the managers manager.</p> <p>The standards suggest that it is good practice for feedback to also be received from the Chair of the Audit Committee.</p> | <p>As the IA Consortium provides a service to four other organisations it would be constructive to also invite feedback on an annual basis from the Chief Executive and Chairs of Audit Committee from these clients.</p> <p>PSIAS 1110</p> |

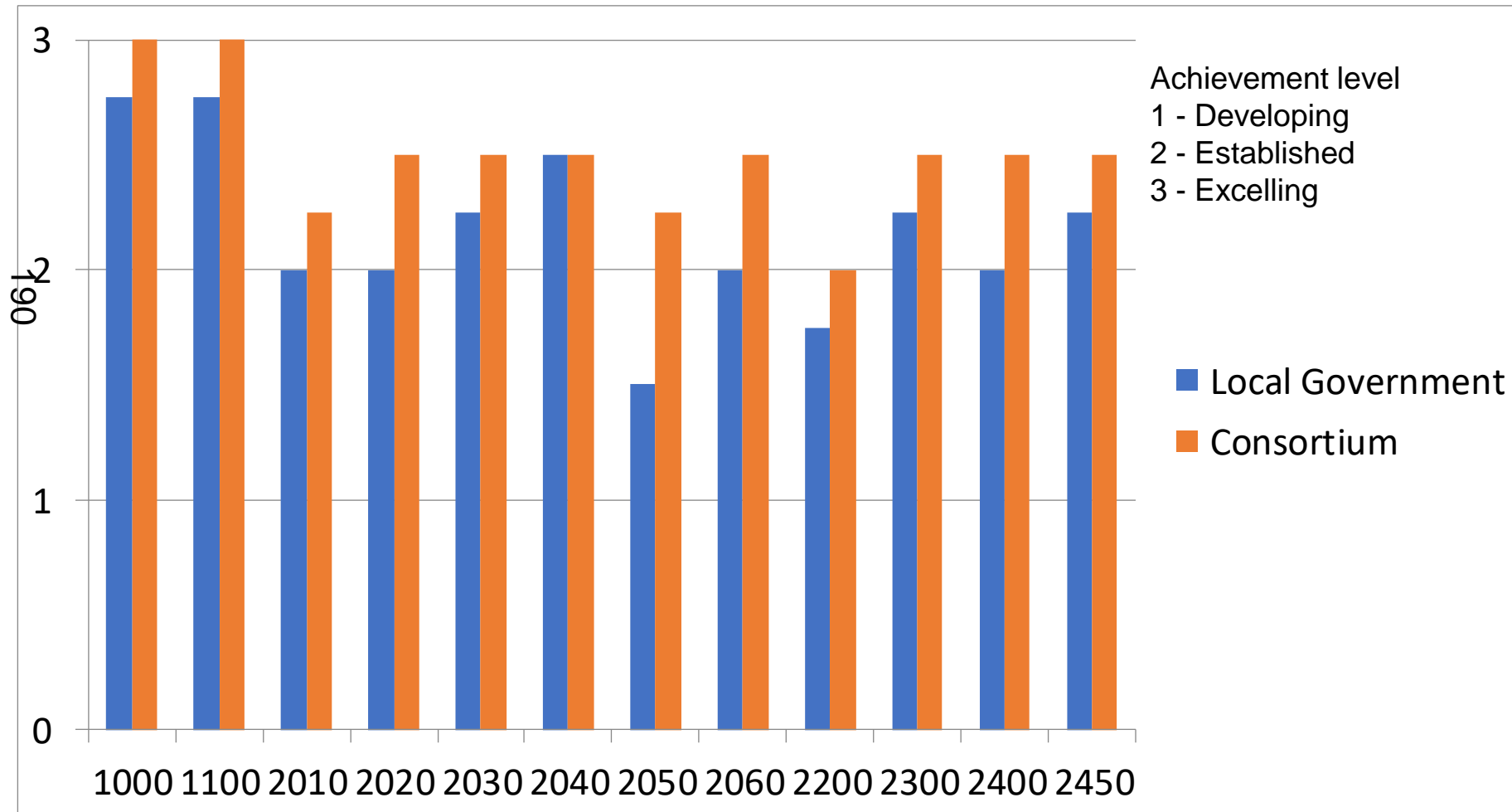
Part three

Benchmarking

Benchmarking - Sector analysis



Benchmarking - Industry analysis



Appendix

1. Summary of client feedback
2. Key IPPF/PSIAS standards assessed
3. Basis for EQA
- 191 4. Grading of recommendations

Summary stakeholder feedback

| Question | Positive (%) | Negative (%) |
|---|--------------|--------------|
| I understand Internal Audit's role in the organisation and its purpose. | 100 | |
| Internal Audit is customer focused and understands what the organisation is trying to achieve. Internal Audit considers the viewpoints of the organisation when planning and undertaking reviews and aims to provide a good balance between assurance and good practice with opportunities for improvement. | 100 | |
| Internal audit has a presence in the organisation which is visible and approachable. | 100 | |
| The Internal Audit team provides a flexible and reliable service which adds value through the assurance audits and additional work it undertakes. | 100 | |
| Internal Audit makes you aware of any significant issues that occur during an audit on a timely basis and you have the opportunity to respond or provide additional information. | 93 | 7 |
| Internal audit has the skills to provide appropriate assurance and advice to meet our needs? | 100 | |
| Good practice and ideas from other organisations are shared through audits, day to day contact, meetings or other engagement methods. | 93 | 7 |
| Average | 98% | 2% |

Conclusion:

Feedback from stakeholders confirms that the Consortium is considered to provide a high-quality internal audit service whose brief is clearly understood and the assurance and advice that is provided is well regarded.

Those responses where negative feedback has been received may reflect other findings of the review in so far as they reflect the potential to increase recognition of management objectives and inherent risk through continuing to develop client relationships to mutual benefit.

Key PSIAS Standards assessed

(for benchmarking purposes)

| Standard | | Focus |
|----------|---------------------------------------|---|
| 1000 | Purpose, Authority and Responsibility | The purpose, authority, and responsibility of the internal audit activity must be formally defined in an internal audit charter, consistent with the Definition of Internal Auditing, the Code of Ethics, and the <i>Standards</i> . The chief audit executive must periodically review the internal audit charter and present it to senior management and the board for approval. |
| 1100 | Independence and Objectivity | The internal audit activity must be independent, and internal auditors must be objective in performing their work. |
| 2010 | Planning | The chief audit executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals. |
| 2020 | Communication and approval | The chief audit executive must communicate the internal audit activity's plans and resource requirements, including significant interim changes, to senior management and the board for review and approval. The chief audit executive must also communicate the impact of resource limitations. |
| 2030 | Resource Management | The chief audit executive must ensure that internal audit resources are appropriate, sufficient, and effectively deployed to achieve the approved plan. |
| 2040 | Policies | The chief audit executive must establish policies and procedures to guide the internal audit activity. |
| 2050 | Co-ordination | The chief audit executive should share information and coordinate activities with other internal and external providers of assurance and consulting services to ensure proper coverage and minimize duplication of efforts. |
| 2060 | Reporting | The chief audit executive must report periodically to senior management and the board on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan. Reporting must also include significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by senior management and the board. |
| 2200 | Engagement planning | Internal auditors must develop and document a plan for each engagement, including the engagement's objectives, scope, timing, and resource allocations. |
| 2300 | Work programme | Internal auditors must identify, analyse, evaluate, and document sufficient information to achieve the engagement's objectives. |
| 2400 | Communicating results | Internal auditors must communicate the results of engagements |
| 2450 | Overall opinions | When an overall opinion is issued, it must take into account the expectations of senior management, the board, and other stakeholders and must be supported by sufficient, reliable, relevant, and useful information. |

Basis for EQA

Compliance with IPPF/PSIAS

■ Resources

Business Vision and Mission, Governance arrangements, Recognition of standards, Guidance, Procedures and Supervision, Terms of Engagement, Ethics and business conduct.

■ Competency

Charter, Internal Audit Manual, Planning and Allocation of staffing, Recruitment (Numbers and skills), Training (Professional and Technical), Appraisal and Development

■ Delivery

Client engagement and relationship, Directed led service, Terms of Engagement (Audit/Assignment Brief), Discussion of assurance and advisory opinions, Reporting at assignment and strategic levels

Basis for overall opinion

Generally Conforms means the evaluator has concluded that the relevant structures, policies, and procedures of the activity, as well as the processes by which they are applied, comply with the requirements of the individual *Standard* or element of the Code of Ethics in all material respects. For the sections and major categories, this means that there is general conformance to a majority of the individual *Standards* or elements of the Code of Ethics, and at least partial conformance to the others, within the section/category. There may be significant opportunities for improvement, but these must not represent situations where the activity has not implemented the *Standards* or the Code of Ethics, has not applied them effectively, or has not achieved their stated objectives. As indicated above, general conformance does not require complete/perfect conformance, the ideal situation, successful practice, etc.

Partially Conforms means the evaluator has concluded that the activity is making good-faith efforts to comply with the requirements of the individual *Standard* or element of the Code of Ethics, section, or major category, but falls short of achieving some major objectives. These will usually represent significant opportunities for improvement in effectively applying the *Standards* or Code of Ethics and/or achieving their objectives. Some deficiencies may be beyond the control of the activity and may result in recommendations to senior management or the board of the organisation.

Does Not Conform means the evaluator has concluded that the activity is not aware of, is not making good-faith efforts to comply with, or is failing to achieve many/all of the objectives of the individual *Standard* or element of the Code of Ethics, section, or major category. These deficiencies will usually have a significant negative impact on the activity's effectiveness and its potential to add value to the organisation. These may also represent significant opportunities for improvement, including actions by senior management or the board. Often, the most difficult evaluation is the distinction between general and partial. It is a judgment call keeping in mind the definition of general conformance above. Carefully read the *Standard* to determine if basic conformance exists. The existence of opportunities for improvement, better alternatives, or other successful practices do not reduce a generally conforms rating.

Grading of recommendations

- The grading of recommendations is intended to reflect the relative importance to the relevant standard within the Public Sector Internal Audit Standards (PSIAS).

| Recommendation grading | Explanation |
|------------------------|---|
| Enhance | The internal audit service must enhance its practice in order to demonstrate transparent alignment with the relevant PSIAS standards in order to demonstrate a contribution to the achievement of the organisations' objectives in relation to risk management, governance and control. |
| Review | The Internal audit service should review its approach in this area to better reflect the application of the PSIAS. |
| Consider | The internal audit service should consider whether revision of its approach merits attention in order to improve the efficiency and effectiveness of the delivery of services |

- In grading our recommendations, we have considered the wider environment in terms of both the degree of transformation that is currently taking place as well as our assessment of the level of risk maturity that currently exists, as these will have a consequence for the conduct of internal audit planning as well as subsequent communication.

Bolsover District Council

Audit and Corporate Overview Scrutiny Committee

27 July 2021

Audit & Corporate Overview Scrutiny Committee Work Programme 2021/22

Report of the Scrutiny & Elections Officer

Classification: This report is public

Report By: Scrutiny & Elections Officer

Contact Officer: Joanne Wilson

PURPOSE / SUMMARY

- To provide members of the Scrutiny Committee with an overview of the meeting programme of the Committee for 2021/22.
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RECOMMENDATIONS

1. That Members review this report and the Programme attached at Appendix 1 for approval and amendment as required. All Members are advised to contact the Scrutiny & Elections Officer should they have any queries regarding future meetings.

Approved by the Portfolio Holder – N/A

IMPLICATIONS

Finance and Risk: Yes ☐ No ☒

Details:

None from this report.

On Behalf of the Section 151 Officer

Legal (including Data Protection):

Yes ☒

No ☐

Details:

In carrying out scrutiny reviews the Council is exercising its scrutiny powers as laid out in s.21 of the Local Government Act 2000 and subsequent legislation which added to/amended these powers e.g. the Local Government and Public Involvement in Health Act 2007.

On Behalf of the Solicitor to the Council

Staffing: **Yes** ☐

No ☒

Details:

None from this report.

On behalf of the Head of Paid Service

DECISION INFORMATION

| Decision Information | |
|---|--|
| Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds: BDC: Revenue - £75,000 <input type="checkbox"/> Capital - £150,000 <input checked="" type="checkbox"/> NEDDC: Revenue - £100,000 <input type="checkbox"/> Capital - £250,000 <input type="checkbox"/> <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i> | No |
| Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In) | No |
| District Wards Significantly Affected | N/A |
| Consultation: Leader / Deputy Leader <input type="checkbox"/> Cabinet / Executive <input type="checkbox"/> SAMT <input type="checkbox"/> Relevant Service Manager <input type="checkbox"/> Members <input checked="" type="checkbox"/> Public <input type="checkbox"/> Other <input type="checkbox"/> | Yes Details: Committee Members |

| |
|---|
| Links to Council Ambition (BDC)/Council Plan (NED) priorities or Policy Framework including Climate Change, Equalities, and Economics and Health implications. |
|---|

| |
|-----|
| All |
|-----|

REPORT DETAILS

1 **Background** *(reasons for bringing the report)*

- 1.1 The main purpose of the report is to inform members of the meeting programme for the year 2021/22 and planned agenda items (Appendix 1).
- 1.2 This programme may be subject to change should additional reports/presentations be required, or if items need to be re-arranged for alternative dates.
- 1.3 Review Scopes submitted will be agreed within Informal Session in advance of the designated meeting for Member approval to ensure that there is sufficient time to gather the information required by Members and to enable forward planning of questions.
- 1.4 Members may raise queries about the programme at the meeting or at any time with the Scrutiny & Elections Officer should they have any queries regarding future meetings.
- 1.5 All Scrutiny Committees are committed to equality and diversity in undertaking their statutory responsibilities and ensure equalities are considered as part of all Reviews. The selection criteria when submitting a topic, specifically asks members to identify where the topic suggested affects particular population groups or geographies.
- 1.6 The Council has a statutory duty under s.149 Equality Act 2010 to have due regard to the need to advance equality of opportunity and to eliminate discrimination.
- 1.7 As part of the scoping of Reviews, consideration is given to any consultation that could support the evidence gathering process.

2. **Details of Proposal or Information**

- 2.1 Attached at Appendix 1 is the meeting schedule for 2021/22 and the proposed agenda items for approval/amendment.

3 **Reasons for Recommendation**

- 3.1 This report sets the formal Committee Work Programme for 2021/22 and the issues identified for review.

- 3.2 The Scrutiny Programme enables challenge to service delivery both internally and externally across all the Council Ambitions.
- 3.3 The Scrutiny functions outlined in Part 3.6(1) of the Council's Constitution requires each Scrutiny Committee to set an annual work plan.

4 Alternative Options and Reasons for Rejection

- 4.1 There is no option to reject the report as the Scrutiny functions outlined in Part 3.6(1) of the Council's Constitution requires each Scrutiny Committee to set an annual work plan.

DOCUMENT INFORMATION

| Appendix No | Title |
|--|------------------------|
| 1. | Work Programme 2021/22 |
| Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers) | |
| Previous versions of the Committee Work Programme. | |

Audit & Corporate Overview Scrutiny Committee

Work Programme 2021/22

Formal Items – Report Key

| Treasury Management | Capital | Borrowing & Investment | Budget Monitoring | Audit/Risk | Performance | Update from Scrutiny Chairs |
|---------------------|---------|------------------------|-------------------|------------|-------------|-----------------------------|
| | | | | | | |

| Date of Meeting | Items for Agenda | Lead Officer |
|------------------------|--|---|
| 27 July 2021, 2pm | • Budget Monitoring Report – Financial Outturn 2020/21 | Head of Finance & Resources/ S151 Officer |
| | • Annual Corporate Debt Monitoring Performance Report 2020/21 | Head of Finance & Resources/ S151 Officer |
| | • Budget Monitoring Report – Quarter 1 – April to June 2021 | Head of Finance & Resources/ S151 Officer |
| | • Strategic Risk Register and partnership arrangements | Director of Corporate Resources |
| | • Report of Internal Audit – Summary of progress on the Internal Audit Plan | Internal Audit Consortium Manager |
| | • Implementation of Internal Audit Recommendations | Internal Audit Consortium Manager |
| | • Internal Audit Consortium Annual Report 2020/21 | Internal Audit Consortium Manager |
| | • Report of Internal Audit – Internal Audit Plan 2021/22 | Internal Audit Consortium Manager |
| | • Results of the External Review of Internal Audit | Internal Audit Consortium Manager |
| | • Audit & Corporate Overview Scrutiny Committee Work Programme 2021/22 – Approval of Programme | Scrutiny & Elections Officer |
| 14 September 2021, 2pm | • Corporate Ambitions Performance Update – April to June 2021 (Q1 – 2021/22) | Information, Engagement and Performance Manager |
| | • BDC Statement of Accounts 2020/21 | Head of Finance & Resources/ S151 Officer |
| | • Assessment of Going Concern Status | Head of Finance & Resources/ S151 Officer |
| | • Audit & Corporate Overview Committee – Self-assessment for effectiveness | Head of Finance & Resources/ S151 Officer |

| Date of Meeting | Items for Agenda | Lead Officer |
|--|--|--|
| | • Report of Internal Audit – Summary of progress on the Internal Audit Plan | Internal Audit Consortium Manager |
| | • Review of the Internal Audit Charter | Internal Audit Consortium Manager |
| | • Annual Corporate Governance Statement and Local Code of Corporate Governance | Head of Corporate Governance/Monitoring Officer |
| | • Audit & Corporate Overview Scrutiny Committee Work Programme 2021/22 | Scrutiny & Elections Officer |
| | • Update from Scrutiny Chairs (Verbal report) | Scrutiny & Elections Officer |
| 25 November 2021, 10am 202 | • Budget Monitoring Report – Quarter 2 – July to September 2021 | Head of Finance & Resources/ S151 Officer |
| | • Revised Budgets 2021/22 | Head of Finance & Resources/ S151 Officer |
| | • Setting of Council Tax 2022/23 | Head of Finance & Resources/ S151 Officer |
| | • Report of External Auditor – Annual Audit letter 2020/21 | Head of Finance & Resources/ S151 Officer |
| | • Strategic Risk Register and partnership arrangements | Director of Corporate Resources |
| | • Corporate Ambitions Performance Update – July to September 2021 (Q2 – 2021/22) | Information, Engagement and Performance Manager |
| | • Audit & Corporate Overview Scrutiny Committee Work Programme 2021/22 | Scrutiny & Elections Officer |
| 20 January 2022, 2pm | • <i>Treasury Management Briefing - TBC</i> | <i>Head of Finance & Resources/ S151 Officer and Arlingclose</i> |
| | • Proposed Budget – Medium Term Financial Plan 2021/22 to 2024/25 | Head of Finance & Resources/ S151 Officer |
| | • Treasury Management Strategy | Head of Finance & Resources/ S151 Officer |
| | • Capital Strategy | Head of Finance & Resources/ S151 Officer |
| | • Corporate Investment Strategy | Head of Finance & Resources/ S151 Officer |
| | • Audit & Corporate Overview Scrutiny Committee Work Programme 2021/22 | Scrutiny & Elections Officer |

| Date of Meeting | Items for Agenda | Lead Officer |
|------------------------------|--|---|
| 15 February 2022, 2pm | • Corporate Ambitions Performance Update – October to December 2021 (Q3 – 2021/22) | Information, Engagement and Performance Manager |
| | • Report of Internal Audit – Summary of progress on the Internal Audit Plan | Internal Audit Consortium Manager |
| | • Implementation of Internal Audit Recommendations | Internal Audit Consortium Manager |
| | • Accounting Policies 2021/22 | Head of Finance & Resources/ S151 Officer |
| | • Audit & Corporate Overview Scrutiny Committee Work Programme 2021/22 | Scrutiny & Elections Officer |
| | • Update from Scrutiny Chairs (Verbal report) | Scrutiny & Elections Officer |
| 26 April 2022, 10am | • Report of Internal Audit – Internal Audit Plan 2022/23 | Internal Audit Consortium Manager |
| | • Audit & Corporate Overview Scrutiny Committee Work Programme 2021/22 | Scrutiny & Elections Officer |
| 26 May 2022, 10am | • Corporate Ambitions Performance Update – January to March 2022 (Q4 – 2021/22) | Information, Engagement and Performance Manager |
| | • Report of Internal Audit – Internal Audit Plan 2022/23 | Internal Audit Consortium Manager |
| | • Report of Internal Audit – Summary of progress on the Internal Audit Plan | Internal Audit Consortium Manager |
| | • CIPFA Fraud and Corruption Tracker Survey 2021 | Internal Audit Consortium Manager |
| | • Audit & Corporate Overview Scrutiny Committee Work Programme 2021/22 | Scrutiny & Elections Officer |
| | • Update from Scrutiny Chairs (Verbal report) | Scrutiny & Elections Officer |