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HAMBLETON DISTRICT COUNCIL

Agenda

Committee Administrator: Democratic Services Officer (01609 767015)

Monday, 12 October 2020

Dear Councillor

Notice of Meeting

Meeting	**Audit, Governance and Standards Committee**
Date	**Tuesday, 20 October 2020**
Time	**10.00 am**
Venue	**Virtual Meeting via Teams**

Yours sincerely

J. Ives.

Dr Justin Ives
Chief Executive

To:

Councillors
N A Knapton (Chairman)
P Atkin
P Bardon
D B Elders (Vice-Chairman)

Councillors
K G Hardisty
R W Hudson
P Thompson

Other Members of the Council for information

Note: Owing to the recent Covid-19 pandemic and government guidance, the Council has made arrangements under the Coronavirus Act 2020, and subsequent Regulations permitting remote meetings, to hold the meeting virtually via Teams. For access to the meeting, please click on the media link displayed on the internet to direct you to Teams or alternatively please dial the telephone number 020 3855 5195 followed by the Conference ID: 330 633 034#

For further information, please contact the Democratic Services Officer, Louise Hancock, on telephone: 01609 767015 or email louise.hancock@hambleton.gov.uk

Agenda

		Page No
1.	Minutes To confirm the minutes of the meetings held on 28 January and 15 September 2020 (AGS.24 to AGS.30 and AGS.1 to AGS.2), previously circulated.	
2.	Apologies for Absence	
3.	Regulation of Investigatory Powers Act 2000 - Inspection by the Investigatory Powers Commissioner's Office Report of the Director of Law and Governance (Monitoring Officer)	1 - 26
4.	Annual Report Code of Conduct Complaints Report of the Director of Finance and Commercial (S151 Officer)	27 - 28
5.	Annual Review of the Committee's Terms of Reference Report of the Director of Finance and Commercial (s151 Officer)	29 - 34
6.	Politically Restricted Posts Report of the Director of Law and Governance (Monitoring Officer)	35 - 38
7.	Annual Report to Cabinet on the Audit, Governance and Standards Committee's Activities 2019/20 Report of the Director of Finance and Commercial (S151 Officer)	39 - 44
8.	Internal Audit and Counter Fraud Annual Report 2019/20 Report of the Director of Finance and Commercial (S151 Officer)	45 - 76
9.	Annual Governance Statement 2019/20 Report of the Director of Finance and Commercial (S151 Officer)	77 - 94
10.	Statutory Auditor Report on the 2019/20 Audit and the Council's Financial Report - Statement of Accounts 2019/20 Report of the Director of Finance and Commercial (S151 Officer)	95 - 98
11.	CIPFA Financial Management Code Report of the Director of Finance and Commercial (S151 Officer)	99 - 102

12. Report Programme 2020/21 103 - 106

Report of the Director of Finance and Commercial (s151 Officer)

13. Annual Review of Risk Management 107 - 128

Report of the Director of Finance and Commercial (s151 Officer)

14. Counter Fraud Framework Update 129 - 182

Report of the Director of Finance and Commercial (S151 Officer)

15. Matters of Urgency

Any other business of which not less than 24 hours prior notice, preferably in writing, has been given to the Chief Executive and which the Chairman decides is urgent.

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Hambleton District Council

Report To: Audit, Governance and Standards Committee

Date: 20 October 2020

From: Director of Law and Governance (Monitoring Officer)

Subject: **Regulation of Investigatory Powers Act 2000 – Inspection by the Investigatory Powers Commissioner's Office**

Portfolio Holder: Governance
Councillor Mrs I Sanderson

Wards Affected: All Wards

1.0 Purpose and Background:

1.1 To report to the Committee the findings of the Investigatory Powers Commissioner following his recent inspection and to ask the Committee to endorse the actions taken to implement the Commissioner's recommendations.

1.2 To receive the latest reports on any activities which have been authorised under the Regulation of Investigatory Powers Act 2000 ("RIPA").

2.0 Inspection by the Investigatory Powers Commissioner's Office

2.1 The Investigatory Powers Commissioner carried out his three-yearly inspection on 20th August 2020. A copy of the Commissioner's inspection report is attached at "Appendix A". The report was generally positive, but suggested the following actions:-

2.1.1 minor revisions to the Council's RIPA Guide to Practice and Procedure, namely to enhance the section dealing with officers using social media in their official capacity, and to further embed the data security safeguards relating to the use of covert powers;

2.1.2 minor amendments to the Central Register of Authorisations, namely to include an additional entry dealing with the destruction of any covert surveillance material;

2.1.3 to revise the Council's corporate Information Management Policy and Information Asset Register to highlight the safeguards for dealing with RIPA information, namely by referring people to the RIPA Guide to Practice and Procedure which addresses these issues;

2.1.4 to consider reducing the reports to Committee on the use of RIPA powers from quarterly to six-monthly reports.

2.2 Attached at Appendices "B" and "C" respectively are the Council's updated RIPA Guide to Practice and Procedure and Central Register of Authorisations.

2.3 Paragraph 10.3 of the revised RIPA Guide emphasises the need to comply with the safeguarding obligations set out in the Home Office's relevant Codes of Practice. Paragraphs 21.5 and 21.6 of the Guide address the use of social media. The Information Management Policy and Information Asset Register are being revised in line with the recommendations.

2.4 The Central Register of Authorisations now contains additional entries dealing with the destruction of covert surveillance material and the officer responsible. The steps detailed in this report adequately address the recommendations of the Investigatory Powers Commissioner set out at paragraphs 2.1.1 – 2.1.3 above.

2.5 In line with the Commissioner's suggestion set out at paragraph 2.1.4 of this report it is proposed that the frequency of the RIPA activity reports is reduced from its current quarterly format to six-monthly reports. There have been no RIPA authorisations in recent years and suitable oversight by the Committee can still be achieved with bi-annual reports.

3.0 RIPA Activities

3.1 Although RIPA covers a number of activities undertaken by investigatory bodies (e.g., phone tapping by the Security Services and Police) its principle use in respect of Local Authorities relates to:-

- covert surveillance, and
- covert human intelligence sources.

3.2 Covert surveillance covers the monitoring, observing or listening to persons, their movements, conversations or other activities and communications. It may be conducted with or without the assistance of a surveillance device and includes the recording of any information obtained. RIPA is most relevant to the Council's activities in effecting enforcement procedures such as the investigation and prosecution of offences. This would not normally include the initial investigation of contraventions such as planning enforcement or noise investigations, but would normally involve the later stages where criminal activity was a possibility. Although this could technically include breaches of Planning Enforcement Notices, breaches of Environmental Health Notices, fraud, etc., the Council's use of the powers has been very limited in recent years. For example, the Council has not used authorisations under the Act in the last three years.

3.3 Since 1 November 2012 the Council has only been able to use RIPA for directed surveillance for potential criminal activity with a possible penalty of at least six months imprisonment. This means that the Council is unable to use the procedure for low-level offences such as littering or dog control. For serious offences the Council needs approval from a magistrate before it can use directed surveillance.

3.4 Another use of the Act is for the Police to authorise use of the Council's CCTV system for specific operations (general use of CCTV is not covered by the Act because this is not covert surveillance). The Police authorise themselves to use the Council's CCTV system for covert surveillance on approximately two occasions per year.

3.5 Covert human intelligence sources relate to the use of a third party to gather information. For example, this could be an informer or someone used to undertake test purchases. This is not an activity that the Council engages in at all. The Council also needs the approval of a magistrate to carry out this activity.

3.6 The only area in which the Council might very occasionally involve itself where RIPA might be relevant is covert surveillance. It is necessary for the Council therefore to follow the legislation and the requirements of Government Codes of Practice. Most of the requirements of the Code are dealt with at an Officer level. However, Members are expected to approve a Policy on RIPA and to have some involvement in the monitoring of how the Council implements RIPA requirements.

4.0 Monitoring of RIPA Activity

4.1 Codes of Practice on RIPA recommend that regular reports are made to Members on RIPA activity. Consideration of such reports has been delegated to the Audit, Governance and Standards Committee. This report therefore constitutes one of those reports and is intended to cover the period 22 January 2020 to 20 October 2020. There were no authorisations during this period. It is recommended that the Committee note the position.

5.0 Recommendations

5.1 It is recommended that:-

(1) the position in respect of the inspection by the Investigatory Powers Commissioner's Office is noted;

(2) the steps taken to comply with the Commissioner's findings are endorsed and the Council's updated RIPA Guide to Practice and Procedure Policy and Central Record of Authorisations are approved;

(3) it be noted that no RIPA authorisations were made by the Council during the period 22 January 2020 to 20 October 2020; and

(4) the frequency of the RIPA activity reports is reduced from quarterly reports to six-monthly reports.

Gary Nelson
Director of Law and Governance (Monitoring Officer)

Background papers: HDC RIPA Register of Authorisations
Author ref: GN
Contact: Gary Nelson
Director of Law and Governance (Monitoring Officer)
Direct Line No: (01609) 767012

IPCO
Investigatory Powers Commissioner's Office

PO Box 29105, London
SW1V 1ZU

Dr Justin Ives
Chief Executive
Hambleton District Council
Civic Centre
Stone Cross
Rotary Way
Northallerton
North Yorkshire
DL6 2UU

21 August 2020

Dear Dr Ives,

Remote Inspection of Hambleton District Council

Please be aware that IPCO is not a "public authority" for the purpose of the Freedom of Information Act (FOIA) and therefore falls outside the reach of the FOIA. It is appreciated that local authorities are subject to the FOIA and that they may receive requests for disclosure of our reports. In the first instance the SRO should bring the matter to the attention of the IPCO Data Protection Officer (at: info@ipco.org.uk), before making any disclosure. This is also the case if you wish to make the content of this letter publicly available.

Due to the ongoing Coronavirus situation your authority was recently subject to a remote inspection by one of my Chief Inspectors, Mrs Clare Ringshaw-Dowle. All the documentation and arrangements necessary for my Chief Inspector to carry out the process was provided by Mr. Gary Nelson, your Director of Law and Governance, who also holds the position of RIPA Coordinator. Both you, as Senior Responsible Officer, and Mr Nelson made yourselves available to be interviewed via telephone by Mrs Ringshaw-Dowle, and from the documentation examined and the information provided during the interview, the level of compliance shown by your authority removes, for the present, the requirement for a physical inspection.

At the last inspection, conducted by the OSC in late 2016, your authority was subject to five recommendations, all of which can now be discharged.

Your RIPA Policy was provided in advance of the inspection and Mrs Ringshaw-Dowle has given you some suggestions for its next iteration. The main revisions are to enhance the section dealing with officers using social media in their official capacity, and to embed the Safeguards relating to use of covert powers as previously covered in my letter to you regarding Data Assurance. The Policy was otherwise in good shape and has been maintained in accordance with the Home Office Code of Practice requirement that it be endorsed by your Elected Members on an annual basis.

The Council has six designated Authorising Officers which provides a good level of resilience, but in the absence of use of the powers over the last decade, you might feel a reduced cadre would suffice.

I am pleased to learn that externally provided RIPA training has been maintained (last provided in 2016 by Act Now) and is being planned for later this year, following its postponement from June due to the pandemic. Ongoing refresher training has been provided in between times by Mr Nelson, with Directors, Heads of Service and Managers of those departments most likely to consider using the powers.

In terms of internal governance of covert powers, and despite their non-usage, Mr Nelson is clearly aware of the need to ensure RIPA, and now the Investigatory Powers Act 2016, is kept in the minds of all Council officers, not just those with an obvious enforcement or investigative role. To do what he can to ensure that activities are not being conducted outwith the auspices of RIPA, Mr Nelson carefully scrutinises Council investigations and has discussions with managers and legal teams to ensure that where prosecutions or enforcement action is to be taken, that the evidence has been appropriately obtained.

Over and above these checks, it is a matter of Council policy that before any officer starts to put together an application for use of the powers, they first run the matter past Mr Nelson. In this way, he can offer initial advice on the suitability or not of using covert means, and is alive to any subsequent request to an Authorising Officer. The lack of usage was discussed, and is the result of various developments: the passage of most benefit fraud cases to the DWP; the use of alternative statutory powers for things like Planning and Environmental Health; the preference for an overt approach, such as interviews under caution; and also, it was felt, a slight reluctance by officers to use powers which have dropped off in terms of their experience.

The Council operates a fixed and mobile CCTV camera system, with an associated Policy which was provided to my Chief Inspector. The system is run in accordance with the associated Code of Practice and the advice of the Surveillance Camera Commissioner; and his Third Party Self Certification has been completed and similarly provided for inspection.

You have received my earlier letter regarding Data Assurance which has prompted internal discussion and my Chief Inspector was pleased to see that the retention, review and disposal policies in relation to both authorisation paperwork and also any product from surveillance activities, has already been captured to a good degree within your RIPA Policy, and Mr Nelson said that an application for directed surveillance or a CHIS will not be authorised absent a suitable written plan in relation to the management and subsequent review and disposal of any product.

It has been suggested that Mr Nelson ensures the next revision of your Policy document is in line with the Safeguards chapter of the 2018 Codes of Practice and that there will be a suitable audit trail for the eventual destruction of product, including the means by which an officer(s) will be designated to check this is being carried out as intended (an additional entry in the Central Record may be a suitable means to capture this). It was also suggested that your Information Management Policy and Information Asset Register (both provided for inspection) should both contain at least a mention of the Safeguards for RIPA/IPA product, perhaps with a link to the main RIPA Policy section for further advice. The CCTV Policy already picks up the pathways for recorded material from that system, and similarly robust practices for any product from conventional surveillance or use of a CHIS might helpfully echo the clear advice and processes already in active use for CCTV.

You provide quarterly reports on the non-use of powers to your Elected Members via the Audit Governance and Standards Committee as well as the annual RIPA Policy endorsement, and Mrs Ringshaw-Dowle suggested you could reduce to a six-monthly interim update if that situation continues; but this is a matter for you and your Members to determine.

Your Council is registered with the National Anti Fraud Network (NAFN) and there was a brief outline provided of its role and the range of data that can be obtained through its services, which have not yet been used.

In conclusion, whilst there has been no use of these powers for many years, your Council has the requisite policies, training and internal governance arrangements in place and overseen by an experienced RIPA Coordinator, to suggest that where they are used in future, the levels of compliance should be of a good standard.

I hope that you find the outcome of this remote inspection helpful and constructive, and my Office is available to you should you have any queries following the receipt of this letter, or at any point in the future. I should be grateful if you can acknowledge the findings within the next two months.

The Chief Inspector would like to thank you and Mr. Nelson for your personal engagement and providing the necessary documentation to enable this remote inspection. Your time afforded during the current pandemic is much appreciated by IPCO.

Yours sincerely,

[redacted]

The Rt. Hon. Sir Brian Leveson
The Investigatory Powers Commissioner

HAMBLETON
DISTRICT COUNCIL

REGULATION OF INVESTIGATORY POWERS ACT 2000

GUIDE TO PRACTICE AND PROCEDURE UNDER THE ACT

HAMBLETON DISTRICT COUNCIL

Date: August 2020
Review date: March 2021

THE REGULATION OF INVESTIGATORY POWERS AT 2000

GUIDE TO PRACTICE AND PROCEDURE UNDER THE ACT

PRACTICE

1. Introduction

1.1 The main purpose of the Regulation of Investigatory Powers Act 2000 ("the Act") is to ensure that public bodies use their investigatory powers in accordance with the Human Rights Act 1998. The investigatory powers covered by the legislation are:-

(a) intrusive surveillance (on resident premises/in private vehicles) (NB: The Council is not permitted to engage in intrusive surveillance);

(b) covert surveillance in the course of specific operations;

(c) the use of covert human intelligence sources (agents, informants, undercover officers);

1.2 For each of these powers the Act ensures that the law clearly covers the purposes for which they may be used, which authorities can use the powers, who should authorise each use of power, the use that can be made of the material gained, independent judicial oversight and a means of redress for any individual aggrieved by use of the powers.

1.3 In addition to the legislation itself, the Home Office has issued Codes of Practice dealing with covert surveillance and covert human intelligence sources. This guide is designed to cover the aspects of RIPA that regulate the use of investigatory powers by the Council and should be read in conjunction with the Council's Policy Statement and the relevant Codes of Practice (see Appendix 2).

1.4 Directed Surveillance can only be undertaken if it is for the purpose of preventing/detecting a criminal offence which is punishable (whether on summary conviction or on indictment) by a maximum term of **at least 6 months of imprisonment** – or would constitute an offence under sections 146, 147 or 147A of the Licensing Act 2003 or section 7 of the Children and Young Persons Act 1933 (sale of tobacco and alcohol to underage children).

2. What is not regulated by RIPA?

2.1 Directed surveillance does not include covert surveillance carried out by way of an immediate response to events or circumstances which, by their very nature, could not have been foreseen. Thus, a local authority officer would not require an authorisation to conceal himself and observe a suspicious person that he came across in the course of his duties.

2.2 Surveillance which is not within the meaning of the legislation.

2.3 Overt CCTV surveillance systems are not normally covered by the Act as their use is obvious to the public. There may, however, be occasions where public authorities use material obtained from overt CCTV systems for the purposes of a specific investigation or operation, in such cases authorisation for direct surveillance may be necessary.

2.4 The Investigatory Powers Act 2016 regulates investigatory actions in respect of the acquisition of communications data. This is therefore outside the scope of this guide.

3. What is regulated by RIPA

3.1 The monitoring, observing or listening to persons, their movements, their conversations or their other activities or communications where this is done in a manner calculated to ensure that the subject of surveillance is unaware that they are being monitored or observed etc.

3.2 The recording of anything monitored, observed or listened to during surveillance.

3.3 Use of a surveillance device, eg a hidden video camera, a listening device.

4. Rules of Evidence

4.1 Material obtained through covert surveillance may be used as evidence in criminal proceedings. Provided that surveillance has been properly authorised, the evidence gathered should be admissible under law and in accordance with Section 78 of the Police and Criminal Evidence Act 1984 and the Human Rights Act 1998. Material gathered as a result of surveillance authorised under the Act is subject to the ordinary rules for retention and disclosure of material and the Criminal Procedure and Investigations Act 1996.

5. Some Definitions

5.1	"Covert"	Concealed, done secretly
5.2	"Covert surveillance"	Surveillance which is carried out in a manner calculated to ensure that the persons subject to the surveillance are unaware that it is or may be taking place
5.3	"Directed surveillance"	Surveillance which is covert, but not intrusive, and is undertaken for the purposes of a specific investigation or specific operation, in such a manner as is likely to result in the obtaining of private information about a person (whether or not one specifically identified for the purposes of the investigation or operation) and otherwise than by way of an immediate response to events or circumstances, the nature of which is such that it would not be reasonably practicable for an authorisation under Part II of the Act to be sought for the carrying out of the surveillance.
5.4	"Intrusive surveillance"	Covert surveillance that is carried out in relation to anything taking place on any residential premises or in any private vehicle and involves the presence of an individual on the premises or in the vehicle or is carried out by means of a surveillance device.

5.5 "Private Information" Includes any information relating to a person's private or family life. Private information should be taken generally to include any aspect of a person's private or personal relationship with others, including family and professional or business relationships.

5.6 "Confidential Information: Confidential information consists of communications subject to legal privilege, communications between a Member of Parliament and another person on constituency matters, confidential personal information, or confidential journalistic material.

6. Entering onto or interfering with property, or with wireless telegraphy or postal communications

6.1 Only members of the intelligence services are able to make applications to enter onto or interfere with property or with wireless telegraphy. Council staff are not permitted, under any circumstances, to engage in such activity.

6.2 It is an offence to intercept communications sent by public postal service and public telecommunication systems. Interception of communication can be done with lawful authority, however only a limited group can grant a warrant for such an activity (Secretary of State or his representative to such persons as the Directors-General of the Security Service and Director of GCHQ, the Chief of Secret Intelligence Service and the Chief Constables of Police). Therefore, it is not envisaged that the Local Authority would ever be permitted to make a lawful interception of a communication.

7. Authorisations

7.1 Purpose of Authorising Surveillance

7.1.1 An authorisation under the Act, with subsequent appropriate approval by a Justice of the Peace, provides lawful authority for a public authority to carry out surveillance. Responsibility for authorising surveillance investigations is given by an "authorising officer". Approval is then required by a Justice of the Peace. Surveillance must not be carried out without prior authorisation and approval (but see 2.1 above).

7.1.2 The consequence of not obtaining an authorisation and approval under the Act may be that the action is in breach of the Human Rights Act such that any evidence so gained could be excluded in any proceedings that arise.

7.1.3 The Home Office strongly recommends public authorities to seek an authorisation for surveillance that is likely to interfere with a person's Article 8 rights to privacy by obtaining private information about that person, whether or not that person is the subject of the investigation or operation.

7.2 Basis for Authorising Surveillance Activities

7.2.1 Authorisation can only be granted where there is justifiable interference with an individual's human rights, i.e. it is necessary and proportionate for surveillance activities to take place.

7.2.2 The authorising officer must believe that the authorisation is necessary in the circumstances of the particular case for the statutory grounds for directed surveillance to exist (see paragraph 12.1).

7.2.3 The authorising officer must also believe that the activity is proportionate to what is sought to be achieved. They must balance the intrusiveness of the activity proposed on both the target and others who may be affected, against the need for the activity in operational terms.

7.2.4 Before authorising surveillance the authorising officer must also take into account the risk of intrusion into the privacy of persons other than those who are the target of the investigation. This is known as collateral intrusion. The authorisation procedures allow for an assessment of collateral intrusion which the authorising officer will be required to consider prior to granting authorisation. In order to decide whether to grant authorisation the authorising officer must have a full picture of the operation, the proposed method(s) of observation and the Human Rights Act implications of the operation.

7.2.5 Where one agency acts on behalf of another, for example, this authority acts on behalf of a neighbouring authority, it is usually the responsibility of the tasking authority to obtain the authorisation. When staff are operating on another organisation's authority they must ensure that they have seen and understood the extent of the authorised activities. The will ensure staff act in accordance with the authorisation. A copy of the authorisation should also be taken and passed to the RIPA Co-ordinating Officer – who is the Director of Law and Governance.

7.2.6 Once authorisation is obtained, approval by a Justice of the Peace must be granted before the relevant surveillance activity can be undertaken. The requirement of Magistrates' approval applies to both authorisations and renewals.

8. The Senior Responsible Officer's Role

8.1 The Council's Senior Responsible Officer (SRO) is the Chief Executive.

8.2 The SRO is responsible for:

- The integrity of the process in place within the Council for the management of Covert Human Intelligence Sources and Directed Surveillance.
- Compliance with Part II of RIPA and the Codes of Practice.
- Oversight of the reporting of errors to the relevant oversight Commissioner and the identification of both the cause(s) of errors and the implementation of processes to minimise repetition of errors.
- Engagement with the Investigatory Powers Commissioner's Office (IPCO) inspectors when they conduct their inspections.
- Oversight of the implementation of any post-inspection action plan approved by the IPCO.
- Ensuring that all authorising officers are of an appropriate standard in light of any recommendations in the inspection reports by the Investigatory Powers Commissioner's Office.
- Presenting the Council's Policy Statement on an annual basis to the designated elected Member for review.

8.3 Specific Responsibilities

8.3.1 The Senior Responsible Officer is responsible for ensuring quarterly reports are made to the Audit Governance and Standards Committee. The Committee is responsible for checking the consistency of the report with this policy and that the policy remains fit for purpose. They are not involved in making decisions on specific authorisations.

8.3.2 The Senior Responsible Officer is responsible for submitting annual statistics to the IPCO in relation to authorisations.

8.3.3. The Senior Responsible Officer is also responsible for communicating to the IPCO any unauthorised activity that might come to the attention of the authority. This must be done within 5 working days. The records, documentation, and associated documentation relating to this unauthorised activity must be retained by the Senior Responsible Officer and disclosed to the IPCO upon request, and certainly to an inspector from the IPCO at the commencement of the next scheduled inspection.

9. Records

9.1 The Senior Responsible Officer is responsible for ensuring a central register of authorisations and approvals is maintained. This is actioned through the RIPA Co-ordinating Officer.

9.2 The register and all associated documents relating to authorisations and approvals, reviews, cancellations, or renewals and refused applications should be retained in an auditable format, with each particular authorisation and approval allocated a unique reference number cross referenced to a unique reference number for that particular investigation or activity.

9.3 Records should be retained for a period of at least **three years** from the ending of the authorisation and should contain information as specified in the Code of Practice (see procedures documentation).

10. Retention and destruction of results of investigations

10.1 Material obtained in the course of criminal investigations and which may be relevant to the investigation must be recorded and retained in accordance with the Criminal Procedure and Investigations Act 1996.

10.2 The Council must have in place arrangements for the handling, storage and destruction of material obtained through the use of covert surveillance and compliance with the appropriate data protection requirements must be ensured.

10.3 The Council's Information Management Policy must be adhered to. In addition, before any authorisation is approved, advice on the handling, dissemination, copying, storage, security, retention and destruction of covert surveillance material **must** be sought from the RIPA Co-ordinating Officer and the ICT Manager, in order to ensure the Council complies with the additional safeguarding obligations contained in the relevant Home Office Codes of Practice.

11. Confidential Information

11.1 Confidential information consists of; communications subject to legal privilege, (i.e. matters arising from the confidential lawyer – client relationship), communications between a Member of Parliament and another person on constituency matters, confidential personal information or confidential journalistic material. Special consideration must be given to authorisations that involve confidential information. If the use of surveillance may result in confidential information being acquired, the use of surveillance will be subject to a higher level of authorisation (i.e. the Chief Executive).

11.2 Confidential personal information is information held in confidence relating to the physical or mental health or spiritual counselling of persons (whether living or dead) who can be identified from it. Examples include consultations between a health professional and a patient or information from a patient's medical records. Such information is held in confidence if it is held subject to an express or implied undertaking to hold it in confidence or it is subject to a restriction on disclosure or an obligation of confidentiality contained in existing legislation.

11.3 Material which is legally privileged is particularly sensitive and an application for surveillance which is likely to result in the acquisition of legally privileged information should only be authorised in exceptional and compelling circumstances. The person authorising must also be satisfied that the proposed covert surveillance or property interference is proportionate to what is sought to be achieved.

11.4 If there is any doubt as to the handling and dissemination of confidential information, advice should be sought from a legal adviser within the Local Authority's legal department before any further dissemination of material takes place.

12. Grounds for Authorisation

12.1 Section 28(3) of the Act allows for authorisation for directed surveillance to be granted by an authorising officer where he/she believes that the authorisation is necessary in the circumstances of the particular case. In the case of a Local Authority the only circumstances allowed are:-

28(3) b for the purpose of preventing and detecting crime or of preventing disorder.

12.2 The authorising officer must also believe that the surveillance is proportionate to what it seeks to achieve. "Proportionality" is defined in the Covert Surveillance and Property Interference Revised Code of Practice:-

3.6 The following elements of proportionality should therefore be considered:

- *balancing the size and scope of the proposed activity against the gravity and extent of the perceived crime or offence;*
- explaining how and why the methods to be adopted will cause the least possible intrusion on the subject and others;
- considering whether the activity is an appropriate use of the legislation and a reasonable way, having considered all reasonable alternatives, of obtaining the necessary result;

- evidencing, as far as reasonably practicable, what other methods had been considered and why they were not implemented.

12.3 Authorisation must be given in writing.

12.4 Authorising officers should not ordinarily give authorisations in investigations or operations in which they are directly involved unless this is unavoidable.

13. Information to be provided in applications for authorisation

13.1 An application for authorisation for directed surveillance should be made in writing and should describe any conduct to be authorised and the purpose of the investigation or operation. The application should include:-

(a) the reasons why the authorisation is necessary;

(b) the grounds upon which it is sought;

(c) the reasons why the surveillance is considered proportionate to what it seeks to achieve; e.g. could the information be achieved by another means?

(d) the nature of the surveillance; e.g. where will officers be located, will they use a vehicle, what equipment will be used?

(e) the identities, where known, of those to be the subject of the surveillance;

(f) an explanation of the information which it is desired to obtain as a result of a surveillance;

(g) the details of any potential collateral intrusion and why the intrusion is justified;

(h) the details of any confidential information that is likely to be obtained as a consequence of the surveillance'

(i) the level of authority required (or recommended where that is different) of the surveillance;

(j) a subsequent record of whether authority was given or refused, by whom and the time and date.

14. Duration of authorisations

14.1 A written authorisation/approval ceases to have effect unless renewed and approved at the end of a period of three months beginning with the date on which it took effect (12 months for CHIS and 4 months for a juvenile CHIS).

15. Reviews

15.1 Authorisations should be reviewed regularly to assess the need for surveillance to continue. The results of a review should be recorded in the central record of authorisations. Particular attention should be paid to reviews where the surveillance provides access to confidential information or involves collateral intrusion.

15.2 It is the responsibility of the authorising officer to determine how often a review should take place and this should be as frequently as is considered necessary and practicable.

16. Renewals

16.1 If at any time before an authorisation would cease to have effect the authorising officer considers it necessary for the authorisation to continue for the purpose of which it was given, he may renew it in writing for a further period of 3 months. Magistrate approval must then be obtained prior to expiry of the original authorisation in order for activity to continue.

16.2 All applications for renewal of an authorisation should record:-

(a) whether this is the first renewal or every occasion on which the authorisation has been renewed previously;

(b) any significant changes to the information contained in the original application;

(c) the reasons why it is necessary to continue the surveillance;

(d) the content and value to the investigation or operation of the information so far obtained from the surveillance;

(e) the result of regular reviews of the investigation or operation.

16.3 Renewal records should be kept as part of the central record of authorisations.

17. Cancellations

17.1 The authorising officer who granted or last renewed the authorisation must cancel it as soon as it no longer meets the criteria for which it was originally authorised. In any event, it will expire after 3 months (12 months for CHIS).

17.2 Where the authorising officer is no longer available the person who is taking over that role will be responsible.

18. Ceasing surveillance activity

18.1 As soon as the decision to cease directed surveillance is taken all those involved must be directed to stop surveillance of the subject. The date and time when such an instruction was given should be recorded in the central record of authorisations and the notification of cancellation where relevant.

19. Recording of telephone conversations

19.1 Council staff are not permitted to record telephone conversations, as such a covert activity is outside the powers of a Local Authority (see also paragraph 6.2).

20. Authorising the use of Covert Intelligence Sources

20.1 In most cases a human source that volunteers or provides information that is within their personal knowledge, without being induced, asked or tasked by a public authority, will not be a CHIS and therefore will not require authorisation. However the tasking of a person is not the sole benchmark in seeking a CHIS authorisation. It is the activity of the CHIS in exploiting a relationship for a covert purpose which is ultimately authorised by the 2000 Act, whether or not that CHIS is asked to do so by a public authority. It is possible therefore that a person will become engaged in the conduct of a CHIS without a public authority inducing, asking or assisting the person to engage in that conduct.

20.2 Local Authorities are permitted to use CHIS.

20.3 A person is a CHIS if:-

(a) he establishes or maintains a personal or other relationship with a person for a covert purpose or facilitates the doing of anything within paragraph b) or c).

(b) he covertly uses such a relationship to obtain information or to provide access to any information to another person; or

(c) he covertly discloses information obtained by the use of such a relationship or as a consequence of the existence of such a relationship.

20.4 The grounds for authorisation and approval under Section 29(3) of the Act are the same as those in S28(3) (see paragraph 12.1 above). However, only S28(3)(b) applies to Local Authorities.

20.5 In line with Section 29(5)(a) and (b) of the 2000 Act a “handler” and a “controller” will be appointed for each CHIS.

The person referred to in Section 29(5)(a) of the 2000 Act (the “handler”):-

- will have day to day responsibility for dealing with the CHIS;
- directing the day to day activities of the CHIS;
- recording the information supplied by the CHIS; and
- monitoring the CHIS’s security and welfare.

The handler of a CHIS will usually be of a rank or position below that of the authorising officer.

The person referred to in Section 29(5)(b) of the 2000 Act (the “controller”) will normally be responsible for the management and supervision of the “handler” and general oversight of the use of the CHIS.

The authorising officer must ensure that there is a satisfactory risk assessment in place.

20.6 Detailed records must be kept of the authorisation and approval and use made of a CHIS. Section 29(5) of the 2000 Act provides that an authorising officer must not grant an authorisation for the use or conduct of a CHIS unless he believes that there are arrangements in place for ensuring that there is at all times a person with the responsibility for maintaining a record of the use made of the CHIS. The Regulation

of Investigatory Powers (Source Records) Regulations 2000; SI No: 2725 details the particulars that must be included in these records. The records kept by public authorities should be maintained in such a way as to preserve the confidentiality , or prevent disclosure of the identity of the CHIS, and the information provided by that CHIS.

Particulars to be contained in records

The following matters are specified for the purposes of paragraph (d) of Section 29(5) of the 2000 Act (as being matters particulars of which must be included in the records relating to each source):-

- the identity of the source;
- the identity, where known, used by the source;
- any relevant investigating authority other than the authority maintaining the records;
- the means by which the source is referred to within each relevant investigating authority;
- any other significant information connected with the security and welfare of the source;
- any confirmation made by a person granting or renewing an authorisation for the conduct or use of a source that the information in paragraph (d) has been considered and that any identified risks to the security and welfare of the source have, where appropriate, been properly explained to and understood by the source;
- the date when, and the circumstances in which, the source was recruited;
- the identities of the persons who, in relation to the source, are discharging or have discharged the functions mentioned in Section 29(5)(a) to (c) of the 2000 Act or in any order made by the Secretary of State under Section 29(2)(c);
- the periods during which those persons have discharged those responsibilities;
- the tasks given to the source and the demands made of him in relation to his activities as a source;
- all contacts or communications between the source and a person acting on behalf of any relevant investigating authority;
- the information obtained by each relevant investigating authority by the conduct or use of the source;
- any dissemination by that authority of information obtained in that way; and
- in the case of a source who is not an undercover operative, every payment, benefit or reward and every offer of a payment, benefit or reward that is made or

provided by or on behalf of any relevant investigating authority in respect of the source's activities for the benefit of that or any other relevant investigating authority.

20.7 Vulnerable adults and minors are the subject of special provisions when used as CHIS. Authorisation will not be given for the collation of information from a CHIS under the age of 16 for the purpose of gathering information against his parents.

20.8 Where the use of a CHIS is being contemplated, the need to seek legal advice must be considered. Consideration should be given, in any case likely to place the CH IS at any risk of danger or of violence, to seeking assistance from North Yorkshire Police.

21. Internet and Social Networking sites

21.1 Although social networking and internet sites are easily accessible, if they are going to be used during the course of an investigation, consideration must be given about whether a RIPA authorisation should be obtained.

21.2 Viewing of open source material does not require authorisation unless and until it is repeated or systematic, at which stage directed surveillance authorisation should be considered.

21.3 Passing an access control so as to look deeper into the site, for example by making a 'friend request', requires at least directed surveillance authorisation. If the investigator is to go further and pursue enquiries within the site, thereby establishing a relationship with the site host in the guise of a member of the public, this requires CHIS authorisation.

21.4 Factors that should be considered in establishing whether a directed surveillance authorisation is required include:

- Whether the investigation or research is directed towards an individual or organisation;
- Whether it is likely to result in obtaining private information about a person or group of people;
- Whether it is likely to involve visiting internet sites to build up an intelligence picture or profile;
- Whether the information obtained will be recorded or retained;
- Whether the information is likely to provide an observer with a pattern of lifestyle;
- Whether the information is being combined with other sources of information or intelligence, which amounts to information relating to a person's private life;
- Whether the investigation or research is part of an ongoing piece of work involving repeated viewing of the subject(s);
- Whether it is likely to involve identifying and recording information about third parties, such as friends and family members of the subject of interest.

21.5 Staff using the internet for investigative purposes must not use their own personal devices (PC, laptop, tablet, smart phone etc.). It is important to bear in mind that all internet activity leaves a 'footprint'. Websites can routinely gather IP addresses and in some cases 'data trawling' software may be used to gather more detailed information, which is then potentially traceable.

21.6 Staff must not, under any circumstances, use their own personal Social Networking Sites (SNS), profiles or other online accounts to undertake investigative research. The safety of staff is paramount and such practices could potentially put staff or their families at risk of repercussions.

22. Investigatory Powers Commissioner's Office

22.1 The Investigatory Powers Commissioner is an independent Judicial Commissioner who has oversight of the operation of the Act. Public bodies are liable to inspection on behalf of the Investigatory Powers Commissioner and have a duty to produce records and comply with requests for information made by the Investigatory Powers Commissioner or his inspectors.

23. Complaints

23.1 The Act establishes an independent tribunal which has full powers to investigate and decide on any complaint relating to the operation of surveillance regulated by the Act.

PROCEDURE FOR OBTAINING AUTHORISATION FOR DIRECTED SURVEILLANCE OR USE CHIS UNDER RIPA

DIRECTED SURVEILLANCE

1. Applying for Authorisation

1.1 Where an Investigating Officer believes that there is a need for Directed Surveillance during the course of an investigation, the Investigating Officer must complete an Application for Authority for Directed Surveillance [see appendix 2] after discussion with his line manager, if appropriate.

1.2 The completed form must be submitted to the Authorising Officer [see appendix 1 for departmental Authorising Officers].

2. Granting Authorisation/Obtaining Magistrate Approval

2.1 The Authorising Officer can only approve an application where the statutory grounds for doing so are met.

2.2 Where the Authorising Officer is satisfied that the criteria for granting an authorisation are met, he will approve the application and return a copy of the endorsed application to the Investigating Officer. The Investigating Officer must then obtain approval from a Justice of the Peace, using the specified form and supplying the required authorisation documentation, before the required surveillance activity can take place. A Legal Officer will also attend court to assist with this process. The Authorising Officer may also be required to attend. Once approval has been obtained, the Authorising Officer will set the first review date and specify the expiry date in accordance with the prompts provided on the authorisation forms (3 months less one day for directed surveillance; 12 months less one day for CHIS; 4 months less one day for a juvenile CHIS).

2.3 The Authorising Officer will arrange for the original application and approval documentation to be included within the central register of authorisations, i.e. by passing them to the RIPA Co-ordinating Officer

2.4 The RIPA Co-ordinating Officer will record the above information within the register held for that purpose.

3. Reviewing Authorisation

3.1 The Authorising Officer, in granting the Authorisation, will endorse it with a review date. At the review the Investigating Officer will complete the Review of Directed Surveillance Authorisation form [see appendix 2] for consideration by the Authorising Officer. The Authorising Officer is responsible for determining whether the grounds for continued surveillance remain. If so, the Authorising Officer will grant the application. Otherwise, it will be refused.

3.2 It is recommended that authorisations are reviewed on at least a monthly basis.

3.3 The Authorising Officer will arrange for the original application to be included within the central register of authorisations, i.e. by passing them to the RIPA Co-ordinating

Officer. Reviews are monitored and recorded by the RIPA Co-ordinating Officer in the register held for that purpose.

4. Refusing Authorisation

4.1 Where the Authorising Officer is not satisfied that the criteria for granting authorisation for directed surveillance are met, he will refuse the application and endorse the application accordingly. The documents will then be passed to the RIPA Co-ordinating Officer.

5. Cancelling Authorisation

5.1 Any activity authorised under RIPA must be kept under review. Where surveillance is completed the Investigating Officer will complete a Cancellation of Directed Surveillance form [see appendix 2] and forward it to the Authorising Officer for approval.

5.2 The Authorising Officer will arrange for the cancellation to be included within the central register of authorisations, i.e. by passing the document to the RIPA Co-ordinating Officer.

6. Renewal

6.1 Authorisations last for a maximum of 3 months in the first instance and must be renewed if surveillance is to continue beyond this time limit. The Investigating Officer is responsible for ensuring that any application for an extension is made in a timely manner.

6.2 Where it is necessary to extend authorisation the Investigating Officer will complete a Renewal of Directed Surveillance Authorisation form [see Appendix 2] and forward it to the Authorising Officer for approval. The Investigating Officer must then obtain approval for the extension from a Justice of the Peace, using the specified form and supplying the required authorisation documentation, before the expiry of the original authorisation in order for the activity to continue.

6.3 The Authorising Officer will arrange for the original application and renewal approval documentation to be included within the central register of authorisations i.e. by passing them to the RIPA Co-ordinating Officer.

7. Retention of Authorisation Records

7.1 The Senior Responsible Officer will retain records relating to authorisations under RIPA for 3 years from the date authorisation was granted or renewed.

COVERT HUMAN INTELLIGENCE SOURCES

9.1 Applications, Reviews, Cancellations and Extensions apply in relation to CHIS as above, and there are separate forms applicable to such applications [see appendix 2].

9.2 The Authorising Officer should not grant any such application without first seeking legal advice from the RIPA Co-ordinating Officer or in his absence the Council's Deputy Monitoring Officer. In considering such an application the Authorising Officer must have rather to that advice, to this Practice and Procedure guidance, and (as applicable) to the relevant Code of Practice guidance issued by the Home Office entitled 'Covert Surveillance and Property Interference', 'Covert Human Intelligence Sources', 'Protection of Freedoms Act 2012' (see Appendix 2).

APPENDIX 1

LIST OF DESIGNATED PERSONS AND AUTHORISING OFFICERS

Senior Responsible Officer & Authorising Officer	-	Chief Executive
RIPA Co-ordinating Officer & Authorising Officer	-	Director of Law and Governance
Authorising Officer	-	Deputy Chief Executive
Authorising Officer	-	Director of Finance
	-	
	-	
	-	
	-	
	-	
	-	
	-	

In any matter involving “Confidential Information” or the authorisation of a vulnerable individual or a juvenile as a CHIS, the Chief Executive is required to act as the Authorising Officer.

APPENDIX 2

RIPA FORMS

All forms can be downloaded from:

https://www.gov.uk/government/collections/ripa-forms--2

It is your responsibility to ensure that you are using the current version of the RIPA forms. If in doubt – seek advice from the RIPA Co-ordinating Officer.

The form to be used for applications for Magistrate approval, in both the Directed Surveillance and CHIS sections is at:

http://.www.homeoffice.gov.uk/publications/counter-terrorism/ripa-forms/local-authority-ripa-guidance/

Directed Surveillance

1. Application for Directed Surveillance Authorisation
2. Review of Directed Surveillance Authorisation
3. Cancellation of Directed Surveillance Authorisation
4. Renewal of Directed Surveillance Authorisation
5. Magistrate approval of authorisation/renewal.

Cover Human Intelligence Sources

6. Application for use of CHIS
7. Review of CHIS Authorisation
8. Cancellation of CHIS Authorisation
9. Renewal of CHIS Authorisation
10. Magistrate approval of authorisation/renewal.

Please also see:

Home Office Guidance to Local Authorities, at:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/118173/local-authority-england-wales.pdf

In particular, the application process to the Magistrates is explained from page 10 onwards.

Codes of Practice

The Home Office Codes of Practice are available by following the link below.

https://www.gov.uk/government/collections/ripa-codes

It is your responsibility to ensure that you have considered the relevant parts of the relevant Code of Practice. If in doubt – seek advice from the RIPA Co-ordinating Officer.

Appendix C

HAMBLETON DISTRICT COUNCIL

REGULATION OF INVESTIGATORY POWERS ACT 2000

DIRECTED SURVEILLANCE CENTRAL AUTHORISATION REGISTER

RIPA No:	Name and Location:	Description of Operation:	Authorisation Type:	"URN Authorisation"	Officer Authorising (and Grade/Rank and whether Directly Involved in Investigation):	Date Authorised Internally:	Self Authorised Y/N:	Date Approved by Magistrate	Likely to Reveal Confidential Information?	Expiry Date of 3 Months	Review Date:	Renewal Details (when, who, grade/rank)	Cancellation Date	Destruction Date for Material	Officer Responsible for Destruction

Authorisation Type: O = Original Authorisation
R = Renewal Authorisation
A = Amendment

Hambleton District Council

Report To: Audit, Governance and Standards Committee

Date: 20 October 2020

From: Director of Law and Governance (Monitoring Officer)

Subject: **Annual Report – Code of Conduct Complaints**

Portfolio Holder: Governance
Councillor Mrs I Sanderson

Wards Affected: All Wards

1.0 Purpose and Background

1.1 In accordance with the findings in the recent publication by the Committee on Standards in Public Life entitled 'Local Government Ethical Standards – A Review by the Committee on Standards in Public Life', this report sets out the Monitoring Officer's Annual Report on matters relating to ethical governance, including details of any complaint handling activity in relation to allegations of breaches of a code of conduct.

1.2 Having robust ethical governance policies and procedures in place helps to maintain openness, transparency and probity in the way in which the Council conducts its business. This in turn should help increase public confidence in local governance by maintaining high standards of conduct.

2.0 Allegations regarding Code of Conduct Matters

2.1 Between April 2019 and March 2020 the Monitoring Officer received a total of eleven complaints alleging breaches of a Code of Member Conduct. Two of these involved Hambleton District Councillors and nine related to Parish/Town Councillors.

2.2 Of these complaints three were referred to the Standards Hearings Panel for adjudication. The Panel decided in each case that there had been no breach of the applicable Code of Conduct.

2.3 Two Parish councillors resigned from office so the complaints did not proceed.

2.4 A further two complaints did not proceed because the complainants did not respond to repeated requests for further information (which was necessarily required in order to properly assess the allegations).

2.5 The remaining four complaints were dismissed without a hearing because (either) the actions complained of did not fall within the scope of the applicable Codes of Conduct, or the Councillors were acting in a private capacity at the time of the allegations.

2.6 There are no overarching standards issues or themes to report as a result of these complaints.

3.0 Hambleton District Council's Code of Member Conduct

3.1 Following a recommendation from the Committee the full Council (in February 2020) approved an amended Code of Member Conduct for Hambleton District Council, and an amended Register of Interests Form.

4.0 Link to Council Priorities

4.1 This report supports the Council's foundation of strong governance.

5.0 Risk Assessment

5.1 There are no risks associated with this report.

6.0 Financial Implications

6.1 There are no financial implications associated with this report.

7.0 Legal Implications

7.1 It is a requirement that an annual report on code of conduct complaints is presented to the Audit Governance and Standards Committee.

7.0 Equalities and Diversity Issues

7.1 There are no issues associated with this report.

8.0 Recommendation

8.1 That the Committee notes the report of the Monitoring Officer.

Gary Nelson
Director of Law and Governance (Monitoring Officer)

Background papers: None

Author ref: GN

Contact: Gary Nelson
Director of Law and Governance (Monitoring Officer)
Tel: 01609 767012

Hambleton District Council

Report To: Audit, Governance and Standards Committee

Date: 20 October 2020

From: Director of Finance and Commercial (s151 Officer)

Subject: **Annual Review of Committee Terms of Reference**

Portfolio Holder: Governance
Councillor Mrs I Sanderson

Wards Affected: All Wards

1.0 Purpose and Background

1.1 The purpose of this report is to present to Members the results of a review of this Committee's terms of reference.

1.2 The current terms of reference are reproduced at Annex A. These are based upon the model terms of reference recommended by the Chartered Institute of Public Finance (CIPFA) in its publication entitled Audit Committees – Practical Guidance for Local Authorities. They also include terms of reference relating to Standards.

1.3 It is considered good practice for the Committee's terms of reference to be reviewed at least annually.

1.4 The review has established that the existing terms of reference reflect the Committee's work and are still relevant.

2.0 Risk Analysis

2.1 There are no major risks associated with the recommendation in this report.

3.0 Recommendations

3.1 It is recommended to Council that:-

1) the annual review of the Audit, Governance and Standards Committee's terms of reference is noted; and

2) the terms of reference for the Audit, Governance and Standards Committee as set out in Annex A be approved.

Louise Branford-White
Director of Finance and Commercial (s151 officer)

Background papers:	None
Author ref:	LBW
Contact:	Louise Branford-White Director of Finance and Commercial (s151 Officer) Direct Line No: 767024

Annex 'A'

Audit, Governance and Standards Committee and
The Standards Hearings Panel

Matters which may be determined by the Committee:

Audit & Governance

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

- All aspects of internal audit including:-

  - consideration of the Veritau annual report and opinion, and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the Council's corporate governance arrangements;

  - consideration of summaries of specific internal audit reports as requested;

  - approval and monitoring of the annual Audit Plan;

  - consideration of reports dealing with the management and performance of the providers of internal audit services;

  - consideration of reports from Veritau on agreed recommendations not implemented within a reasonable timescale;

  - the commissioning of work from Veritau;

- all aspects of external audit, including:-

  - consideration of the external auditor's annual letter, relevant reports and the report to those charged with governance;

  - consideration of specific reports as agreed with the external auditor;

  - commenting on the scope and depth of external audit work and to ensure that it gives value for money;

  - shall be consulted upon and make recommendations concerning the appointment of the Council's external auditors;

  - the commissioning of work from external audit;

  - consideration of the external auditor's report to those charged with governance on issues arising from the audit of accounts;

- Support effective relationships between external audit and internal audit, inspection agencies and other relevant bodies, and encourage the active promotion of the value of the audit process.

- The review of any issue referred to it by the Chief Executive or the Deputy Chief Executive, or any Council body.

- Consider the effectiveness of the authority's risk management arrangements and the control environment. Review the risk profile of the organisation and assurances that action is being taken on risk-related issues, including partnerships with other organisations.

- Monitor the effectiveness of the control environment, including arrangements for ensuring value for money and for managing the authority's exposure to the risks of fraud and corruption.

- All aspects of counter fraud and anti-corruption, including:-

  - monitoring of Council policies on "Raising Concerns at Work" and the anti-fraud and anti-corruption strategy and the Council's complaints process.

  - Overseeing the production of the Authority's Annual Governance Statement to recommend its adoption.

  - Consideration of the Council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.

- All matters related to the Regulation of Investigatory Powers Act 2000.

<u>Standards:</u>

- To promote and maintain high standards of conduct by Members of the Council.

- To assist Members and co-opted Members of the Council to observe the Council's Code of Conduct.

- To monitor the operation of the Council's Member Code of Conduct and Planning Code.

- To advise, train or arrange training for Members and co-opted Members of the Council on matters relating to the Council's Member Code of Conduct and Planning Code.

- To formulate advice to Members and Officers on declarations of gifts and hospitality. To monitor and keep under review the arrangements for recording interests, gifts and hospitality.

- To review arrangements for designating politically restricted posts.

- To review the operation of the Council's complaints procedures.

- To carry out all of the Council's functions under the Local Government Act 2000 in connection with Parish and Town Councils.

Matters for determination by Cabinet:

Audit and Governance:

- Report to Cabinet as it deems necessary on matters of concern.

Matters for determination by Council:

Audit and Governance:

- All aspects of Corporate Governance, including:-

  - reviewing and making recommendations on changes to the Code of Corporate Governance;

  - monitoring compliance with the Code of Corporate Governance;

  - maintaining an overview of the Council's Constitution including those in respect of procurement procedure rules and financial regulations.

- The review and scrutiny of recommendations made by Cabinet to Council in respect of the Council's Annual Treasury Management Policy including the Annual Investment Strategy.

Standards:

- To advise the Council on the adoption or revision of a Code of Member Conduct and Planning Code.

- To formulate and recommend Codes of Conduct for Officers and keep them under review.

- To recommend protocols on Member/employee relations and to review its operation.

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Hambleton District Council

Report To: Audit, Governance and Standards Committee

Date: 20 October 2020

From: Director of Law and Governance (Monitoring Officer)

Subject: **Politically Restricted Posts**

Portfolio Holder: Governance
Councillor Mrs I Sanderson

Wards Affected: All Wards

1.0 Purpose and Background

1.1 As part of its functions the Committee is responsible for approving the list of politically restricted posts. This report asks the Committee to review the list because of re-organisation and changes in job titles within the Council.

1.2 Under the Local Government and Housing Act 1989 certain posts within the Council are politically restricted. This means that persons within those posts are prevented from becoming or remaining Members of a Local Authority or indeed standing for election to parliament. Every Local Authority has to maintain a list of politically restricted posts. Certain categories of Officer are required to be on the list.

1.3 Those required to be the list on the list are:-

(a) Head of the Authority's Paid Service;
(b) any Statutory Chief Officer;
(c) any Non-Statutory Chief Officer;
(d) a Deputy Chief Officer (Head of Service);
(e) a Monitoring Officer;
(f) any Political Assistants;
(g) those posts where in the Council's opinion the Officer gives advice on a regular basis to the Council, the Cabinet or any Committee or Member of the Cabinet.

1.4 The Council is required to deposit the list with the Proper Officer and to deposit any subsequent lists with the Proper Officer. The Proper Officer is the person designated from time to time by the Council for that purpose (currently the Chief Executive).

1.5 It is also deemed to be a condition of the employment of all those in politically restricted posts that their political activities are restricted in accordance with the Act.

1.6 Attached as an Annex is the proposed revised list. This takes on board recent changes in staffing. In respect of the category of "Other Officers", the Committee needs to be satisfied that they give advice on a regular basis to the Council, Cabinet, Committees or Members of the Cabinet or they speak on behalf of the Council on a regular basis to journalists or broadcasters.

2.0 Recommendation

2.1 It is recommended that the list attached to the report be approved.

Gary Nelson
Director of Law and Governance (Monitoring Officer)

Background papers:	None
Author ref:	GN
Contact:	Gary Nelson Director of Law and Governance (Monitoring Officer) Direct Line No: (01609) 767012

Annex

Local Government and Housing Act 1989

Politically Restricted Posts

Chief Officers:

Chief Executive
Deputy Chief Executive

Other Officers

Director of Economy and Planning
Director of Environment
Director of Finance and Commercial (S151 Officer)
Director of Law and Governance (Monitoring Officer)
Director of Leisure and Communities
Head of Service – Commercial and Programme Management
Head of Service – Economy and Planning
Corporate Finance Manager
Corporate Facilities Manager
Corporate Communications Manager
Senior Communications and Media Officer
Development Managers
Business and Economy Managers
Environmental Health Manager
Legal Manager
Taxation and Benefit Manager
Housing and Planning Policy Manager
Waste and Street Scene – Operations Manager
Waste and Street Scene – Technical Support Manager
Customer Services & Communications Manager
ICT Manager
Business and Economy Officers
Democratic Services Officer
Democratic Services Assistant

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Hambleton District Council

Report To:	Audit, Governance and Standards Committee
Date:	20 October 2020
From:	Director of Finance and Commercial (s151 Officer)
Subject:	**Annual Report to Cabinet on Audit, Governance and Standards Committee Activities 2019/20**
Portfolio Holder:	Governance Councillor Mrs I Sanderson
Wards Affected:	All Wards

1.0 Purpose and Background

1.1 The purpose of this report is to consider a draft report which analyses the work undertaken by the Audit, Governance and Standards Committee for the year to 31 March 2020. Under the Committee's Terms of Reference, it is proposed that the report will be presented at Cabinet in November 2020. The draft report is attached as Annex 'A'.

1.2 In 2019/20, due to the Covid-19 pandemic, the last meeting of the Committee to be held on 31 March 2020 did not occur and therefore two reports were approved under the delegated decision of the Chief Executive: Statutory Auditor – Audit Plan 2020/21 and Internal Audit plan 2020/21. These reports are available on the website. A further two reports, Review of Annual treasury Management Strategy 2-20/21 and Review of the Capital Strategy 2020/21 were approved at Council in February 2020 in the usual way and any further reports are to be presented to Audit Governance and Standard Committee on this agenda at this October 2020 meeting.

2.0 Risk Assessment

2.1 There are no risks associated with the recommendations of this report.

3.0 Recommendation

3.1 It is recommended that:-

(1) the Committee agree the content of the report; and

(2) the report is submitted to Cabinet.

Louise Branford-White
Director of Finance and Commercial (s151 officer)

Background papers:	Audit, Governance and Standards Committee reports for 2019/20
Author ref:	LBW
Contact:	Louise Branford-White Director of Finance and Commercial (s151 Officer) Direct Line No: 01609 767024

Annex 'A'

Audit, Governance and Standards Committee

Work Undertaken During 2019/20

1. External Audit – Ernst & Young LLP

Ernst & Young, as the Council's external auditor from April 2019 to March 2020, presented reports that covered:-

- Statutory Auditor's report on the 2018/19 Audit and Inspection Letter – this summarises the conclusions and significant issues arising from the audit and inspection work of the Council's Financial Report, including the Statement of Accounts 2018/19 and Annual Governance Statement; the Annual 2018/19 Accounts were approved;

- Annual Audit Letter 2018/19 - an unqualified opinion on the Council's financial statements for the year ended 31 March 2019 was given and an unmodified conclusion on the Council's arrangements for securing value for money for the year ended 31 March 2019;

- Quarterly update reports on their activities with the Council;

- Statutory Auditor's Annual Grant Claims and Returns 2018/19 was noted.

It is pleasing to note that these reports did not identify any significant problems and were received and accepted by the Committee.

The Audit Planning Report 2019/20 - which sets out the proposed plan for audit and inspection work - did not go to Audit Governance and Standards Committee on 31 March 2020 as scheduled due to the covid-19 pandemic where the meeting was cancelled. Instead the Audit Planning Report 2019/20 was published on the website under the Chief Executives delegated decision.

2. Internal Audit – Veritau North Yorkshire Ltd

- Presented the 2018/19 Internal Audit Annual Report, where a substantial assurance opinion of the organisation was given. The Report was accepted;

- Presented the 2018/19 Annual Governance Statement which provided public assurance that the Council has a sound system of internal control, designed to help manage and control risks that impede the achievement of its objectives. This was approved;

- Gave a comparison of the actual performance against target throughout the year in the quarterly reviews for internal audit and counter fraud. The Committee was

satisfied with the performance and the internal audit review programme was completed in the year;

- Provided an update on the annual review of the Audit Vision and Charter;

- Veritau North Yorkshire Expansion Plans – This sought shareholder approval for the re-admittance of Scarborough Borough Council into Veritau North Yorkshire Ltd. Veritau North Yorkshire supplies Assurance Services to Hambleton District Council – Internal Audit, Fraud, Freedom of Information and General Data Protection Regulation services.

The Veritau Internal Audit, Counter Fraud and Information Governance Plans 2020/21 did not go to Audit Governance and Standards Committee on 31 March 2020 as scheduled due to the covid-19 pandemic where the meeting was cancelled. Instead the Veritau Internal Audit Plan 2020/21 was published on the website under the Chief Executives delegated decision.

3. Accounts and Governance – Hambleton District Council Officers

These reports cover the presentation of:

- The Statement of Accounts 2018/19– these present the statutory financial accounts in the form prescribed by the Code of Practice on Local Authority Accounting in the UK – A Statement of Recommended Practice. The Committee scrutinised the detail of the accounts and after a robust challenge approved them;

- The Annual Governance Statement (AGS) for 2018/19– this a statement required by statute which follows the guidelines issued by the Chartered Institute of Public Finance (CIPFA). It describes the internal control environment and the steps the Council has taken to ensure:-
    - its business is undertaken in accordance with the law;
    - it maintains proper safeguards that provide good governance;
    - public money is safeguarded, and;
    - its resources are used economically, efficiently and effectively.

  The Committee agreed with the conclusion of the review and approved the content of the AGS.

4. Risk Management – Hambleton District Council Officers

The Committee received an Annual Review of the Council's risk management process where As a result of work carried out by the Strategic Risk Management Group during 2018-19, the Council's Risk Management Framework had been updated, The Project Risks had been reviewed and aligned with the Key Corporate Projects as identified in the Council Plan for 2019-13, the Service Risks with a net risk threshold of 12 and Corporate Risks had also been reviewed with all three areas of risk being updated in the risk register.

5. Counter Fraud and Anti-Corruption - Hambleton District Council Officers

- Annual Report on Counter Fraud and Anti-Corruption 2018/19 was reported and accepted.

- The Counter Fraud Framework Update was reported

6. Constitution and other work

The Committee received reports covering:-

- Politically Restricted Posts – review of the list of politically restricted posts because of re-organisation and changes in job titles within the Council.

- Activity under the Regulation of Investigatory Powers Act reported on a quarterly basis where all were nil and were accepted. Also the current Policy on the Regulation of Investigatory Powers Act was approved.

- Annual report to Cabinet on Committee's activities for 2018/19.

- Amendments to the constitution

- Annual review of the Committee's Terms of Reference

- Amendments to Member Code of Conduct and Member Register of Interests Form

7. Standards

The Committee has responsibility for the Standards regime. The Standards Hearings Panel has considered 11 complaints under the District Council's Code of Conduct Allegations Procedure. Two of these complaints involved Hambleton District Councillors and 9 related to Parish/Town Councils.

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Hambleton District Council

Report To:	Audit, Governance and Standards Committee
Date:	20 October 2020
From:	Director of Finance and Commercial (s151 Officer)
Subject:	**Internal Audit and Counter Fraud Annual report 2019/20**
Portfolio Holder:	Governance Councillor Mrs I Sanderson
Wards Affected:	All Wards

1.0 Purpose and Background

1.1 The provision of Internal Audit is a statutory requirement (Accounts & Audit Regulations 2015). The council has formalised its arrangements for internal audit within the Audit Charter. Internal Audit work is undertaken by Veritau who carries out work in accordance with the Public Sector Internal Audit Standards (PSIAS).

1.2 In accordance with chapter 5 of the council's Audit Charter, 'The Head of Internal Audit is required to provide an annual report to the Audit, Governance and Standards Committee. The report will be used by the Committee to inform its consideration of the Council's annual governance statement.'

1.3 The annual report summarises the outcomes of audit work undertaken in 2019/20. The report provides an opinion on the overall adequacy and effectiveness of the authority's framework of governance, risk management and control. Further information on the report is included in paragraph 2.4.

1.4 The report updates the Committee on counter fraud work undertaken in 2019/20, as detailed in Appendix 1 to the supporting report contained in Annex 2. Also included in the agenda is the annual Counter Fraud Framework Update report.

2.0 The Report

2.1 The 2019/20 Audit Plan was approved by this committee in March 2019. The Audit Plan focused on high risk areas and those processes which contribute most to the achievement of the council's corporate priorities and objectives.

2.2 The results of completed audit work have been reported to relevant officers during the year. Appendix 1 in Annex 1 provides details of the 2019/20 completed work.

2.3 Internal Audit normally measures performance by the number of audit reports issued in the year compared to the agreed plan. Due to Covid-19 most audit work in progress had to be suspended in March 2020. This included some audits where the fieldwork had been substantially completed. Where appropriate, work was finalised and reports were issued but it has not been possible to complete all of the previously planned audit work

2.4 Details of the audits finalised since the last report to this committee in January 2020 are included in Appendix 2 to the supporting report contained in Annex 1. The audit opinions definitions for 2019/20 are outlined in Appendix 3.

2.5 The overall opinion of the Head of Internal Audit on the framework of governance, risk management and control operating within the Council is that it provides **Substantial Assurance**. No reliance was placed on the work of other assurance bodies in reaching this opinion.

2.6 This opinion is however qualified in light of the current coronavirus pandemic and the impact of this on the council. The opinion is based on internal audit work undertaken, and substantially completed, prior to emergency measures being implemented as a result of the pandemic. These measures have resulted in a significant level of strain being placed on normal procedures and control arrangements. The level of impact is also changing as the situation develops. It is therefore not possible to quantify the additional risk arising from the current short term measures or the overall impact on the framework of governance, risk management and control.

2.7 On an ongoing basis, internal audit follow up previous audit findings to ensure control weaknesses have been addressed. The outcomes from this work show that management continue to address issues raised in audit reports. There are no specific concerns to report as a result of follow up work in 2019/20.

2.8 Veritau maintains a quality assurance and improvement programme (QAIP) to ensure that internal audit work is conducted to the required professional standards. These quality assurance arrangements include ongoing operational procedures, annual internal self-assessment against the PSIAS, and periodic external assessment. The last external assessment of Veritau's arrangements was undertaken in 2018 by the South West Audit Partnership. The outcome from the review demonstrated that the service provided by Veritau conforms to professional standards. Further details of quality assurance arrangements and an improvement action plan are included in Appendix 5 of Annex 1.

2.9 Counter fraud work has been undertaken in accordance with the approved plan. The achieved £15,885 in savings against a target of £16,000 for the year. Annex 2 provides a summary of the work undertaken in 2019/20 and the outcomes.

3.0 Link to Council Priorities

3.1 The work of internal audit supports the council's overall aims and priorities by promoting probity, integrity and honesty and by helping support the council to become a more effective organisation.

4.0 Risk Assessment

4.1 There are no risks associated with this report.

5.0 Financial Implications

5.1 There are no financial implications associated with this report.

6.0 Legal Implications

6.1 There are no legal implications associated with the recommendations in the report.

7.0 Equalities and Diversity Issues

7.1 Equality and Diversity Issues have been considered. There are no issues associated with this report.

8.0 Recommendation

8.1 Members of the Committee are asked to:-

a) note the results of the audit and counter fraud work undertaken in 2019/20; and

b) accept the opinion of the Head of Internal Audit on the framework of governance, risk management and control operating within the Council.

Louise Branford-White
Director of Finance and Commercial (s151 Officer)

Background papers: None

Author ref: SC/JD

Contacts: Stuart Cutts, Assistant Director – Audit Assurance
The Veritau Group
stuart.cutts@veritau.co.uk

Jonathan Dodsworth, Assistant Director – Corporate Fraud
The Veritau Group
johnathan.dodsworth@veritau.co.uk

Annex 1

Hambleton District Council

Internal Audit Annual Report

2019/20

Assistant Director – Audit Assurance: Stuart Cutts
Head of Internal Audit: Max Thomas

Circulation List: Members of the Audit, Governance & Standards Committee
Director of Finance and Commercial (s151 officer)

Date: 20 October 2020

Background

1 The work of internal audit is governed by the Accounts and Audit Regulations 2015, relevant professional standards and the District Council's Internal Audit Charter. The applicable standards for local government are the Public Sector Internal Audit Standards (PSIAS). These comply with the international standards issued by the global Institute of Internal Auditors (IIA).

2 In connection with reporting, the relevant PSIAS standard (2450) states that the Chief Audit Executive (CAE)[1] should provide an annual report to the board[2]. The report should include:

(a) details of the scope of the work undertaken and the time period to which the opinion refers (together with disclosure of any restrictions in the scope of that work)

(b) a summary of the audit work from which the opinion is derived (including details of the reliance placed on the work of other assurance bodies)

(c) an opinion on the overall adequacy and effectiveness of the organisation's governance, risk and control framework (i.e. the control environment)

(d) disclosure of any qualifications to that opinion, together with the reasons for that qualification

(e) details of any issues which the CAE judges are of particular relevance to the preparation of the Annual Governance Statement

(f) a statement on conformance with the PSIAS and the results of the internal audit Quality Assurance and Improvement Programme

Internal audit work completed in 2019/20

3 During 2019/20, internal audit work was carried out across a range of the council's activities. The main areas of internal audit activity included:

- **Financial systems** – Work in this area provides assurance to the council on the adequacy and effectiveness of financial system controls. This work helps to provides assurance to the Authority the risk of financial loss is minimised.

- **Performance and Improvement** – to help provide support on organisational improvement and to help drive continuous improvement.

- **Operational Systems** – providing assurance on operational systems and processes which support service delivery.

- **Governance and Risk Management** – providing assurance on governance and systems to manage risks to the achievement of corporate objectives.

[1] The PSIAS refers to the Chief Audit Executive. This is taken to be the Head of Internal Audit.
[2] The PSIAS refers to the board. This is taken to be the Audit and Performance Review Committee.

- **General Advice and Support** – We provide regular advice and support to officers on a range of specific business and internal control issues. This work helps to provide 'real time' feedback on areas of importance to the Council.

- **Financial assessments;** this work supports the assurance process by using financial reports obtained from Experian (Credit Rating Agency) to assess the financial standing of potential contractors.

- **Follow up of previously raised findings** - it is important that agreed actions are followed up to ensure that they have been implemented. Veritau follow up agreed actions on a regular basis during the year taking account of the timescales previously agreed with management for implementation. Our work shows that generally, good progress has been made by management during the year to address previously identified control weaknesses.

4 Appendix 1 provides a summary of the audit work carried out in the year, and the opinions given for each completed audit. Due to Covid-19 audit work was suspended in March 2020 by the Director of Finance and Commercial (s151 officer). This included some audits where the fieldwork had been substantially completed. Where appropriate work was finalised and reports issued but it has not been possible to complete all of the previously planned audit work.

5 Work has been reported to this committee during the course of the year as part of regular monitoring reports. Details of work not previously reported to the committee are included in Appendix 2. The opinions and priority rankings used by Veritau are detailed in Appendix 3.

Compliance with Professional Standards

6 Veritau maintains a quality assurance and improvement programme (QAIP) to ensure that internal audit work is conducted to the required professional standards. As well as undertaking an annual survey of senior management in each client organisation and completing a detailed self-assessment to evaluate performance against the Standards, the service is also subject to a periodic external assessment. As previously report to the Committee, an external assessment of Veritau internal audit working practices was undertaken in November 2018 by the South West Audit Partnership (SWAP). SWAP is a not for profit public services company operating primarily in the South West of England. The assessment concluded that Veritau internal audit activity generally conforms to the PSIAS[3] and, overall, the findings were very positive.

7 The outcome of the QAIP demonstrates that the service conforms to International Standards for the Professional Practice of Internal Auditing. Further details of the QAIP and an Improvement Action Plan prepared by Veritau are given in Appendix 5.

[3] PSIAS guidance suggests a scale of three ratings, 'generally conforms, 'partially conforms' and 'does not conform'. 'Generally conforms' is the top rating.

2019/20 Audit Opinion and Assurance Statement

8 The overall opinion of the Head of Internal Audit on the framework of governance, risk management and control operating at the council is that it provides **Substantial Assurance**. No reliance was placed on the work of other assurance bodies in reaching the opinion. There are also no significant control weaknesses which, in the opinion of the Head of Internal Audit, need to be considered for inclusion in the Annual Governance Statement.

9 This opinion is however qualified in light of the current coronavirus pandemic and the impact of this on the Council. The opinion is based on internal audit work undertaken, and substantially completed, prior to emergency measures being implemented as a result of the pandemic. These measures have resulted in a significant level of strain being placed on normal procedures and control arrangements. The level of impact is also changing as the situation develops. It is therefore not possible to quantify the additional risk arising from the current short term measures or the overall impact on the framework of governance, risk management and control.

Other Matters

Supporting on Covid 19 risks

10 Veritau set up a Covid-19 Response Team to provide timely advice and support to our member councils to help them to manage the fraud risks and other challenges caused by the pandemic. A specific Covid-19 fraud risk assessment was completed for the Council in April 2020, with targeted actions to reduce the emerging fraud risks. We are working closely with officers during 2020/21 and providing guidance and support (including individual case review) to help manage the risks emerging linked to the pandemic.

Audit progress in 2020/21

11 An audit plan covering 2020/21 had been prepared and submitted in advance of the March 2020 committee, which was ultimately cancelled due to the pandemic. During June and July 2020 we met again with relevant senior managers and updated our knowledge and understanding of the key risks of the council. Following this an updated plan was prepared and agreed with the Director of Finance and Commercial (s151 officer).

12 We have agreed timings with management for the 2020/21 audits. Six audits have started and we expect two to reach draft report stage in October 2020.

Updated Opinion ratings for 2020/21

13 In February 2020 CIPFA issued guidance on the use of audit opinions by local authority internal audit teams. The guidance includes a recommendation that standard opinions and definitions should be adopted by the sector.

14 Part of the rationale was that the changes would provide more clarity, improve understanding and allow for easier comparison between organisations. Following consideration of the guidance, including discussions with our client s151 officers and other heads of internal audit, Veritau have adopted this new guidance for future audits.

15 The main change for 2020/21 onwards is that there are now four levels of opinion, compared to the previous five. The updated opinion definitions are included in Appendix 4. For ease of reference (so members can see the grading and wording differences) the opinion definitions which covered 2019/20 are included in Appendix 3. No changes have been made to our priority level for actions.

Max Thomas
Director and Head of Internal Audit
Veritau Ltd
20 October 2020

Appendix 1

Audit	Status	Assurance Level	Audit Committee
Director of Finance and Commercial (s151 Officer)			
Revenues and Benefits			
Benefits	Cancelled		
Revenues	**Final Report**	**Substantial Assurance**	**October 2020**
Corporate Finance			
Payroll	Cancelled		
Creditors	Cancelled		
Sundry Debtors	**Final Report**	**Substantial Assurance**	**October 2020**
Income: Fees, Charges and Collection	**Final Report**	**High Assurance**	**October 2020**
Performance and Information Technology			
Risk Management	**Final Report**	**Substantial Assurance**	**October 2020**
Project Management	Cancelled		
Digitalisation	Cancelled		
ICT – Cloud Based Applications	**Final Report**	**Substantial Assurance**	**October 2020**
Director of Economy and Planning			
Disabled Facilities Grants	**Final Report**	**High Assurance**	**October 2020**
Section 106 Agreements	**Final Report**	**Reasonable Assurance**	**October 2020**
Homelessness	**Final Report**	**High Assurance**	**January 2020**
Economic Development	Cancelled		
Director of Leisure and Communities			
Repairs and Maintenance at Leisure Centres	**Final Report**	**Limited Assurance**	**January 2020**
Flexible Working	**Final Report**	**Reasonable Assurance**	**October 2020**
Community Safety and Safer Hambleton Hub	Cancelled		
Director of Law and Governance			
New starters	**Final Report**	**Reasonable Assurance**	**October 2019**
Projects			
Assurance Mapping	**Completed**		
Commercial Initiatives	Cancelled		

Appendix 2

Summary of key issues from finalised 2019/20 audits not previously reported to committee

System/Area	Opinion	Area Reviewed	Final Report Date Issued	Comments	Management Actions Agreed
Revenues	Substantial Assurance	The integration of three council teams (Benefits, Revenues, and Recovery) was finalised in May 2019, with the aim of increasing flexibility, efficiency and the resilience of the service. GovTech's 'webCAPTURE' system was also implemented to help digitise aspects of service delivery such as fully updating accounts when updated information is provided. The audit provided assurance to management that: • Proposed new working practices and structures were in place and documented • Processes ensured accurate categorising, billing and collection of Council Tax and NNDR • the GovTech system had helped automate and improve the efficiency of work tasks	June 2020	**Strengths:** New working practices and structures have become operational. Performance monitoring arrangements are in place to ensure accurate bills are sent out and any emerging patterns are monitored. Common issues and errors are discussed in team meetings and 121s. Tasks are largely being performed accurately post-merge. Good arrangements are in place to reconcile the Council's property records to those of the Valuation Office (VO). Billing, collection and recovery of both Council Tax and NNDR was accurate with all relevant steps of the recovery process being followed from the sample tested. **Areas for Improvement:** Procedure notes for new working practices and structures were not fully documented. These were in-progress (Work had started in October 2019 with a consultant who is writing the necessary procedures for the council). Aspects of the GovTech system has not significantly improved efficiency. One area is to direct people to complete online change of circumstances forms. Only 41% of change in circumstance cases we reviewed had been completed electronically. For those online changes, seven of the ten we reviewed had created errors on the account. Only 10% of the changes in occupancy cases had led to cases being able to be automatically updated.	Process maps for all agreed procedures and full procedure manuals will be prepared. Working with the consultant it is planned for all work to be completed by 30 September 2020. It is recognised the online forms need improving and this has since been discussed with GovTech. A revised set of forms will be introduced to allow some data population on the forms from customer records to reduce accidental errors and the double entering of data. The level of automation that we can introduce to procedures is also being monitored. Where appropriate we will seek to enhance the level of automation achievable. It is planned for all relevant work reviewing the GovTech system to be completed by 30 September 2020.

System/Area	Opinion	Area Reviewed	Final Report Date Issued	Comments	Management Actions Agreed
Sundry Debtors	Substantial Assurance	Procedures and controls within the sundry debtors system were reviewed to ensure • invoices are raised in a timely manner • debt recovery timescales and procedures in the Corporate Debt Policy are followed • the debt write-off procedure in the Corporate Debt Policy is followed • previously raised areas for improvement had been addressed	March 2020	**Strengths:** Sundry debtor invoices were being raised in a timely manner. Policy timescales were being followed when sending out the reminder notice letter and the final notice letter. Appropriate recovery action had taken place prior to debts being written off. Some progress had been made addressing previous issues raised. Officers were waiting for the new debtors system to introduce other improvements. Plans were in place to address those areas not fully addressed as part of the rollout of the new sundry debtor system in 2020/21. **Areas for Improvement:** There were two instances where there was no contact between a debtor and the council for more than two years. There was a lack of supporting information to confirm some non-Housing Benefit debts (under £5,000) had been written off by the Taxation and Benefit Manager in conjunction with the relevant service manager.	The new system will be introduced and monitored during 2020/21. The system will provide more robust and automated reports on payments in default (to replace manual identification from a spreadsheet) speeding up the identification of cases which need attention. To assist in identifying non Housing Benefit debt the write off spreadsheet has been amended to more easily identify those debts for discussion. Veritau will follow up the progress made addressing previously raised issues as part of the 2020/21 work on sundry debtors which has recently started.
Income: Fees, Charges and Collection	High Assurance	The audit reviewed the procedures and controls at the Stokesley and Easingwold customer service offices to ensure: • cash collection and processing operations were working in line with approved procedures	March 2020	**Strengths:** Controls for security of cash and banking were appropriate. Up to date procedures for cash collection were in place and being followed. Access arrangements and the safe were secure. Arrangements for the collection of income were suitable and working in line with policy. Appropriate processes were in place for reporting and investigating any collection or deposit variances. Electronic payments are being promoted and a year on	In September 2020 the council's Senior Management Team approved the Fees and Charges revised process. The process requires all fees and charges to be review, subject to appropriate challenge and documentation be provided for scrutiny. A challenge panel will be set up to focus on income

System/Area	Opinion	Area Reviewed	Final Report Date Issued	Comments	Management Actions Agreed
		• all cash income was securely stored • access to cash was restricted to only appropriate officers • arrangements for the collection and recording of income were secure. Work also considered the progress made in writing and introducing a corporate wide Income Strategy.		year comparison of payment methods is undertaken on an ongoing basis by finance officers to assess take up. At the time of the audit, 74% of payments were being made electronically. Cash receipting and collection findings relating to previous audits have been appropriately addressed. **Area for Improvement:** A written Income Strategy is not in place. It is planned for a written strategy to be prepared prior to the start of the 2021/22 budget setting process.	generation for the council. For the 2021/22 budget, all service managers will complete their fees and charges by early October 2020. The challenge panel will meet with services managers later on in October to discuss and consider the fees and charges proposed.
Risk Management	Substantial Assurance	The audit provided assurance to management that procedures and controls within the system ensured that: • The Risk Management Framework was fit for purpose • The council had identified risks which had then been assessed, monitored and managed appropriately • Risks were included as part of service plans, recorded in the Risk Register and reported on when required under the Framework	September 2020	**Strengths:** Overall the Risk Management Framework was fit for purpose. From the sample of risks reviewed we saw that each risk had a responsible officer, and a risk manager recorded. Each risk had an action plan and timeline. Corporate risks were being recorded and were reflected in the service risk registers. Each service area had their own service risk register, which were reviewed quarterly. There is a timetable which the services must adhere to and this has worked effectively. **Areas for Improvement:** There are no guidelines on how to complete the action plan section in the risk register, including making it clear when an action has been completed. It was unclear if an action had been completed, or whether there had been a failure to update the timeline.	Risk managers have expressed a need for further guidance on action plans which will be considered in task and finish groups in November 2020. As part of the groups, service managers will be reminded that in order to show that risks have been reviewed the date in the timeline column should be updated. Any improvements to the link between service and project risks will also be considered. A deadline of 31 December 2020 has been set to complete all relevant actions.

System/Area	Opinion	Area Reviewed	Final Report Date Issued	Comments	Management Actions Agreed
		• Good quality and effective risk reduction actions were contained within the (service/corporate) risk register		In some cases, there was no clear link between the service risk register and project risk registers. Reference was made to a project risk register, but no reduction actions were included in the service register.	
ICT – Cloud Based Applications	Substantial Assurance	A review of cloud based application processes was undertaken to ensure that before the council use a cloud based application: • checks were carried out in line with the National Cyber Security Centre's Cloud Security Guidance to confirm data will be stored and transmitted securely • an assessment was carried out to ensure it is an appropriate and cost-effective solution.	March 2020	**Strengths:** In September 2018 the council introduced its own internal New Systems Checklist. Requirements for cloud based applications, in the guidance, are in line with the 14 National Cyber Security Centre's cloud security principles. For all systems the council has procured after the checklist had been implemented, the council had requested that the supplier fill in the checklist. In each case, the supplier had conformed to best practice provided by the National Cyber Security Centre and had provided evidence of security certification. **Areas for Improvement:** The council could ask some additional questions to ensure the council's data is transmitted and stored securely. The decision of whether to undertake these additional checks may be determined by the inherent risk of the application. Eight of the eleven cloud based applications the council use were procured before the checklist was in place. The council should consider sending the New Supplier Checklist to existing suppliers of cloud based applications. This will help provide assurance that the Council's data is being stored and transmitted securely.	Officers recognised that refinements to arrangements could be made. Planned attendance at an external workshop on supplier security did not happen due to the pandemic and has since been rescheduled for October 2020. Following attendance at the workshop: • the supplier questionnaire will be reviewed and amendments made as appropriate. • Officers will review the frequency of issuing of security questionnaires to current suppliers and decide whether to send the survey to existing suppliers that have not previously completed it. It is expected all actions will be completed by the end of November 2020.
Disabled	High	The audit provided	March 2020	**Strengths:**	The amended Housing

System/Area	Opinion	Area Reviewed	Final Report Date Issued	Comments	Management Actions Agreed
Facilities Grants	Assurance	assurance to management that procedures and controls for Disabled Facilities Grants ensured that: • There were effective policies and procedures in place, to ensure the Council were fulfilling their statutory duties. • All expenditure was identified and managed appropriately • Management arrangements were in place to oversee the elements of the service run by other bodies		Expenditure was being managed appropriately. Invoices had been authorised at an appropriate level. All cases tested had VAT accounted for correctly in line with statutory guidelines. Monthly Project Management Board meetings are carried out to approve cases where a grant top up is required for a complex case. Quarterly meetings with all relevant parties (such as Richmondshire District Council, Occupational Therapists and the Housing Improvement Agency) help to ensure cases are appropriately discussed. **Area for Improvement:** The Private Sector Housing Assistance Policy, which includes the Disabled Facilities Grant procedure, was last updated in February 2018. A small number of working practices had changed within that time but the policy had not been updated to reflect these.	Assistance Policy, which incorporates all agreed recommendations, was approved and circulated in June 2020 (delayed due to Covid restrictions on Cabinet) and can be found publicly on the HDC website.
Section 106 Agreements	Reasonable Assurance	The audit reviewed the systems and processes that help ensure: • s106 agreements were being consistently considered and applied for all major planning applications • regular and accurate monitoring and reporting arrangements were in place • agreements were being drafted in a timely manner	February 2020	**Strengths:** All relevant major planning applications over the last 10 years were considered for s106 agreements. Agreements were generally drafted in a timely manner. In cases with lengthy delays this was due to the complex nature of the applications. Terms for the s106 agreements were sent promptly to the Legal Service. Testing of approved s106 agreements showed that in each case, the report to the planning committee included details of the relevant planning policies and how these were to be applied. **Areas for Improvement:**	Wider systems of planning are being considered for 2020/21 following on from the IESE consultant review and proposed changes to structures. Some external The Uniform process has been amended to ensure consistency of completion so the system accurately identifies all agreements. A new monitoring system will be developed to ensure payments are highlighted, prior to implementation of a new

System/Area	Opinion	Area Reviewed	Final Report Date Issued	Comments	Management Actions Agreed
		• income was being collected promptly and all monies were spent prior to deadline dates. This work has helped to support the wider work being done on the Planning systems and processes by the Council.		There is no IT system in place to record and monitor s106 agreements. The s106 spreadsheet is completed based upon information provided by planning officers and is not reconciled to planning records to ensure all s106 agreements are included. The Uniform planning system indicator for a S106 agreement is not completed reliably. There is no formal process to identify when payments should be received. Current processes rely upon manual monitoring, which is inefficient. No formal controls are in place to ensure all receipts are spent within deadlines specified for each s106 agreement. There is no reconciliation between the general ledger and spreadsheet records used to manage S106 income and expenditure.	Development Management Information and Data System. An additional spreadsheet with the relevant information has been produced to set out approaching deadlines for s106 funds – this is regularly circulated to relevant officers. Quarterly meetings will be set up with relevant officers to ensure feedback is received about how s106 funds have been used. A meeting was undertaken with finance officers to discuss implementing a process to reconcile the general ledger and other s106 records. External resource to also help support improvements in s106 arrangements is being used.
Flexible Working	Reasonable Assurance	The audit provided assurance to management that procedures and controls within the system ensured that: • Robust flexible working policies and procedures were in place and understood by staff members • Flexible working policies and procedures were consistently followed and	April 2020	**Strengths:** There were up to date policies and procedures for flexible working arrangements. On the whole flexi-sheets were being completed accurately and in line with policy. Staff were complying with the required rest periods and working hours. Flexi-leave and Time off in Lieu (TOIL) requests had been appropriately authorised by the relevant manager. Staff working in Leisure and Communities do not regularly participate in homeworking. We reviewed the documentation in place for the employee who works entirely from home and the necessary documentation had	The standard corporate flexi timesheet will be used for all eligible members of staff. We will ensure flexi timesheets are completed on a daily basis. Policy and practice on paid lunches will be reviewed and a new system will be implemented, where necessary. Service managers will ensure periodic checks of the flexi-system take place on a

System/Area	Opinion	Area Reviewed	Final Report Date Issued	Comments	Management Actions Agreed
		appropriate monitoring arrangements were in place. The audit included a review of the Leisure and Communities service area. The audit did not include a review of other service areas.		been completed. **Areas for Improvement:** Those working in one section of the service were using a different version of the standard corporate flexi-sheet. This version of the flexi-sheet has some weaknesses which had resulted in some manual errors. There were also inconsistencies in time recording, who had access to the flexi-time system, and the use of paid lunch breaks in the Leisure Centres. Some input/human errors were found on the flexi-sheets and had not been picked up by management supervision checking. There were also some instances of non-compliance with rest breaks and carry forward balances. Some staff were not taking Time off in Lieu (TOIL) within 6 months of accrual and for those working in Operational Delivery there was no record on the flexi-sheet of time accrued as Time off in Lieu (TOIL), so this cannot be monitored and this was not recorded on iTrent.	minimum of a monthly basis, and will undertake a dip-sample of other service manager areas if/as required. Service managers will ensure all employees are taking the minimum of a 20 minute lunch break each day. All lunch breaks will be recorded within the standard corporate flexi timesheet on a daily basis. Time off in Lieu (TOIL) records should be monitored by Managers. All employees eligible for the flexi time system will be trained in the corporate policy.

Appendix 3

Audit Opinions and Priorities for Actions – 2019/20

Audit Opinions	
Audit work is based on sampling transactions to test the operation of systems. It cannot guarantee the elimination of fraud or error. Our opinion is based on the risks we identify at the time of the audit. Our overall audit opinion is based on 5 grades of opinion, as set out below.	
Opinion	**Assessment of internal control**
High Assurance	Overall, very good management of risk. An effective control environment appears to be in operation.
Substantial Assurance	Overall, good management of risk with few weaknesses identified. An effective control environment is in operation but there is scope for further improvement in the areas identified.
Reasonable Assurance	Overall, satisfactory management of risk with a number of weaknesses identified. An acceptable control environment is in operation but there are a number of improvements that could be made.
Limited Assurance	Overall, poor management of risk with significant control weaknesses in key areas and major improvements required before an effective control environment will be in operation.
No Assurance	Overall, there is a fundamental failure in control and risks are not being effectively managed. A number of key areas require substantial improvement to protect the system from error and abuse.

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

Appendix 4

Audit Opinions and Priorities for Actions – 2020/21 onwards (NEW)

Audit Opinions

Our work is based on using a variety of audit techniques to test the operation of systems. This may include sampling and data analysis of wider populations. It cannot guarantee the elimination of fraud or error. Our opinion relates only to the objectives set out in the audit scope and is based on risks related to those objectives that we identify at the time of the audit.

Our overall audit opinion is now based on 4 grades of opinion, as set out below.

Opinion	Assessment of internal control
Substantial Assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable Assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited Assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

There are circumstances when it's not appropriate to give an opinion, for example fact finding work, grant claims, projects, and consultancy work. When no opinion is given this is not to be confused with a no assurance opinion.

Priorities for Actions

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

Appendix 5

VERITAU

INTERNAL AUDIT QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME

1.0 Background

Ongoing quality assurance arrangements

Veritau maintains appropriate ongoing quality assurance arrangements designed to ensure that internal audit work is undertaken in accordance with relevant professional standards (specifically the Public Sector Internal Audit Standards). These arrangements include:

- the maintenance of a detailed audit procedures manual
- the requirement for all audit staff to conform to the Code of Ethics and Standards of Conduct Policy
- the requirement for all audit staff to complete annual declarations of interest
- detailed job descriptions and competency profiles for each internal audit post
- regular performance appraisals
- regular 1:2:1 meetings to monitor progress with audit engagements
- induction programmes, training plans and associated training activities
- attendance on relevant courses and access to e-learning material
- the maintenance of training records and training evaluation procedures
- membership of professional networks
- agreement of the objectives, scope and expected timescales for each audit engagement with the client before detailed work commences (audit specification)
- the results of all audit testing and other associated work documented using the company's automated working paper system (Galileo)
- file review by senior auditors and audit managers and sign-off of each stage of the audit process
- the ongoing investment in tools to support the effective performance of internal audit work (for example data interrogation software)
- post audit questionnaires (customer satisfaction surveys) issued following each audit engagement
- performance against agreed quality targets monitored and reported to each client on a regular basis
- regular client liaison meetings to discuss progress, share information and evaluate performance

On an ongoing basis, samples of completed audit files are also subject to internal peer review by a Quality Assurance group. The review process is designed to ensure audit work is completed consistently and to the required quality standards. The work of the Quality Assurance group is overseen by a senior audit manager. Any key learning points are shared with the relevant internal auditors and audit managers. The Head of Internal Audit will also be informed of any general areas requiring improvement. Appropriate mitigating action will be taken (for example, increased supervision of individual internal auditors or further training).

Annual self-assessment

On an annual basis, the Head of Internal Audit will seek feedback from each client on the quality of the overall internal audit service. The Head of Internal Audit will also update the PSIAS self-assessment checklist and obtain evidence to demonstrate conformance with the Code of Ethics and the Standards. As part of the annual appraisal process, each internal auditor is also required to assess their current skills and knowledge against the competency profile relevant for their role. Where necessary, further training or support will be provided to address any development needs.

The Head of Internal Audit is also a member of various professional networks and obtains information on operating arrangements and relevant best practice from other similar audit providers for comparison purposes.

The results of the annual client survey, PSIAS self-assessment and professional networking are used to identify any areas requiring further development and/or improvement. Any specific changes or improvements are included in the annual Improvement Action Plan. Specific actions may also be included in the Veritau business plan and/or individual personal development action plans. The outcomes from this exercise, including details of the Improvement Action Plan are also reported to each client. The results will also be used to evaluate overall conformance with the PSIAS, the results of which are reported to senior management and the board[4] as part of the annual report of the Head of Internal Audit.

External assessment

At least once every five years, arrangements must be made to subject internal audit working practices to external assessment to ensure the continued application of professional standards. The assessment should be conducted by an independent and suitably qualified person or organisation and the results reported to the Head of Internal Audit. The outcome of the external assessment also forms part of the overall reporting process to each client (as set out above). Any specific areas identified as requiring further development and/or improvement will be included in the annual Improvement Action Plan for that year.

2.0 Customer Satisfaction Survey – 2020

Feedback on the overall quality of the internal audit service provided to each client was obtained in March 2020. Where relevant, the survey also asked questions about the counter fraud and information governance services provided by Veritau. A total of 136 surveys (2019 – 171) were issued to senior managers in client organisations. 15 completed surveys were returned representing a response rate of 11% (2019 - 12%).

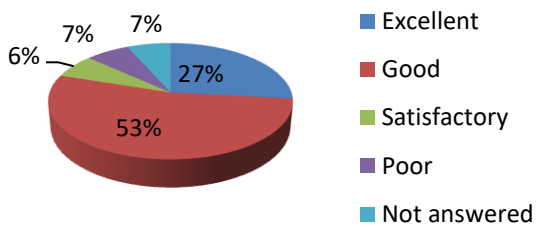
[4] As defined by the relevant audit charter.

The surveys were sent using Survey Monkey and the respondents were required to identify who they were. Respondents were asked to rate the different elements of the audit process, as follows:

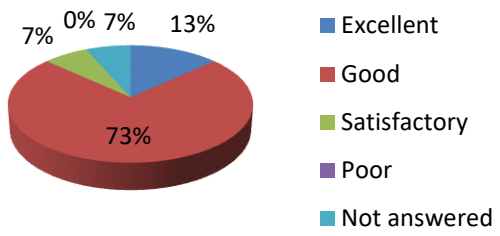
- Excellent (1)
- Good (2)
- Satisfactory (3)
- Poor (4)

Respondents were also asked to provide an overall rating for the service. The results of the survey are set out in the charts below:

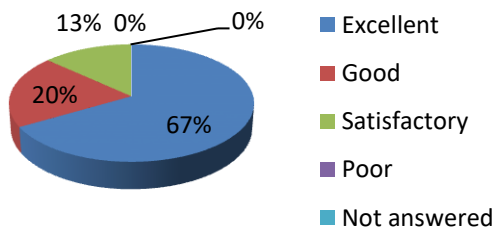
Quality of audit planning / overall coverage



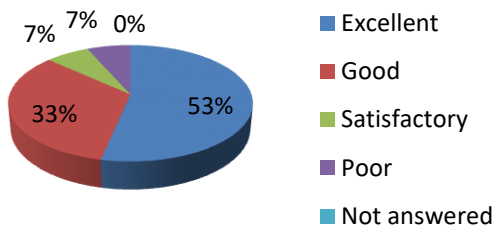
Provision of advice / guidance



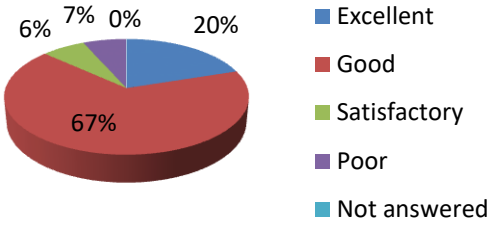
Staff - conduct / professionalism



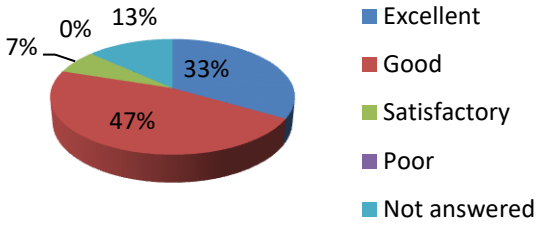
Ability to establish positive rapport with customers



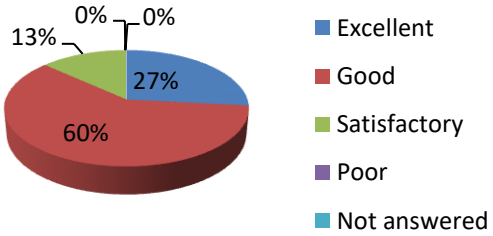
Knowledge of system / service being audited



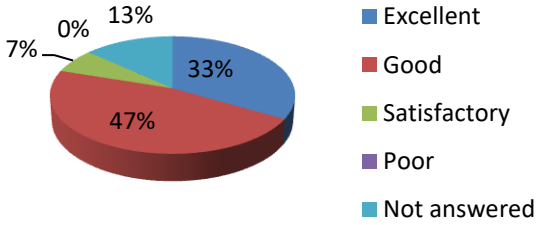
Minimising disruption to the service being audited



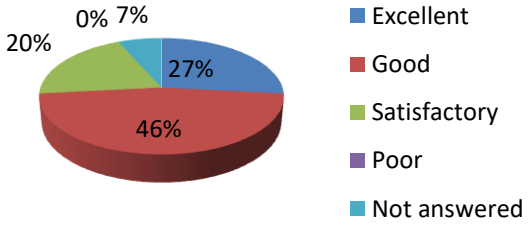
Communicating issues during the audit



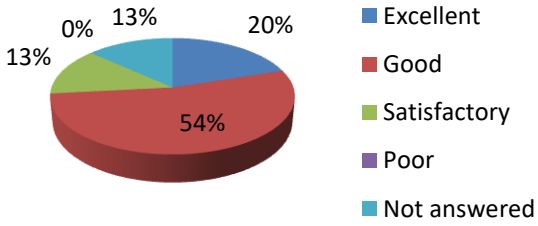
Quality of feedback at end of audit

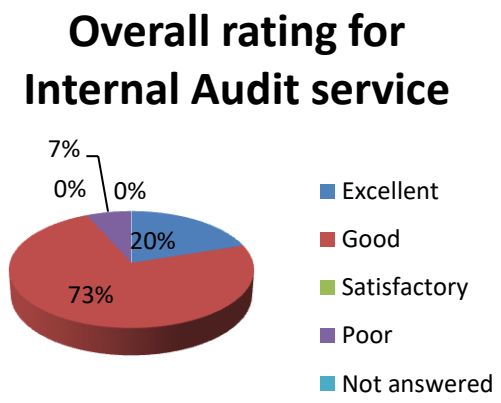


Accuracy / format / length / style of audit report



Relevance of audit opinions / conclusions





The overall ratings in 2020 were:

	2020		2019	
Excellent	3	20%	11	55%
Good	11	73%	6	30%
Satisfactory	0	0%	3	15%
Poor	1	7%	0	0%

The feedback shows that the majority of respondents continue to value the service being delivered.

3.0 Self-Assessment Checklist – 2020

CIPFA prepared a detailed checklist to enable conformance with the PSIAS and the Local Government Application Note to be assessed. The checklist was originally completed in March 2014 and has since been reviewed and updated annually. Documentary evidence is provided where current working practices are considered to fully or partially conform to the standards. In April 2019, CIPFA published a modified version of the checklist and this has been used to complete the latest self-assessment. The revised checklist includes some additional guidance on what constitutes compliance, and amalgamates a number of relevant checklist areas.

The current working practices are considered to be at standard. However, a few areas of non-conformance have been identified. These areas are mostly as a result of Veritau being a shared service delivering internal audit to a number of clients as well as providing other related governance services. None of the issues identified are considered to be significant and the existing arrangements are considered appropriate for the circumstances and hence require no further action.

The table below showing areas of non-compliance has been updated to reflect the new checklist.

Conformance with Standard	**Current Position**
Where there have been significant additional consulting services agreed during the year that were not already included in the audit plan, was approval sought from the audit committee before	Consultancy services are usually commissioned by the relevant client officer (generally the s151 officer). The scope (and charging arrangements) for any specific engagement will be agreed

Conformance with Standard	Current Position
the engagement was accepted?	by the Head of Internal Audit and the relevant client officer. Engagements will not be accepted if there is any actual or perceived conflict of interest, or which might otherwise be detrimental to the reputation of Veritau.
Does the risk-based plan set out the respective priorities of audit work?	Audit plans detail the work to be carried out and the estimated time requirement. The relative priority of each assignment will be considered before any subsequent changes are made to plans. Any significant changes to the plan will need to be discussed and agreed with the respective client officers (and reported to the audit committee).
Are consulting engagements that have been accepted included in the risk-based plan?	Consulting engagements are commissioned and agreed separately.
Does the risk-based plan include the approach to using other sources of assurance and any work that may be required to place reliance upon those sources?	An approach to using other sources of assurance, where appropriate is currently being developed (see below).

4.0 External Assessment

As noted above, the PSIAS require the Head of Internal Audit to arrange for an external assessment to be conducted at least once every five years to ensure the continued application of professional standards. The assessment is intended to provide an independent and objective opinion on the quality of internal audit practices.

An external assessment of Veritau internal audit working practices was undertaken in November 2018 by the South West Audit Partnership (SWAP). SWAP is a not for profit public services company operating primarily in the South West of England. As a large shared service internal audit provider it has the relevant knowledge and expertise to undertake external inspections of other shared services and is independent of Veritau.

The assessment consisted of a review of documentary evidence, including the self-assessment, and face to face interviews with a number of senior client officers and Veritau auditors. The assessors also interviewed audit committee chairs.

A copy the external assessment report was reported to this committee in March 2019.

The report concluded that Veritau internal audit activity generally conforms to the PSIAS[5] and, overall, the findings were very positive. The feedback included comments that the internal audit service was highly valued by its member councils and other clients, and that services had continued to improve since the last external assessment in 2014.

5.0 Improvement Action Plan

The external assessment identified a number of areas for further consideration and possible improvement. An action plan was developed to address these areas. One action remains to be completed, as follows:

Recommendation	Current Position
Whilst reliance may be placed on other sources of assurance, the self-assessment brought attention to the fact that there has not been an assurance mapping exercise to determine the approach to using other sources of assurance. Completion of such an exercise would ensure that work is coordinated with other assurance bodies and limited resources are not duplicating effort. (Attribute Standard 2050).	This work is ongoing. Other potential sources of assurance have been identified for each client. This information is now being used to develop more detailed assurance mapping. A standard methodology and approach is also being developed.

In 2019/20, the Quality Assurance group reviewed internal processes for undertaking and recording testing of internal controls. The review identified that testing methodologies were generally good, were relevant to the controls being tested and that appropriate conclusions were being reached. However, improvements were needed to the documentation of testing in some areas. The review also found some cases where the use of data analytics should have been considered, rather than relying on sample testing. This could have improved the level of assurance obtained and provided more useful data for the client. Further training will be delivered to the internal audit teams, covering these areas, in 2020/21.

The following areas will also continue to be a priority in 2020/21:

- Further development of in-house technical IT audit expertise
- Investment in new data analytics capabilities

We also plan to review the audit opinions used for reporting to ensure they remain aligned with best practice.

6.0 Overall Conformance with PSIAS (Opinion of the Head of Internal Audit)

[5] PSIAS guidance suggests a scale of three ratings, ‘generally conforms’, ‘partially conforms’ and ‘does not conform’. ‘Generally conforms’ is the top rating.

Based on the results of the quality assurance process I consider that the service generally conforms to the Public Sector Internal Audit Standards, including the *Code of Ethics* and the *Standards*.

The guidance suggests a scale of three ratings, ‘generally conforms, ‘partially conforms’ and ‘does not conform’. ‘Generally conforms’ is the top rating and means that the internal audit service has a charter, policies and processes that are judged to be in conformance to the Standards.

Annex 2

Hambleton District Council

Counter Fraud Annual Report

2019/20

Assistant Director – Corporate Fraud: Jonathan Dodsworth
Head of Internal Audit: Max Thomas

Circulation List: Members of the Audit, Governance & Standards Committee
Director of Finance (s151 officer)

Date: 20 October 2020

Veritau
Assurance Services for the Public Sector

Background

1 Fraud is significant risk to the public sector. Annual losses are estimated to exceed £40 billion in the United Kingdom.

2 Councils are encouraged to prevent, detect and deter fraud in order to safeguard public finances.

3 Veritau are engaged to deliver a counter fraud service for Hambleton District Council. The service aims to prevent and deter fraud through maintaining a counter fraud policy framework, helping to maintain and improve controls, raising awareness of fraud both internally and with the public. The counter fraud team proactively and reactively investigates any fraud or related criminality affecting the council. Veritau deliver counter fraud services to the majority of councils in the North Yorkshire area as well as local housing associations and other public sector bodies.

Counter Fraud work carried out in 2019/20

4 Counter fraud work was undertaken in accordance with the approved plan. A summary of activity is included in **Appendix 1** of this report. Investigations this year have led to £15,885 of savings being produced for Hambleton District Council. The target set for the number of investigations resulting in a successful outcome was met, with 46% of completed cases leading to a successful outcome.

5 A separate counter fraud report detailing priorities for 2020/21 and the outcomes of our review of the counter fraud framework is included on the agenda for this committee meeting.

Max Thomas
Director and Head of Internal Audit
Veritau Ltd

20 October 2020

Background papers: None

Author ref: JD

Contact: **Jonathan Dodsworth; Assistant Director – Corporate Fraud; Veritau North Yorkshire**
Jonathan.Dodsworth@veritau.co.uk

Appendix 1

Counter Fraud Activity 2019/20

The table below shows the total number of fraud referrals received and summarises the outcomes of investigations completed during the year.

	2019/20 (Full Year: 31/3/19)	**2019/20 (Target: Full Year)**	**2018/19 (Full Year)**
% of investigations completed which result in a successful outcome (for example benefit stopped or amended, sanctions, prosecutions, properties recovered, and housing allocations blocked).	46%	30%	39%
Amount of actual savings (quantifiable savings - e.g. CTS) identified through fraud investigation.	£15,885	£16,000	£19,908

Caseload figures for the period are:

	2019/20 (Full Year)	**2018/19 (Full Year)**
Referrals received	68	66
Referrals rejected	37	20
Number of cases under investigation[1]	17	24
Number of investigations completed	28	28

[1] As at the end of the financial year, ie 31/3/20 and 31/3/19

Summary of counter fraud activity:

Activity	Work completed or in progress
Data matching	The 2018/19 National Fraud Initiative (NFI) has concluded. The exercise identified £8,400 of error, predominantly within the housing benefits system, but no fraud was found.
Fraud detection and investigation	The service promotes the use of criminal investigation techniques and standards to respond to any fraud perpetrated against the council. Activity in the last financial year included: • **Council Tax Support fraud** – In 2019/20 the team received 29 referrals for potential fraud in this area. Over £7,000 of savings were identified and 3 people were issued warnings about their conduct. • **Council Tax/Non Domestic Rates fraud** – The team received 39 referrals for potential fraud in this area. Over the course of the year the fraud team completed 16 investigations. The team identified over £8,000 in savings. Two people were formally cautioned and a further 4 people were issued warnings. All of these offences related to people falsely claiming single person discounts. • **Internal fraud** – No instances of suspected internal fraud were reported in 2019/20.
Fraud management	In 2019/20 a range of activity has been undertaken to support the council's counter fraud framework. • In May 2019, the council's counter fraud transparency data was updated to include data on counter fraud performance in 2018/19 meeting the council's obligation under the Local Government Transparency Code 2015. • The council participated in the annual CIPFA Counter Fraud and Corruption Tracker (CFaCT) survey. The information contributed to a CIPFA report released last year which aims to provide a national picture of fraud, bribery and corruption in the public sector and the actions being taken to prevent it. • Area specific fraud awareness training has been delivered to the Council Tax and Benefit Teams this year. In addition, three general fraud awareness sessions were delivered to council staff from across the organisation in October 2019.

Activity	Work completed or in progress
	• As part of International Fraud Week in November 2019, the counter fraud team raised awareness of fraud with staff via intranet articles published throughout that week. • In March 2020, a leaflet was included with annual council tax and business rates bills. The leaflet detailed encouraged the public to report their suspicions of fraud via the fraud hotline. • Throughout the year the counter fraud team alerts council departments to emerging local and national threats through a monthly bulletin and specific alerts.

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Hambleton District Council

Report To: Audit, Governance and Standards Committee

Date: 20 October 2020

From: Director of Finance and Commercial (s151 Officer)

Subject: **Annual Governance Statement 2019/20**

Portfolio Holder: Governance
Councillor Mrs I Sanderson

Wards Affected: All Wards

1.0 Purpose and Background

1.1 Good governance is important to all involved in Local Government, however, it is a key responsibility of the Leader of the Council, Chief Executive and Director of Finance and Commercial (s151 Officer).

1.2 The preparation and publication of an Annual Governance Statement (AGS) in accordance with the CIPFA / SOLACE Framework is necessary to meet the statutory requirements set out in Regulation 4(2) of the Accounts and Audit Regulations which requires authorities to “conduct a review at least once in a year of the effectiveness of its system of internal control” and to prepare a statement on internal control “in accordance with proper practices”.

1.3 The Annual Governance Statement attached at Annex A refers to the year 2019/20 and has therefore been written to reflect the processes, management and committee structure at that time.

2.0 The System of Internal Control

2.1 The internal control system encompasses the policies, processes, tasks, behaviours and other aspects of the Council, taken together:-

- Facilitate its effective and efficient operation by enabling it to respond appropriately to significant business, operational, financial, compliance and other risks to achieving the Council's objectives. This includes the safeguarding of assets from inappropriate use or from loss and fraud.

- Help ensure the quality of internal and external reporting. This requires the maintenance of proper records and processes that generate a flow of timely, relevant and reliable information from within and outside the organisation.

- Help ensure compliance with applicable laws and regulations, and also with internal policies with respect to the conduct of business.

2.2 The scope of internal control accordingly spans the whole range of the Council's activities and includes those controls designed to ensure:

- The Council's policies are put into practice;
- The Council's values are met;
- Laws and regulations are complied with;
- Required processes are adhered to;
- Financial statements and other published information are accurate and reliable;
- Human, financial and other resources are managed efficiently and effectively, and
- High quality services are delivered economically, efficiently and effectively.

3.0 The Review Process

3.1 The Cipfa/SOLACE Framework defines proper practices from the form and content of a Governance Statement that meets the requirement to prepare and publish a statement on internal control. The Annual Governance Statement is attached at Annex A and is also included within the Annual Financial Report - Statement of Accounts - 2019/20 for publication. There is no requirement to prepare and publish a separate statement on internal control.

3.2 Subsequent to the CIPFA “Statement on the Role of the Chief Financial Officer in Local Government”, which was issued in 2010, it is now expected that the Annual Governance Statement will include a specific statement on whether the Council’s financial management arrangements conform to the governance requirements of the statement - this is included in the ‘Summary’ section of the document. Furthermore where they do not, it is necessary to explain why and how the Council’s arrangements deliver the same impact.

3.3 At Hambleton there is full compliance as the Director of Finance & Commercial (s151 Officer) has unfettered access to Senior Management Team and reports directly to the Chief Executive.

3.4 The External Auditor considers the Annual Governance Statement as part of their review of the Annual Financial Report - Statement of Accounts - 2019/20. The Auditor is required to issue their opinion on the accounts as to whether they present a 'true and fair view' of the financial position of the Council at the balance sheet date.

3.5 The Annual Governance Statement provides public assurance that the Council has a sound system of internal control, designed to help manage and control risks that will impede the achievement of its objectives. The Annual Governance Statement should not be seen as a purely financial requirement, but as an important public expression of what the Council has done, how it sets out priorities, monitors performance and has put in place good business practice. It is also about the process for ensuring high standards of conduct and is a means of demonstrating sound governance.

3.6 In common with most Local Authorities, the Council has a well established system of internal control in place. However, the Annual Governance Statement process requires the Council to formally demonstrate what these controls are and how they safeguard against the most significant risks to the organisation and to gain assurance, based on evidence, that these controls are operating effectively, or where they are not, to identify areas for improvement.

3.7 Assurance can be provided by evidence from a number of sources including: inspection records, external audit reports, internal audit reports and direct assurance from managers. It is the responsibility of both Members and Chief Officers to obtain and provide such assurance. The production and publication of an Annual Governance Statement is therefore not an isolated act, but the final stage in a continuing review of internal control processes and procedures.

4.0 Conclusion

4.1 Having taken evidence from a number of sources that could potentially identify whether there are any significant weaknesses in the Council's system of internal control as detailed in the Annual Governance Statement, none have identified any such weaknesses in the system. Members can take assurance from this that the Council's system of internal control is adequate and effective.

5.0 Risk Analysis

5.1 There are no risks associated with the recommendations in the report.

6.0 Financial Implications

6.1 There are no financial implications associated with the recommendations in the report.

7.0 Legal Implications

7.1 The Council is under a statutory duty to undertake a review of the systems of internal control operating within the Council during 2019/20 and to approve an Annual Governance Statement. Failure to undertake the review or present an Annual Governance Statement would be a breach of this statutory requirement.

8.0 Recommendations

8.1 It is recommended that Members:-

(1) agree with the conclusion of the review of the system of internal control, and;

(2) approve the content of the Annual Governance Statement attached at Annex A which is published within the Annual Financial Report - Statement of Accounts - 2019/20.

Louise Branford-White
Director of Finance and Commercial (s151 officer)

Background papers:	CIPFA/SOLACE: Delivering Good Governance in Local Government: Framework 2016 Edition CIPFA Finance Advisory Network ‘AGS ‘Rough Guide’ for practitioners.
Author ref:	LBW
Contact:	Louise Branford-White Director of Finance and Commercial (s151 Officer) Direct Line No: 01609 767024

ANNUAL GOVERNANCE STATEMENT 2019/2020

HAMBLETON DISTRICT COUNCIL

Scope of Responsibility

Hambleton District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Hambleton District Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, Hambleton District Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk. The Authority's financial management arrangements confirm with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).

Hambleton District Council has approved and adopted a code of corporate governance. The Council's governance arrangements are consistent with the seven principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE) Framework - Delivering Good Governance in Local Government (2016). The Annual Governance Statement sets out how the Authority has complied with the Code and also meets with regulation 4(2) of the Accounts and Audit Regulation, in relation to the publication of this statement – the Annual Governance Statement - on its governance and internal control arrangements.

The Purpose of the Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which the Authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Hambleton District Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

Core Principles of Good Governance

The diagram below, taken from the International Framework: Good Governance in the Public Sector (CIPFA/IFAC, 2016) (the 'International Framework'), which is also included in the CIPFA/SOLACE Framework, illustrates the seven principles of good governance in the public sector and how they relate to each other. Principles A and B permeate implementation of principles C to G illustrating that good governance is dynamic. In line with this the Council's Annual Governance Statement demonstrates the Council is committed to

improving its arrangements on a continuing basis through a process of evaluation and review, whilst achieving its objectives and acting in the best interest of the public.

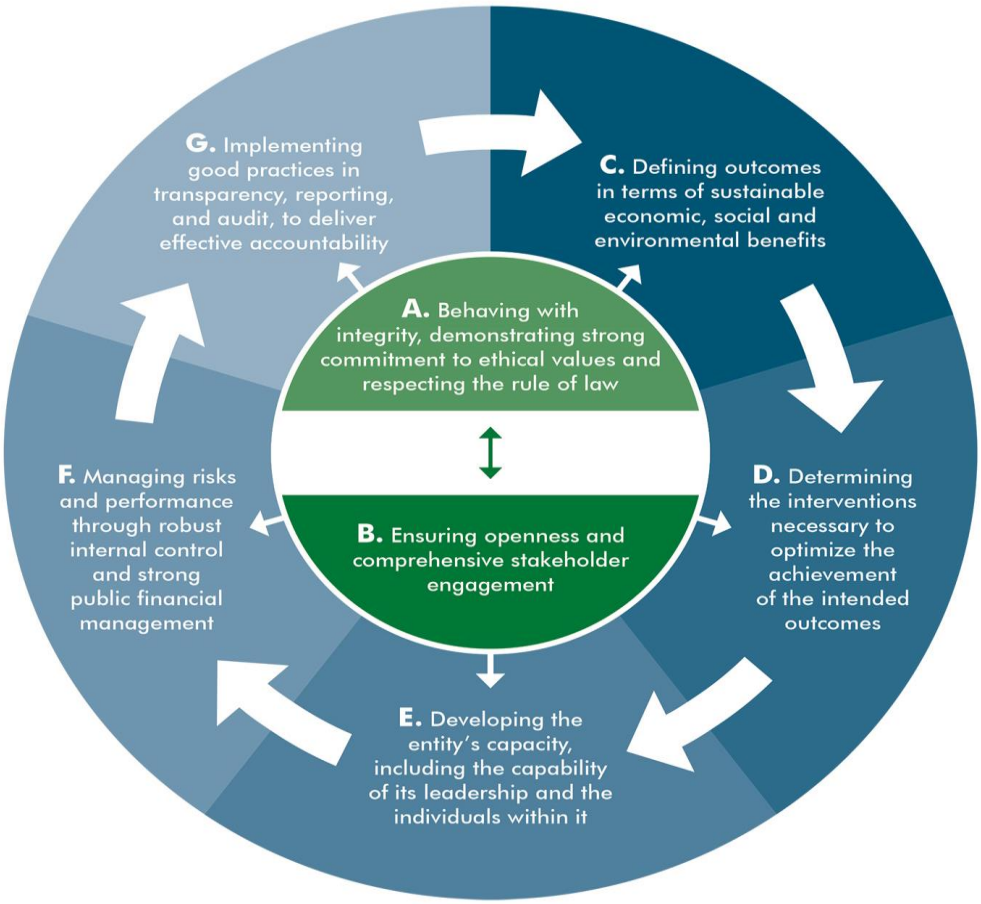

Diagram 1: the seven principles of good governance in the public sector

The Governance Framework – Key Elements

The Council is made up of 28 Councillors who are democratically accountable to residents of the District. The full Council appoints the Leader and the Leader appoints the Cabinet and Deputy Leader. The Cabinet is responsible for most strategic day to day decisions. The Council holds the Cabinet to account by appointing scrutiny committees to question decisions and to propose policy changes where appropriate.

The key elements of the Authority's governance framework are detailed against each principle in the CIPFA/SOLACE Framework - Delivering Good Governance in Local Government and the following information demonstrates the Council's assessment of compliance with 'the framework' along with the Governance Issues Action Plan.

Principle A – Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	
Assessment of Compliance	It is considered that the Council's arrangements meet Principle A of 'the framework'.
Values and Integrity	Values and Integrity - Good Governance flows from a shared ethos or culture as well as from systems and structures. The spirit of good governance can be expressed as values which become part of the Council's culture and underpin policy and behaviour through the Council from the governing body to the staff; this is in addition to compliance with legal requirements. The Council's Values accord with the requirements of good governance and are key to the Council Plan: - open, responsible, customer focused, fair and respectful
Respecting the rule of law	Respecting the rule of law - Ongoing monitoring and review of the Council's activities is undertaken to ensure compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful. This gives assurance as to the soundness of the system of internal controls that is in place for respecting the rule of law. Hambleton District Council achieves this through a number of mechanisms:-
Officers / Members of the Council	• The Director of Law & Governance (Monitoring Officer) has access to all draft Cabinet and Council reports and approves the minutes; • The Legal Section monitors legal developments and notifies relevant Senior Officers; • The Constitution sets out how the Council operate, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. Some of these processes are required by the law, while others are a matter for the Council to choose. • A protocol for the Monitoring Officer is in place; • Senior Officers and Members are aware of the availability of the advice on propriety which is available from both the Monitoring Officer and Veritau North Yorkshire Limited (who provided internal audit services in 2019/20); • The Monitoring Officer, the Director of Finance and Commercial (S151 Officer) and Veritau North Yorkshire Limited have good working relations and often cross-refer matters; • The CFO has unfettered access to information, to the Chief Executive and to Members of the Council. Therefore there are processes and procedures in place which provide assurance that the role of the CFO at Hambleton District Council meets the Statement's expectations. • The Council's Audit Governance and Standards Committee is responsible for promoting and maintaining high standards of conduct within the Council. • The Council has Codes of Conduct for both Members and Officers which set out the standards of conduct and personal behaviour expected. • The Council has additional protocols which govern the conduct of work between members and officers. • The Council has arrangements in place to provide induction training to all newly elected councillors on the requirements of the code of conduct and other relevant codes, protocols, policies and procedures, and to ensure councillors meet their obligations to notify disclosable pecuniary interests

Parish / Town Councils	(DPIs). • The Council has arrangements in place to consider complaints submitted in accordance with the Council's procedure for dealing with complaints against councillors under the code of conduct. • The Council has a pool of three Independent Persons in place. An Independent Person is consulted during the assessment stage on any code of conduct complaints received. An Independent Person attends any Standards Hearings Panel which is convened to consider any code of conduct complaint referred to it. • The Council has clear arrangements in place for the declaration of interests and for the registration of gifts and hospitality. • The Council has arrangements in place to consider code of conduct complaints submitted against parish / town councillors. • The Council provides advice to Parish / Town Councils on Code of Conduct matters.
Link to Governance Issue Action Plan	None significant

Principle B - Ensuring openness and comprehensive stakeholder engagement	
Assessment of Compliance	It is considered that the Council's arrangements meet Principle B of 'the framework'.
Partnership Approach	The Authority works closely with other local public bodies, community and voluntary groups via a partnership approach to ensure effective delivery of its services. This is detailed in the Council Plan 2019-2023 which was approved at Cabinet on 3 September 2019 in line with the recently elected Members further to the local elections on 2 May 2019. Our Purpose section of the Council Plan 2019-2023 includes Community Leadership and Place Shaping which aims for the Authority to lead on working with partners to make best use of increased devolved power and finances for local decision making and also to be responsive and flexible with our partners to meet their needs and requirements for improvements for all.
Business, Economic Development and community working	Business & Economy section connect with many businesses on an individual and group basis. Lunch & learn sessions are held regularly, as well as support provided for grant funding obtainable for many sources. The business awards and business conference providing an opportunity for businesses to network. Communities provide support to all residents for sport and leisure activities through individual support and also through the Council's £125,000 Make A Difference fund. In addition the Sowerby Gateway Supports village phase 2 has been developed and opened for use during 2019/20.
Communication	The Council's communications team uses social media and works with the press to ensure information is received across the District. The Council's website is also user friendly and enables access to Council information. The Social Media strategy and policy was approved at Cabinet in April 2018 and has been absorbed into the Council as an additional communication channel on a daily basis. Internal communication across the Council is via Microsoft Teams, the intranet, staff and Member newsletters, individual section briefings and briefings by the Chief Executive.
Transparency	In order to demonstrate its openness, the Council adheres to the Local Government Transparency Code 2015 which is the foundation of local accountability and provides access to areas such as the pay policy, payments to suppliers, senior officer salaries, parking, waste contracts and grants. This information can be located at https://www.hambleton.gov.uk/info/20097/transparency/262/transparency
Consultations	Consultations are used across the Council to engage with the public and enable their direct views to influence strategies and policies, one such example being the annual budget consultation. During 2019/20, 25 consultations were undertaken with 5 of these being repeated regularly. In addition, to enable the public to highlight concerns a complaint procedure is in place which is reported on a quarterly basis to Management Team, along with the number of compliments. Openness, transparency and community engagement is the key that gives people the tools and information they need to enable them to play a bigger role in society.
Link to Governance Issue Action Plan	None significant

Principle C - Defining outcomes in terms of sustainable economic, social and environmental benefits	
Assessment of Compliance	It is considered that the Council's arrangements meet Principle C of 'the framework' with clarification provided in the Governance Issues Action Plan.
Council Plan Outcomes	The outcomes of the Council, to provide quality services, as determined in the Council Plan 2019-2023 under the four priority headings: • Driving Economic Vitality • Enhancing Health and Wellbeing • Caring for the Environment • Providing a Special Place to Live which details Hambleton District Council's purpose towards achieving social, environmental and sustainable benefits for the vision 'a place to grow'. The Council Plan is located at: https://www.hambleton.gov.uk/downloads/file/1276/hdc_council_plan_2015-19.
Sustainable economic, social, environmental benefits	In setting the priorities, national, regional and the public's priorities were taken into account, which results in the setting of the Council's Key Performance indicators. These are monitored on a quarterly basis by the operational business through Service Plans, reported to Management Team and then also to Members at Scrutiny Committee. To ensure that project management and future plans deliver value for money the sustainability of the Financial Strategy is key, so it is forecast for 10 years every year, along with the 10 year Capital Programme; this allows the statement on the position of reserves and annual budget to remain affordable, sustainable and prudent. The Treasury Management Strategy, in its relationship with the Capital programme, also enables an affordable and prudent approach to the Council's plans and projects. Finally, the annual accounts support stewardship responsibilities subject to external audit opinion.
Link to Governance Issue Action Plan	1 – Key Council Projects 2019/20 1 – Impact of Brexit 2020/21

Principle D – Determining the interventions necessary to optimise the achievement of the intended outcome	
Assessment of Compliance	It is considered that the Council's arrangements meet Principle D of 'the framework' with clarification provided in the Governance Issues Action Plan.
Relationships	Member and Officer relationships - It is necessary that Members and Officers perform effectively in clearly defined roles to achieve the intended outcomes with the required level of intervention. Excellent relationships between Officers and Members exist which are based on mutual trust enabling decisions to be made in a productive and transparent way. Trust is maintained through the involvement of all relevant parties at the right level of responsibility ensuring strategic decisions are led by Members and implementation of operational matters are at officer level directed by Management team.
Roles and Responsibilities	Roles and responsibilities are defined in The Constitution for the executive, scrutiny and officer functions with clear delegation arrangements. The Constitution includes the Code of Member Conduct, a Code for Planning Conduct and an Officer and Member Protocol, as well as the financial regulations.
Forward Planning	Democratic Services Forward Plan - All meetings of the Cabinet and key Committees are included in the Council's Forward Plan, which is published and available to the public. Delegated decisions are also recorded.
Financial Sustainability	Financial sustainability - In order to achieve the long term financial targets the Authority has a 10 year financial strategy, supported by the annual budget which sets the required income and savings targets. All the expected risks to the Authority were considered in the budget report approved by Council prior to the beginning of each financial year and the position of reserves underpins the long term financial resilience of the Council. http://democracy.hambleton.gov.uk/documents/s18685/Financial%20Strategy.pdf The Authority agreed an efficiency plan during 2016/17 with central government which is incorporated into the 10 Year Financial Strategy, 2019/20 is the fourth and final year of the Government settlement. This has given certainty of funding for the past four years and highlights the need to continue to identify efficiency savings and generate income. The council awaits future steps from Government in relation to future funding from the Business Rate Retention scheme and Fair Funding Review where confirmation has been provided it will not go ahead on 1 April 2021.
Governance Committee	Audit, Governance and Standards Committee - This Committee is an essential part of good governance. Internal and External Audit both have direct access to and support the Committee including the ability to have direct contact, without Officers of the Authority being present. The detailed matters reviewed by the Audit, Governance and Standards Committee can be viewed at the quarterly meetings located at: http://democracy.hambleton.gov.uk/ieListMeetings.aspx?CId=149&Year=0
Link to Governance Issue Action Plan	2 - Financial Sustainability 2019/20 2 - Financial Sustainability 2020/21

Principle E – Developing the entity's capacity including the capability of its leadership and the individuals within it.	
Assessment of Compliance	It is considered that the Council's arrangements meet Principle E of 'the framework'.
Senior Management Structure	Senior Management Structure - The Chief Executive restructured the Senior Management Team during 2018/19 to continue the pursuit of providing additional capacity to the organisation. There are now five Directors which have increased the operational Directorates to three - Economy & Planning, Leisure & Communities and Environment - with support and oversight from the Deputy Chief Executive appointed in December 2017 replacing the Executive Director role. The Deputy Chief Executive and both Statutory Directors (Monitoring Officer and S151 officer) report directly to the Chief Executive. The new structure introduced in March 2019 has started to operate with increasing effectiveness and is set to deliver both service improvement and the corporate projects. In addition there is a Head of Service to support Economy and Planning and a Head of Service for Commercial & Programme Management to support income generation and project management across the Council.
Performance Coaching	Performance Coaching - In 2017 the Council embarked on a programme of individual performance management coaching for the whole organisation. The purpose of this is to achieve a balance between achieving organisational performance goals and personal development. The aim is that by encouraging individuals to take responsibility for their areas of work and own development, capacity will be released within the organisation, whilst empowering decision making and ownership. This approach is 'High Challenge, High Support' and further work in 2020 is being undertaken to embed this approach across the authority.
Staff Development	Staff Development - The Council has designed a bespoke Masters/MBA qualification with Teesside University aimed at middle and senior managers in the organisation. It is hoped that by equipping the organisation's management with the requisite skills and training to manage effectively – by better understanding the requirements of coaching and leadership skills - the organisation will become more effective. The Council also supports individuals to review their own training requirement in the area at work where both the individual and the organisation will benefit. There are numerous graduates supported across the Council as well as apprenticeships.
Training Requirements	Training Requirements – The HR Strategy supports a variety of training techniques including the Induction training, Member training, Individual Performance Management coaching, Learning & Development training calendar, online learning, and bespoke courses, presentations to employees and Members alike.
Link to Governance Issue Action Plan	None significant

Principle F – Managing risks and performance through robust internal control and strong public management	
Assessment of Compliance	It is considered that the Council's arrangements meet Principle F of 'the framework' with clarification provided in the Governance Issues Action Plan.
Public Scrutiny of Risk Management	The Audit, Governance and Standards Committee have responsibility for overseeing the Risk Management Strategy and has delegated to the Scrutiny Committee to oversee the strategic risk register on a quarterly basis. Significant changes to the risk management process are reported to both Committees. Risk Management is a standard element of all officer reports to Cabinet and other Member Committees etc. All senior officers are required to implement the strategy and to further embed risk management within the Council. Risks are reported to Management Team on a quarterly basis with a full review occurring annually.
Risk Register	The Risk Register incorporates corporate, project and service risks associated with delivery of the Council's corporate objectives under each Council Plan priority and key projects. During 2019/20 the changes to the process of managing risk have been finalised with Strategic Risk Management Group championing risk across the Council to ensure consistency and appropriate challenge. Detailed information is available in the quarterly reports: http://democracy.hambleton.gov.uk/ieListMeetings.aspx?CId=149&Year=0
Risk Training	Members of the Cabinet, the Audit, Governance and Standards Committee, Members, Risk Owners and other selected staff received specialist training in Spring 2019, which can be refreshed when required. The Risk Management Guidance Manual is revised annually and was approved by Audit Governance and Standards Committee in October 2019; the revised version is also available to all employees on the intranet.
Development of Risk Management	With the measures mentioned above in place the Council is able to identify, assess and manage the risks to the Council's corporate objectives. Development of the risk management process across the Council was finalised in 2019/20 and has enabled the Council to understand the exposure to risk that the Council faces. Enhancement of the risk process continues with the Council reviewing an improved reporting system in 2020/21 and a corporate performance dashboard.
Partnership Risks	The Council recognises the need to ensure that good governance arrangements and robust controls exist within all partners and other group working. It also recognises the need for comprehensive agreements to be in place for all significant partnerships and that these agreements should clearly identify how the risks of the partnership or working group arrangements will be managed. All Council projects and working relationships have a risk register to ensure projects are managed effectively and the required outcome results.
Link to Governance Issue Action Plan	3 – Risk Management 3 – Loss of ICT Systems or Data

Principle G – Implementing good practices in transparency, reporting and audit to deliver effective accountability	
Assessment of Compliance	It is considered that the Council's arrangements meet Principle G of 'the framework'- with clarification provided in the Government Issues Action Plan
Effective Accountability	The Cabinet and Council - There is a hierarchy of decision making at Hambleton District Council to ensure reporting delivers effective accountability. Any new draft policies or strategies are developed and then submitted to the Senior Management Team. Once any amendments have been made, the policy/strategy moves on to Cabinet and then on to the full Council for approval. Local Government Ethical Standards produced in January 2019 highlights the need to report on 'separate bodies' that have been set up. This occurs on a quarterly basis at cabinet and Council
Effective Corporate Governance	The Audit, Governance and Standards Committee - The Audit, Governance and Standards Committee has specific responsibility for monitoring the effectiveness of the Council's Code of Corporate Governance and to ensure that the Council undertakes its duties in an appropriate manner and maintains a high standard of Corporate Governance.
Scrutiny	Scrutiny Committee - Part of the function of the Council's Scrutiny Committee is to scrutinise Council policies. It does not have a specific role in dealing with Governance, although it reviews the Council's strategic risks on a quarterly basis.
Assurance Services	Internal Audit and Fraud - The Council also operates internal audit and fraud investigation functions which comply with the Accounts and Audit Regulations and the Public Sector Internal Audit Standards. The service in 2017/18 was provided by Veritau North Yorkshire Limited. Veritau's internal audit and counter fraud teams undertake an annual programme of review covering financial and operational systems and including systems, regularity, and probity audits designed to give assurance to members and managers on the effectiveness of the governance, risk management and control environment operating within the Council. Through its work Veritau also provides assurance to the Section 151 Officer in discharging that statutory review and reporting responsibilities. In addition the team: • provides advice and assistance to managers in the design, implementation and operation of controls • helps to maintain the council's counter fraud arrangements including policy framework • supports managers in the prevention and detection of fraud, corruption and other irregularities.
Link to Governance Issue Action Plan	4 – Business Continuity Planning 4 – Business Continuity Planning

Review of Effectiveness

Self-assessment and review

Hambleton District Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control and this is documented in this Annual Governance Statement. The Council recognises an ongoing need to review its governance arrangements and to respond to external reports and changes in legislation to ensure it continues to learn, improve systems and ensure compliance with relevant regulations.

The review of effectiveness is informed by the work of the senior officers and managers within the Council who have responsibility for the development and maintenance of the governance environment, Veritau North Yorkshire Limited's Internal Audit Annual Report and also by comments made by the external auditors and other review agencies and inspectorates.

Assurances from Internal and External Audit

In 2019/20, the overall opinion of the Head of Internal Audit from Veritau North Yorkshire Limited on the governance, risk management and control framework operating in the Council is that it provides Substantial Assurance.

The Council's external auditor, Ernst & Young LLP, provides assurance on the accuracy of the year-end Statement of Accounts and the overall adequacy of arrangements for securing economy, efficiency and effectiveness. The most recent Audit Letter, issued in August 2019, confirmed that they had been able to give an unqualified audit opinion in respect of the Council's 2018/19 Statement of Accounts, and concluded that proper arrangements were in place to secure value for money in the use of resources.

Key Governance Issues Action Plan 2019/20:

Last year's Annual Governance Report highlighted four key areas for improvement. The table below sets out action taken to address these issues during 2019/20:

Issue	Principle	Action taken during 2019/20
Key Council Projects not delivered could result in reputational damage to the Council or increased financial pressure in the future	**C**	• Key dates on projects are reported quarterly to Management Team. Programme Management Board and Management Team receive regular update reports. The risks of council projects are reflected in the 10 year Financial Strategy. • In 2019/20 the Council's Project Management process was reviewed in line with the new Agile methodology at Management Team where focus is on continuous update on key objectives or ICT software releases and incorporating customer feedback with every iteration. This is to be further pursued in 2020/21.
Financial Sustainability - Significant reductions in government funding leading to the inability to sustain the Council's services at the current level. - the ability to income generate does not	**D**	• Income to be generated to support the financial strategy is ongoing with the main contribution being from the development of the crematorium. • Funding information provided from Central Government around the Business Rates Retention review and the Fair Finding Review is that they will not go ahead from April 2021. Further information is waited in due course.

occur in line with the projection included in the financial strategy.		
Inability to identify strategic risks leaves the Council exposed	**F**	• Strategic Risk Management Group provided continual challenge across the Council to maintain high standards and consistent approach • Training to raise the awareness of managing risk was provided in the spring of 2019
Ineffective business continuity plans leading to loss of service	**G**	• Training and advice on business continuity plans was provided during 2019/20 on an individual basis to support all Service Managers. • Corporate business continuity plan across the council finalised in 2019/20 including ICT implications • Exercise occurred in Autumn 2019 to test the robust nature of the plans

Currently the key issue in 2020/21 is COVID-19:

The Council is working to support businesses and residents across the District as follows:

- Supporting businesses - Rate relief coupled with grants for small businesses, businesses in the retail, hospitality or leisure sector and Discretionary business grants have to date helped around 3,000 businesses.

- Supporting residents – the Council has made contact with vulnerable residents in need and liaised with delivery partners to proactively support them. This encompasses providing for the homeless and also there is a process in place to support those that are in the highly vulnerable group at this time. In addition the Council has provided funds for community grants to support those who apply for these.

- Re-opening High Streets – Local Businesses have been supported by the council with consideration being given to signage, social distancing, and closure of market town roads in order to attract people back to the 5 market towns in the district.

- Pavement licences – The Bill temporarily provides for a new streamlined process for premises selling hot or cold food for takeaway or consumption on the premises including cafes, snackbars, bars, pubs and restaurants to be able to put tables and chairs and associated restaurant furniture on the highway, via an application to the local council.

Virtual Council meetings are taking place from July 2020 to maintain open and transparent decision making whilst observing social distancing. COVID-19 pages on the Council website are updated on a regular basis and provide further information:

The Action Plan below identifies the following governance issues and major risks for the Authority for 2020/21.

Issue	Principle	Action / proposal during 2020/21
Impact of Brexit on council services and local communities	**C**	• Business continuity plans and contingencies are in place to provide assurance and minimise any potential disruption • There is ongoing liaison with other local authorities to provide joint solutions for any problems caused by Brexit.
Financial Sustainability - Significant reductions in government funding leading to the inability to sustain the Council's services at the current level. - the ability to income generate does not occur in line with the projection included in the financial strategy.	**D**	• Income to be generated to support the financial strategy is ongoing with the main contribution being from the development of the crematorium. The income to be generated to support the financial strategy has reduced in 2020/21 and in future years. • Funding information provided from Central Government around the Business Rates Retention and the Fair Finding Review is that they will not go ahead from April 2021. Further information is waited in due course.
Loss of ICT Systems or data	**F**	• Cyber Security Incident Management Plan in place with compulsory annual Cyber Security training for all users • Annual review Information Security Policy and Annual IT Health Check and remedial work PSN (Public Services Network) compliance. Regularly testing of Disaster Recovery Plan.
Ineffective business continuity plans leading to loss of service e.g. Covid-19	**G**	• Plans are in place to safeguard business continuity and respond to major incidents. • Learning outcomes from previous major incidents will be used to inform future plans

Summary

The Council is satisfied with the level of assurance with regards to its governance arrangements which enables stakeholders to recognise that proper arrangements are in place to govern spending and safeguarding of assets. The governance issues raised in the 'action plan' will be addressed on an ongoing basis to further enhance the governance arrangements. The evaluation on the effectiveness of arrangements provides assurance that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

Annual Governance Statement signed by:

Signed: ---------- **Date: 30 June 2020**
Councillor Mark Robson
Leader of the Council

Signed: ---------- **Date: 30 June 2020**
Justin Ives BA, MA, DBA, FCMI, FCCA
Chief Executive

Hambleton District Council

Report To: Audit, Governance and Standards Committee

Date: 20 October 2020

From: Director of Finance and Commercial (s151 Officer)

Subject: **Statutory Auditor report to the Audit Committee on the 2019/20 Audit and the Council's Financial Report – Statement of Accounts 2019/20**

Portfolio Holder: Governance
Councillor Mrs I Sanderson

Wards Affected: All Wards

1.0 Purpose and Backgound

1.1 The purpose of this report is to present the

- Statutory Auditor Results Report for the year ended 31 March 2020
- Management representation letter
- Council's Financial Report 2019/20

1.2 Each year the Council produces its Financial Report which is required to be approved by a statutory auditor. In 2019/20 the appointed auditor is Ernst & Young LLP and the Audit Results Report will be published prior to the meeting. A member of Ernst & Young LLP will be at the meeting to present the report

1.3 The financial statements of the Council for the year ended 31 March 2020 are audited under the Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations 2015 as well as the Code of Audit Practice issued by the National Audit Office in 2020. The National Audit Office's Code of Audit Practice ("the Code") for Local Government Bodies requires a report to be issued from the External Auditor (Ernst & Young LLP) to those charged with governance – Audit, Governance and Standards Committee – on the work carried out during the audit, to discharge Ernst & Young's statutory audit responsibilities, together with any governance issues identified.

1.4 Public Sector Audit Appointments Ltd issues the 'Statement of responsibilities' for auditors which serves as the formal terms of engagement between the appointed auditors – Ernst & Young LLP – and the audited body – Audit, Governance and Standards Committee. The Terms of Appointment made by Public Sector Audit Appointments Ltd under the Local Audit (Appointing Person) Regulations 2015 applies to audits of the accounts from 2018/19 where the Public Sector Audit Appointments Ltd is responsible for appointing an auditor to principal local government bodies that have chosen to opt into its national auditor appointment arrangements. This Council opted in to these national auditor appointments in December 2016 and Ernst & Young LLP were appointed to audit the accounts of

Hambleton District Council for five years, for the accounts from 2018/19 to 2022/23. This appointment is made under regulation 13 of the Local Audit (Appointing Person) Regulations 2015, and was approved by the Public Sector Audit Appointments Ltd Board at its meeting on 14 December 2017

1.5 The national audit appointments arrangements were appointed as a result of a tender exercise where Ernst & Young LLP was appointed Hambleton District Council's auditor for £31,381 per annum. It has become apparent during 2019/20 that due to the multiple pressures and challenges which have arisen nationally in 2018/19 audits an increase in the number of proposed fee variations required for additional audit work has occurred. Fee variations occur due to the increased complexities of the activities that Councils are undertaking e.g. the creation of third party vehicles that involves group accountresulting in audits taking more time and hence the increased cost.

1.6 The 2019/20 audit fee has been set by the Public Sector Audit appointments and hence due to the current national issues that are arising the Audit, Governance and Standards Committee needs to be aware that the Public Sector Audit Appointments Limited are working with the auditors to address the issues of a planned timetables and any likely fee variations. Ernst & Young LLP 'UK Government and Public-Sector Assurance Leader' wrote to the Council during February 2020 on this issues and therefore local discussions have occurred where Ernst & Young LLP have proposed a fee increase for 2019/20 of £57,125. The council has not accepted this fee increase based on the fact that the appointment was made as a result of the tender process. This matter is currently with Public Sector Audit Appointments Ltd. No update has been provided.

1.7 The Audit Results Report will summarise the findings from the 2019/20 audit which is substantially complete. It includes issues from the audit of the Financial Report - Statement of Accounts - and also the results of work undertaken to assess the Council's arrangements on value for money to secure economy, efficiency and effectiveness in the use of resources.

1.8 In the audit of the 2019/20 Financial Report, Ernst & Young LLP's Audit Results Report comments on, amongst other issues, areas where changes are required to the Draft Statement of Accounts 2019/20 and a member of Ernst & Young LLP will be at the meeting to discuss these matters.

1.9 In order to assist Members in their understanding of the 2019/209 Financial Report – Statement of Accounts – training is provided prior to this meeting in accordance with the CIPFA Code of Practice for Local Authority Audit Committees.

1.10 As part of the annual Audit, the Council is also required to write to Ernst & Young LLP confirming the position regarding issues such as compliance with regulations and the accuracy of records etc. This letter, known as the management representation letter, will be published prior to the meeting. It is appropriate that the management representation letter be discussed and agreed by those charged with governance – Audit, Governance and Standards Committee - and also signed by the Council's Director of Finance & Commercial, acting in the capacity of s151 Officer.

1.11 Finally, the Council is responsible for preparing and publishing its Financial Report - Statement of Accounts - accompanied by the Annual Governance Statement (AGS). These two documents will be published prior to the meeting. The Accounts and Audit Regulations 2014 require either Full Council or an appointed Committee to approve the Council's Financial Report - Statement of Accounts - and the Annual Governance Statement.

1.12 At Hambleton it is the Audit, Governance & Standards Committee that is charged with this responsibility, along with receiving the Audit Results Report. The Annual Governance Statement has been approved as part of this agenda on 20 October 2020. The Financial Report 2019/20 - Statement of Accounts – is approved by the Council's Director of Finance & Commercial (s151 Officer) and by the Council's statutory auditor - Ernst & Young LLP - and it is recommend for approval by the Audit, Governance & Standards Committee.

2.0 Risk Analysis

2.1 There are no risks associated with approving this report.

3.0 Recommendations

3.1 It is recommended that the Committee:-

1) accept the 'Audit Results Report – IAS 260' presented to the Audit, Governance & Standards Committee for the 2019/20 audit as prepared by Ernst & Young LLP;

2) approve the signing of the Management Representation Letter by the Council's Director of Finance & Commercial, acting in the capacity of s151 Officer; and

3) approve the audited Financial Report - Statement of Accounts – 2019/20.

Louise Branford-White
Director of Finance & Commercial (s151 officer)

Background papers: None

Author ref: LBW

Contact: Louise Branford-White
Director of Finance & Commercial (s151 Officer)
Direct Line No: 767024

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Hambleton District Council

Report To: Audit, Governance and Standards Committee

Date: 20 October 2020

From: Director of Finance and Commercial (s151 Officer)

Subject: **CIPFA Financial Management Code**

Portfolio Holder: Economic Development and Finance
Councillor P R Wilkinson

Wards Affected: All Wards

1.0 Purpose and Background

1.1 In recognition of the financial pressures that Councils are facing, the Chartered Institute of Public Finance and Accountancy (CIPFA) has developed the Financial Management Code.

1.2 The intention of the Financial Management Code is to provide guidance to Local Authorities to create a culture of strong, sustainable financial management giving assurance that authorities are managing resources effectively. A self-regulation approach will be taken which should prevent any need for external control or reductions in current powers.

1.3 The report is to inform the Audit, Governance and Standards Committee of the contents of the Financial Management Code and the actions to be taken by Hambleton District Council to be compliant by 2021/22.

2.0 The Report

2.1 The Financial Management Code requires authorities to demonstrate that the processes in place satisfy the principles of good financial management, whilst providing evidence to show that legislative requirements are met. The Code does not currently have any specific statutory backing. However, CIPFA state that compliance with the code should be linked to (s151) of the Local Government Act 1972. There is also an obligation upon members to adhere to the Financial Management Code.

2.2 Complying with the standards set out in the Financial Management Code is the collective responsibility of elected members and Management Team.

2.3 Explicit standards of financial management are set out by the Financial Management Code. These are the minimum standards which have to be adhered to in order for the Council to demonstrate its compliance with the Financial Management Code. The standards articulate the practical application of the principles of financial management based on the requirements of primary legislation, associated CIPFA codes and guidance on professional codes of practice and ethics. Whilst compliance with the standards is mandatory, the Financial Management Code does not prescribe how they should be achieved.

2.4 In order to demonstrate conformity with the Financial Management Code's standards, the Council will review its current processes, procedures and governance arrangements to understand where the Council is already compliant with the standards. The review will also identify areas of non-compliance within the Council or where compliance is weak. The Council will develop practices to ensure that the areas of non-compliance or areas of weakness are fully compliant by 1 April 2021.

2.5 The Financial Management Code identifies risks to financial sustainability and introduces a framework of assurance. The approach is based upon six principles of good financial management as follows

1. **Organisational Leadership**
   Demonstrating a clear strategic direction based on a vision in which financial management is embedded into the organisational culture.

2. **Accountability**
   Based on medium term financial planning, driving the annual budget process, supported by effective risk management, quality supporting date and whole life costs.

3. **Transparency**
   At the core of financial management, using consistent, meaning and understandable data, reported frequently, with evidence of periodic officer action and elected member decision making.

4. **Professional Standards**
   Promoted by the leadership team with adherence evidenced.

5. **Assurance**
   Recognised as an effective tool mainstreamed into financial management, including political scrutiny and the result of both external audit and inspection.

6. **Long Term Sustainability**
   At the heart of all local services financial management processes evidenced by the prudent use of public resources.

2.6 Audit, Governance and Standards Committee will receive regular reports on progress towards achieving the Financial Management Code, including proposals for additional practices where appropriate and in compliance with the Financial Management Code's standards. An annual report will be taken to Audit, Governance and Standards Committee alongside the Statement of Accounts in late autumn each year, commencing 2022, following the first full year of compliance.

3.0 Link to Council Priorities

3.1 Compliance with the standards supports the Council's overall aims and priorities by promoting probity, integrity and honesty and by helping to support the Council to become a more effective organisation.

4.0 Risk Assessment

4.1 There are no risks associated with this report.

5.0 Financial Implications

5.1 There are no financial implications associated with this report.

6.0 Legal Implications

6.1 The Code does not currently have any specific statutory backing. However, CIPFA reference that compliance with the Financial Management Code should be linked to the (s151) of the Local Government Act 1972. There is also an obligation upon members to adhere to the Financial Management Code.

7.0 Equalities and Diversity Issues

7.1 Equality and Diversity issues have been considered. There are no issues associated with this report.

8.0 Recommendation

8.1 That the Committee notes the content of this report.

Louise Branford-White
Director of Finance and Commercial (s151 Officer)

Background papers: None

Author ref: Saskia Calton

Contacts: Saskia Calton
Corporate Finance Manager
Tel 01609 767226

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Hambleton District Council

Report To:	Audit, Governance and Standards Committee
Date:	20 October 2020
From:	Director of Finance and Commercial (s151 Officer)
Subject:	**Audit, Governance and Standards Committee - Report Programme 2020/21**
Portfolio Holder:	Governance Councillor Mrs I Sanderson
Wards Affected:	All Wards

1.0 Purpose and Background

1.1 The purpose of this report is to identify those reports which the Committee wishes to receive on a structured basis.

1.2 The Committee usually meets four times per year and with this in mind, and based upon the work of the Committee since its inception, Annex A is a suggested programme of reports that the Committee could consider. This would not, of course, prevent the Committee from considering ad hoc reports on other matters within the terms of reference for the Committee.

1.3 In 2020/21, due to the Covid-19 pandemic, the first meeting of the Committee was not held. Two reports were therefore approved under the delegated decision of the Chief Executive: Statutory Auditor – Audit Plan 2020/21 and Internal Audit plan 2020/21. These reports are available on the website.

2.0 Risk Management

2.1 There are no risks associated with approval of this report. The report will ensure that the Committee receives reports in a timely manner on those issues that are key to the Committee's terms of reference. Approval of a programme of reports is considered as best practice and will enable the work of the Committee to be spread out over the next financial year in a structured way.

2.2 The risk of not approving the report is that issues of relevance are not brought to the Committee's attention in a timely manner.

3.0 Recommendations

3.1 It is recommended that Members approve the Report Programme set out at Annex A of the report.

Louise Branford-White
Director of Finance and Commercial (s151 officer)

Background papers:	None
Author ref:	LB-W
Contact:	Louise Branford-White Director of Finance and Commercial (Section 151 Officer) Direct Line No: (01609) 767024

Annex A

Report Programme for
Audit, Governance and Standards Committee 2020/21

July - 1st Quarter

No meeting held due to the covid-19 pandemic

October - 2nd Quarter

1. Annual Report to Cabinet on the Committee's Activities for 2019/20
2. Annual Review of Audit and Governance Committee's Terms of Reference
3. Reporting Programme for 2020/21
4. Annual Report Code of Conduct Complaints
5. Regulation of Investigatory Powers Act 2000 – Inspection by the Investigatory Powers Commissioner's Office
6. Annual Internal Audit and Counter fraud and Anti-Corruption Report 2019/20
7. Annual Governance Statement for 2019/20
8. Statutory Audit Report on 2019/20 Audit and the Council's Financial report – Statement of Accounts 2019/20
9. Annual Review of Risk Management
10. Internal Audit Q1 Report 2020/21
11. Statutory Auditor – Quarterly Update
12. Counter Fraud Framework Update

January - 3rd Quarter

1. RIPA Update and Annual Review of Policy Statement
2. Internal Audit Q2 Report 2020/21
3. Annual Review of the Audit Vision and Charter
4. Statutory Auditor – Annual Audit and Inspection Letter 2019/20
5. Statutory Auditor – Annual Grant Claims and Returns 2019/20
6. Statutory Auditor – Quarterly Update

March - 4th Quarter

1. RIPA Update
2. Statutory Auditor – Audit Plan 2020/21
3. Internal Audit Q3 Report 2020/21
4. 2020/21 Internal Audit Plan
5. Reporting Programme for 2021/22
6. Review of Annual Treasury Management Strategy 2021/22
7. Review of the Capital Strategy 2021/22
8. Annual Report on Code of Conduct Complaints
9. Annual Review – Code of Conduct

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Hambleton District Council

Report To: Audit, Governance and Standards Committee

Date: 20 October 2020

From: Director of Finance and Commercial (s151 Officer)

Subject: **Annual Review of Risk Management**

Portfolio Holder: Governance
Councillor Mrs I Sanderson

Wards Affected: All Wards

1.0 Purpose and Background

1.1 The purpose of this report is to provide the Committee with an annual review of the Council's risk management process.

1.2 The Audit, Governance and Standards Committee have responsibility for the Risk Management Strategy; however they have delegated to Scrutiny Committee the oversight of the risk register on a quarterly basis. Significant changes to the risk management process are reported to both Committees.

1.3 The Strategic Risk Management Group established in March 2017 continues to meet regularly to drive all aspects of risk management compliance for the authority, supporting the monitoring roles performed by Management Team, Scrutiny Committee and Audit, Governance and Standards Committee. The group act as risk 'champions' ensuring risk management has an appropriate profile and sufficient focus on the corporate agenda.

1.4 Risk Management is embedded across the Council with the three key risk types, Corporate Risks, Key Corporate Project Risks and Service Risks with a Net Risk Threshold of 12 or Above, being examined on a quarterly basis by the Strategic Risk Management Group. These risks are also reported to Management Team for further examination and then in turn to Scrutiny Committee.

1.5 The internal audit of risk management in February 2020 identified minor areas for improvement but overall recognised the Council's arrangements for managing risk as good with an effective control environment in operation that provided Substantial Assurance. The findings will be discussed by Service Managers within Task and Finish groups which will take place in Quarter 3 2020-21. The aim of the groups will be to make minor improvements to current processes and achieve a more consistent approach across the Council to Risk Management as set out in the Risk Management Framework. The Risk Management Framework was last approved by Audit, Governance and Standards Committee in October 2019.

1.6 The current risk register displaying active Corporate Risks at Q1 are attached at Annex A, Key Corporate Project Risks are attached at Annex B and Service Risks with a Net Risk Threshold of 12 or Above are attached at Annex C. The Corporate Risk register includes the management of interruption to the business of the Council due to the Covid-19 pandemic and the action plans in place to allow the Council to manage this risk.

2.0 Risk Assessment

2.1 There are no risks associated with consideration of this report. However, if this report was not considered then the Committee would not be fulfilling its terms of reference and would not have the opportunity of commenting on the risk management process of the Council.

3.0 Recommendation

3.1 It is recommended that the Committee note the Corporate Risks, the Key Corporate Project Risks and the Service Risks with a net risk threshold of 12 or above attached at Annex A, B and C respectively.

Louise Branford-White
Director of Finance and Commercial (s151 officer)

Background papers: Hambleton District Council Risk Management Framework 2019

Author ref: LBW

Contact: Louise Branford-White
Director of Finance and Commercial (Section 151 Officer)
Direct Line: 06109 767024

Jacky Byrne
Performance and Improvement Officer
Direct Line: 01609 767034

Risk ID	Risk Name	Service	Service Director / Responsible Officer	Risk Manager	GROSS / INHERENT RISK			ACTION PLAN	ACTION PLAN timeline / completion date	NET / RESIDUAL RISK		
					Likelihood : Impact	Score	Risk Level			Likelihood : Impact	Score	Risk Level
157	**Health & Safety Lone Working Practices** are not as effective as they should be leading to potential physical risk and/or sub-standard service, performance, financial and reputational losses and legal challenge.	All Services	Paul Staines	All Service Managers	2x5	10	Med	• HDC implements suitable arrangements where all services work to the Council's Health and Safety Policy and arrangements for lone working. • Service action plans in place including: - Specific service risk assessment & practice in place - All relevant staff to receive Health & Safety training - A system of monitoring and review is being implemented where Health & Safety Group monitor risk assessment management and associated Key Performance Indicator's. Audit of lone working practices and violence and aggression in the workplace are being carried out by North Yorkshire County Council's Health and Safety Adviser in Q3 and Q4 (in abeyance due to Covid. Will continue once restrictions ease). •The Civic Centre recovery plan and risk assessment reflect the requirements of COVID 19. This has been mirrored for other workplaces such as the depot. Lone working is supported by Service Managers with their staff who are working from home. Service Managers are aware of the importance of knowing whether staff are at work or at home and are taking measures to ensure their staff's health and safety.	On-going	1x3	3	Low
254	**Health & Safety Workplace Risk Assessment** -Failure to identify, implement and review the annual Workplace Health & Safety Risk Assessment programme leads to potential physical risk and/or sub-standard service, performance, financial, environmental and reputational losses and legal challenge.	All Services	Paul Staines	All Service Managers	5x5	25	High	Each service to implement their service specific action plan to undertake service risk assessments and workplace inspections annually. Services to work to the HDC Health & Safety Policy and arrangements for risk assessments. Professional support is bought in from NYCC Health and Safety Team under a three yearly service level agreement. Some risk assessment reviews may be late in Q2/Q3 2020/21 due to Covid considerations. This does not affect the overall risk.	Ongoing	1x5	5	Low

Risk ID	Risk Name	Service	Service Director / Responsible Officer	Risk Manager	GROSS / INHERENT RISK			ACTION PLAN	ACTION PLAN timeline / completion date	NET / RESIDUAL RISK		
					Likelihood : Impact	Score	Risk Level			Likelihood : Impact	Score	Risk Level
407	Failure to develop and maintain an effective **Business Continuity Plan** leads to lack of resilience or inability to access HDC services resulting in loss of service or failure of service delivery.	All Services	Paul Staines	All Service Manager s	1x5	5	Med	Business continuity policy, procedure and plans are in place across the organisation and all service managers are engaged. ICT liaise with services to provide resilience in line with the business needs. BC plans are reviewed annually as part of service planning. HDC buy in specialist advice from NYCC Resilience and Emergencies Team. Covid 19 is still in the response phase , though measures are being taken to move into recovery, this is a fluid situation and will change according to government guidance. A full review of the authority's Business Continuity arrangements, especially as they relate to pandemics, will be scheduled once recovery has been settled. This will be led by Paul Staines with advice from NYCC Resilience and Emergencies Team. The timescale is dependent upon a number of factors including the possibility of a second or even third wave.	Review Business Continuity Plans Q4 2020/21	1x3	3	Low
512	Failure to follow **General Data Protection Regulation Requirements** and failure to follow the Council's Information Policy leads to a violation of Data Protection Act which could lead to a fine by the Information Commissioner's Office and creates a risk of legal challenge and reputational damage where regulations are not complied with.	All Services	Gary Nelson	Laura Venn & All Services	2x3	6	Med	Retention and destruction of documentation in accordance with the Information Asset Register. Annual review of service area records management in line with Document Retention Policy and all staff to receive Data Protection training/ General Data Protection Regulation updates.	On going	2x2	4	Low
522	Failure of the **Council's website** or failure to maintain current/correct information removes the principal communication and compliance tool, blocks transparency and denies residents' payment facilities and emergency information resource, leading to reputational, legal and financial loss.	All Services	Helen Kemp	Anna Wilkes and all service manager s	3x3	9	Med	Website hosted and supported offsite to minimise risk and current information maintained and reviewed on a regular basis. Work has commenced on updating the web platform to ensure compliance with web accessibility legislation being introduced September 2020 are ongoing, whilst there are delays introduced due to the Covid-19 response these are expected to be absorbed in the flex that was built into the programme, no delay to final deliverability is expected. Individual action plans within services established to reduce gross risk - further progress (as planned) needed with these to decrease the likelihood score further with an expectation that this will lead to a net risk of 1x3 during Q3.	Ongoing	2x3	6	Med

Risk ID	Risk Name	Service	Service Director / Responsible Officer	Risk Manager	GROSS / INHERENT RISK			ACTION PLAN	ACTION PLAN timeline / completion date	NET / RESIDUAL RISK		
					Likelihood : Impact	Score	Risk Level			Likelihood : Impact	Score	Risk Level
602	Failure to comply with the **Public Sector Equality Duty** will put the organisation at risk of legal challenge and reputational damage	All Services	Gary Nelson	Lynne Halls & All Services	3x4	12	High	Service Managers with advice and guidance from Human Resourses will ensure that the General and Specific requirements of the Public Sector Equality Duty are met. All Managers and Staff who follow the requirements of the Equality and Diversity Policy and Procedure and take part in any relevant training as listed in Appendix B of the Learning and Development Policy.	Ongoing	1x3	3	Low
709	Failure to set a balanced **Annual Budget** which is reflected in the 10 year Financial Strategy.	All Services	Louise Branford-White	Saskia Calton	1x4	4	Low	Complete and challenge the Budget setting process, generate income, create efficiency savings, consider reduction to the current budget, monitor and manage the position. Report to Cabinet and Council on an annual basis prior to the new financial year and monitor on a quarterly basis. The financial impacts of COVID 19 are being reviewed and a revised financial strategy to be presented to cabinet and council in the Autumn.	Annually - February and Quarterly monitoring	1x3	3	Low
798	**Staff attendance** - Failure to effectively manage staff attendance at work leads to potential physical risk, reduced staffing levels and/or sub-standard service with regards to possible financial, environmental and reputational losses and legal challenge.	All Services	Gary Nelson	Lynne Halls & All Services	2x3	6	Med	Service Managers with advice and guidance from Human Resourses will manage the attendance of staff so contractual requirements are met. This will involve invoking policies such as Sickness Absence Management, Leave, Flexi Time, Capability and Recruitment and Selection.	Ongoing	1x3	3	Low
800	**Training and Development** - Failure to plan, resource and implement and ensure attendance at mandatory corporate training and development (in line with Appendix B of the Learning and Development Policy and Procedure) for employees leads to potential physical risk and/or sub-standard service with regards to possible financial, environmental and reputational losses and legal challenge	All Services	Gary Nelson	Lynne Halls & All Services	1x3	3	Low	Human Resourses will liaise with Service Managers to ensure that any mandatory training is scheduled onto the Learning and Development Calendar. Human Resourses will also work with Service Managers to ensure staff attend corporate mandatory learning and development activities. Human Resourses will also work with Service Managers to resolve issues of non-attendance of departmental mandatory learning and development.	Ongoing	1x3	3	Low

Risk ID	Risk Name	Service	Service Director / Responsible Officer	Risk Manager	GROSS / INHERENT RISK			ACTION PLAN	ACTION PLAN timeline / completion date	NET / RESIDUAL RISK		
					Likelihood : Impact	Score	Risk Level			Likelihood : Impact	Score	Risk Level
814	Failure to prepare for a **No Deal Brexit** leads to a disruption to services and an inability to service local needs - • Fuel shortages affect refuse collection • Fuel shortages affect individuals ability to get to work • Extra demand for council services due to hardship • Internal capacity to deal with changes in regulatory services • Failure to manage communications with businesses/community/voluntary leads to reputational damage	All Services	Paul Staines	Paul Staines	3x4	12	High	• Engage with Local Resilience Forum partners at a strategic and tactical level using established emergency planning protocols • Report by exception to Yorkshire and Humber lead Brexit Officers through Leeds City Council • Use Local Government Association toolkit for communication • Communicate with service managers forum to ensure business continuity plans reflect the risk. Corporate Brexit Plan approved by Managment Team 16/10/2019.	Ongoing	1x3	3	Low
823	Failure to take action on **climate change** leads to adverse impacts on the local and global environment and damages the council's reputation.	CORP	Paul Staines	All Service Manager s	3x5	15	High	A schedule has been drawn up documenting all services' carbon saving measures and plans to reduce carbon in the future. Working with other authorities regionally and sub regionally on positive actions, also supporting communities to take positive actions. Internal working group has been established and is baselining energy usage. A strategy is being drawn up to go the Management team in Q2 2020	Continuously monitored and reviewed	2x4	8	Med
824	**Cyber Security** - Cyber-attack leads to loss of key ICT infrastructure resulting in reduced ability to provide ICT Services, occurring financial loss and reputational damage	All Services	Louise Branford-White	Jenny Pan	3x5	15	High	• Compulsory annual Cyber Security training for all users •Procedure to verify each user and issue minimum required access rights•Manage privileged access • Annual IT Health Check and remedial work PSN (Public Services Network) compliant • Strong password policies are in place •Regularly test Disaster Recovery and Business Continuity Plan • Cyber Security Incident Management Plan in place • Annual review of the Information Security Policy • Participate in WARP (Warning, Advice and Reporting Point) Yorkshire group to share knowledge and information with other Councils • Cyber Liability Insurance is in place.	Ongoing	2x5	10	Med
833	**Local Government Re-organisation**	All Services	Justin Ives	All Directors	3x5	15	High	Whilst the decision to reorganise local government in North Yorkshire is beyond the Councils control, there are steps that can and will be taken to ensure that non statutory services provided for the residents and businesses of Hambleton are protected.	Jan-21	3x3	9	Med

Risk ID	Risk Name	Service	Service Director / Responsible Officer	Risk Manager	GROSS / INHERENT RISK Likelihood : Impact	Score	Risk Level	ACTION PLAN	ACTION PLAN timeline / completion date	NET / RESIDUAL RISK Likelihood : Impact	Score	Risk Level
834	**Staff Capacity** – Failure to provide sufficient staff of a suitable competence to deliver services and the Council Plan leads to difficulties in implementation of the corporate agenda and/or sub-standard service, performance, financial, environmental and reputational losses and legal challenge.	All Services	Louise Branford-White	All Service Managers	2x5	10	Med	• Directors/Service Managers to regularly review their service requirements and available resources • Corporate capacity of the organisation to deliver Council Plan projects was reviewed in Qtr. 4 2019/20 and a process exists to report to Project Management Board on a monthly basis • Regular management consideration of the various performance monitoring and review mechanisms to ensure delivery is on target • Periodic review by Management Team of corporate management capacity to deliver Council Plan • Currently continual review in light of COVID-19 as a result of the regular Government announcements for increased Local Government support. ICT implications are being considered along with other pressures across the Council. In the longer term this is connected with Disaster Recovery and Business Continuity planning and of prior importance is the Health and Well Being of all staff.	Quarterly review March 2020 Quarterly review Quarterly review	1x3	3	Low
838	**Business interruption due to coronavirus**	All Services	Paul Staines	Paul Staines	3x5	15	High	Central government plans in place- monitor daily North Yorkshire Local resilience Forum (NYLRF) procedures. Strategic Co-ordination Group (SCG) and Tactical Co-ordination Group (TCG) have now stood down and been replaced by a Multi Agency Meeting. Service Managers to review business continuity plans and plan for 30% absence IT to prepared for extra demand for home and mobile working Staff briefings to be carried out on business continuity and symptoms and preventative measures Teams to be provided with cleansing gels, wipes etc Service Managers to keep up to date with guidance via GOV.UK and England.nhs.co.uk Procedures being put in place to manage a return to work, corporate risk assessment drawn up, plans in place for vulnerable staff and their relatives	Ongoing Ongoing Complete Complete Ongoing Ongoing Ongoing Ongoing	2x5	10	Med

Risk ID	Risk Name	Service	Service Director / Responsible Officer	Risk Manager	GROSS / INHERENT RISK			ACTION PLAN	ACTION PLAN timeline / completion date	NET / RESIDUAL RISK		
					Likelihood : Impact	Score	Risk Level			Likelihood : Impact	Score	Risk Level
841	**Local Government Re-organisation** - Failure to deliver the projects in the council plan due to loss of key staff leads to significant financial losses, reputational damage and potential legal challenge.	All Services	Justin Ives	All Directors	3x5	15	High	▪ Improve the focus on the delivery of projects in the short timescale available. ▪ Good contingency planning and regular meetings. ▪ Sharing of knowledge and information in a central location. ▪ Good record keeping and documented procedure notes. ▪ Continue to make Hambleton an attractive place to work to encourage the retention of key employees. ▪ Keep staff informed of developments in a timely manner. ▪ Establish and retain good relationships with other stakeholders. ▪ Ensure that business continuity planning is robust. ▪ Maintain a positive attitude and approach to Local Government Re-organisation.	Oct-20	2x2	4	Low
842	**Local Government Re-organisation** - Failure to review the effects of the risks involved with Local Government Re-organisation on a regular basis leads to ineffective planning, resourcing and implementing of the corporate objectives.	All Services	Justin Ives	All Service Managers	2x2	4	Low	▪ All risks are considered on a quarterly basis by Service Managers as part of the quarterly risk management review. ▪ The requirement to assess the Local Government Re-organisation risks will be highlighted as part of this process. ▪ Service Managers must make the review of Local Government Re-organisation risks a priority. ▪ Risks are reviewed quarterly by Management Team, Strategic Risk Management Group and Scrutiny Committee. Checks are therefore in place to ensure that a review will occur.	Oct-20	1x1	1	Low

Risk ID	Risk Name	Service	Service Director / Responsible Officer	Risk Manager	GROSS / INHERENT RISK			ACTION PLAN	ACTION PLAN timeline / completion date	NET / RESIDUAL RISK		
	Driving Economic Vitality											
	Northallerton Bridge and Road Development											
629	Northallerton Bridge and Road Development -North Northallerton project slippage: unutilised grant funding is lost if it cannot be used in line with the timetable set out in the funding agreement	Business & Economy	Helen Kemp	Nicole Patterson & Sam Swinbank	3x5	15	High	The Council is working closely with the Developer Consortium and the relevant stakeholders to ensure the project can be delivered on time. Obligations on project delivery will seek to pass on risk of project slippage to Developer Consortium to mitigate risk to the Council. Project Slippage has forced the need for a contract variation for the Local Enterprise Partnership Local Grant Funding. The Local Enterprise Partnership has agreed this and the variation is being progressed but a revised delivery timetable needs to be fixed by the developer in order for this to be progressed. Bridge - None of the tender submissions received (total of 5 contractors bid) allowed for the delivery of the bridge by March 2021, likely delivery date September 2021 although supply chain delays due to Covid-19 have yet to be considered. Liaising with the LEP regarding the issues this raises with Local Growth Fund contract	Mar-22	2x6	12	High
631	Northallerton Bridge and Road Development -North Northallerton Development project proceeds but its viability is detrimentally affected by loss of grant. Other development costs would have to be reduced to make the project viable.	Business & Economy	Helen Kemp	Nicole Patterson & Sam Swinbank	2x5	10	Med	Risk has reduced on receipt of Local Enterprise Partnership Grant. Need to continue to monitor affordable & develop margin and viability for affordable housing. Project variation referenced at risk 629 will maintain the mitigation of this risk.	2028	1x5	5	Med
632	Northallerton Bridge and Road Development -North Northallerton Project is delayed or stalls completely, adversely affecting the Council's supply of housing and employment land.	Business & Economy	Helen Kemp	Nicole Patterson & Sam Swinbank	5x5	25	High	The situation is monitored and regular communication maintained with the developer consortium and stakeholders to ensure delivery of project	2028	3x5	15	High
	Central Northallerton Redevelopment											

Risk ID	Risk Name	Service	Service Director / Responsible Officer	Risk Manager	GROSS / INHERENT RISK			ACTION PLAN	ACTION PLAN timeline / completion date	NET / RESIDUAL RISK		
738	Central Northallerton Redevelopment - The returns to the Council that are expected from the development are not received	Commercial	Louise Branford-White	Hannah Heinemann	4x4	16	High	Monitor the Joint Venture Company Budget quarterly for phase 1 and support the development of phase II.	Quarterly	3x4	12	High
739	Central Northallerton Redevelopment - The site is not developed to reflect the aspirations of the Council	Commercial	Louise Branford-White	Hannah Heinemann	4x5	20	High	1. Central Northallerton Development Company Limited Board meets every 2 months. 2. Chief Executive & Deputy Leader represent the interest of the Council on this board. 3. Internal Board meeting reviews, monitors and suggests actions - meets every 6 weeks.	6 weekly monitoring, completion date summer 2020	3x4	12	High
793	Central Northallerton Redevelopment -Treadmills Purchase Phase 1 - Changes in the retail market that impact on our investment including financial difficulties of the tenants	Commercial	Mick Jewitt	Hannah Heinemann	4x4	16	High	Monitor at the Programme Management Board and Project Group and agree appropriate asset management strategy where appropriate.	Monthly monitoring	3x4	12	High
804	Central Northallerton Redevelopment – Increase in cost of the project once works begin due to unforeseen circumstances	Commercial	Mick Jewitt	Hannah Heinemann	4x4	16	High	Manage project to identify issues early and identify parts of project that can be adapted.	Monitoring Monthly as Project progresses	3x4	12	High
805	Central Northallerton Redevelopment – The Council doesn't achieve the best financial return.	Commercial	Mick Jewitt	Hannah Heinemann	4x3	12	High	Communicate the wider economic and community benefits.	6 weekly monitoring	4x3	12	High
806	Central Northallerton Redevelopment – Not possible to deliver the preferred scheme because of lack of retail and leisure pre-lets or viability.	Commercial	Mick Jewitt	Hannah Heinemann	3x4	12	High	Change to 'Variant' scheme or review alternative options when the market is volatile.	6 weekly monitoring	3x4	12	High

Risk ID	Risk Name	Service	Service Director / Responsible Officer	Risk Manager	GROSS / INHERENT RISK			ACTION PLAN	ACTION PLAN timeline / completion date	NET / RESIDUAL RISK		
807	Central Northallerton Redevelopment – The prison site is not successfully developed because developers consider the listed buildings are too great a risk.	Commercial	Mick Jewitt	Hannah Heinemann	3x4	12	High	Undertake a detailed study showing uses and alterations that are possible and acceptable to promote developer confidence.	6 weekly monitoring	3x4	12	High
808	Central Northallerton Redevelopment – Crosby Road – The Council loses income.	Commercial	Mick Jewitt	Hannah Heinemann	3x4	12	High	Consider other actions for improving income.	6 weekly monitoring	3x4	12	High
809	Central Northallerton Redevelopment – Crosby Road – A precedent could be created for similar arrangements on offers, promotions and incentives in other Council car parks.	Commercial	Mick Jewitt	Hannah Heinemann	3x4	12	High	Explain the unique reasons for the arrangements at Crosby Road. Explore proposals for other Council car parks where appropriate.	6 weekly monitoring	3x4	12	High
810	Central Northallerton Redevelopment – Crosby Road – Police parking is displaced from the Crosby Road Car Park.	Commercial	Mick Jewitt	Hannah Heinemann	3x4	12	High	Central Northallerton Development Company Limited agree arrangements with the Police. The Police make alternative provision.	6 weekly monitoring	3x4	12	High
825	Central Northallerton Redevelopment - The income generated from the asset (Treadmills Phase 2) does not cover the Council's finance costs due to voids or low rents and the cost of management	Commercial	Mick Jewitt	Hannah Heinemann	4x5	20	High	Monitor the income stream closely and maximise commercial income. Seek other sources of funding such as the Future High Street Fund	6 weekly monitoring	3x4	12	High
826	Central Northallerton Redevelopment - Negative publicity about Council expenditure to support the scheme (Treadmills Phase 2)and criticism from other businesses	Commercial	Mick Jewitt	Hannah Heinemann	4x4	16	High	Proactive communication plan and good media engagement regarding the wider economic and community benefits to the area	6 weekly monitoring	4x3	12	High
	Leeming Bar Employment Site											

Risk ID	Risk Name	Service	Service Director / Responsible Officer	Risk Manager	GROSS / INHERENT RISK			ACTION PLAN	ACTION PLAN timeline / completion date	NET / RESIDUAL RISK		
750	Leeming Bar Employment Site – Community objection to the scheme	Business & Economy	Helen Kemp	Nicole Patterson / Sam Swinbank	3x5	15	High	Establish Community Working Group later in 2020 to allow issues to be raised and to be addressed as part of the Scheme Development Stage. This is following the work on the Local Plan and the planning Inspectors feedback	Autumn 2020	3x4	12	High
	Car Park Improvement Scheme											
615	Car Park Improvement Scheme - Bedale Gateway Car Park - Inability to deliver Bedale Gateway Car Park project leads to long-term damage to local economy through loss of visitors and trade.	Design & Maintenance (incl Public Lighting)	Steve Lister	Clive Thornton	3x4	12	High	Economic assessment in 2017 indicated limited if any impact on economy due to relief road. Work being undertaken to determine possible partners and funding options to deliver car park. On-going monitoring of economic vibrancy of town. Review in 2020/21. Consideration being given to provision of coach parking bays.	Dec-20	3x3	9	Med
816	Car Park Improvement Scheme - Failure to deliver the project inaccordance with the programme July 2018 – July 2020 loss of reputation	Design & Maintenance	Steve Lister	Clive Thornton	3x4	12	High	Monitor scheme progress and manage robustly delays in delivery. Consultant employed to support project delivery. Internal monthly meetings to monitor progress. Project meetings on monthly basis with consultant supported by monthly wriiten progress reports. Regular updates required to Management Team and monthly updates with Portfolio Holder. Liaise with North Yorkshire County Council to manage the Parking Order variation process. COVID-19 Impact on scheme delivery	Dec-20	2x3	6	Med
817	Car Park Improvement Scheme - Pay and Display income below budget due to changes in payment methods, parking periods and tariffs	Design & Maintenance	Steve Lister	Clive Thornton	3x4	12	High	Retain cash payments, introduce debit and credit card payments and introduce payment by smartphone application. Model income based on new payments methods. COVID-19 impact on scheme delivery.	Dec-20	2x3	6	Med
	Dalton Utilities Improvement											
Not a project; more of a communications role between businesses and NPG (Northern Power Grid)												
	Enhancing Health & Wellbeing											

Risk ID	Risk Name	Service	Service Director / Responsible Officer	Risk Manager	GROSS / INHERENT RISK			ACTION PLAN	ACTION PLAN timeline / completion date	NET / RESIDUAL RISK		
	Northallerton Sports Village											
699	Northallerton Sports Village - Funding Plan cannot be resourced sufficiently to develop the village as intended	Leisure & Communities	Steve lister	Lisa Wilson	4x4	16	High	• Built Facilities, Playing Pitch and Open Spaces strategies have been produced to evidence the need for more sports provision in Northallerton • Some Section 106 funds have been secured (£300k) • National Governing Bodies will be consulted in a timely fashion	2025	3x4	12	High
	Sowerby Sports Village											
745	Sowerby Sports Village (Future Phases) - Funding Plan cannot be resourced sufficiently to develop the village as intended	Leisure & Communities	Steve Lister	Lisa Wilson	4x4	16	High	• A Built Facilities, Playing Pitch and Open Spaces strategies have been produced to evidence the need for more sports provision in Sowerby. • National Governing Bodies will be consulted in a timely fashion • The council has purchased a Grant Finder product	2022	2x3	6	Med
836	Sowerby Sports Village - delays to construction of access result in reputational and financial damage.	Leisure & Communities	Steve Lister	Lisa Wilson	3x4	12	High	• Works have started on time and a programme of works has been agreed and is being closely monitored. • Strict COVID-19 protocols are being adhered to • Ongoing communications between Department for Education and the school	2020	2x4	8	Med
	Thirsk & Sowerby Leisure Centre Improvements											
820	Thirsk & Sowerby Leisure Centre Improvements - Presently at feasibility stage. Risks will be identified if a decision is made to progress the project. Decision made to progress to Cost Confidence Report due in April 2020. Cost confidence report received, report to go to cabinet in September regarding progressing to Cost Certainty.	Leisure & Communities	Steve Lister	Colin Winfield				New Project - Action plan to still to be established. Report due Summer 2020. Internal project meetings in place whilst decision on project progress is made.				
	Community Leisure Facilities Improvements - Bedale, Easingwold and Stokesley											

Risk ID	Risk Name	Service	Service Director / Responsible Officer	Risk Manager	GROSS / INHERENT RISK			ACTION PLAN	ACTION PLAN timeline / completion date	NET / RESIDUAL RISK		
821	Community Leisure Facilities Improvements - Without a planned approach to investment and development of facilities there will be a deterioration in service performance, financial and reputational losses and a negative impact upon the health and well-being of residents/customers.	Leisure & Communities	Steve Lister	Colin Winfield/ Dave Ashbridge	4x4	16	High	• Develop and implement a planned approach to investment and development of leisure facilities. • SLC gym refurbishment carried out, further work planned for 2020/21	2023	2x6	6	Med
	Events and Legacy Programme											
822	Events and Legacy Programme - The Council fails to properly consider or implement events, or their legacy, for the district that are consistent with its aspirations and therefore misses out on improvement opportunities for its residents	Leisure & Communities	Steve Lister	Lisa Wilson/Colin Winfield	3x3	9	Med	• Deliver a policy to support the provision of events and legacy projects for the district • Comprehensively consider the opportunities that arise from individual events	2023	2x3	6	Med
	Caring for the Environment											
	Crematorium Project											
811	Crematorium Project - Increase in costs of the project once design has been developed and fully costed.	Commercial	Mick Jewitt	Hannah Heinemann	4x4	16	High	Manage project to identify issues early and identify parts of project that can be adapted. Carry out value engineering exercise with the consultant team.	Monitoring Monthly as Project progresses	3x4	12	High
812	Crematorium Project - An alternative scheme by a competitor could be submitted for planning permission.	Commercial	Mick Jewitt	Hannah Heinemann	4x4	16	High	Proceed with the project expeditiously. Review planning application by planning barrister to ensure the Council has submitted the best possible scheme and has given due consideration to all relevant matters.	Monitoring Monthly as Project progresses	3x4	12	High
813	Crematorium Project - The income from the service is less than expected and/or the operating costs are higher than anticipated.	Commercial	Mick Jewitt	Hannah Heinemann	4x4	16	High	Develop KPIs, monitor and implement improvement plans. Identify issues early.	Monitoring Monthly as Project progresses	3x4	12	High
	Renewable Energy											

Risk ID	Risk Name	Service	Service Director / Responsible Officer	Risk Manager	GROSS / INHERENT RISK			ACTION PLAN	ACTION PLAN timeline / completion date	NET / RESIDUAL RISK		
827	Renewable Energy - New project as approved in the 2019-23 Council Plan in September 2019. The Project will be developed during quarter 4 2019-20. Failure to develop an energy strategy to set out how the Council plans, manages and adapts to meet its energy needs leads to reputational damage.	Design & Maintenance	Paul Staines		4x3	12	High	Set up Climate Action Group. Develop environmental strategy. Identify and investigate opportunities to obtain energy from renewable sources. Use regional network of officers to baseline existing usage and look for shared aproaches and projects.	Quarterly	2x3	6	Med
	Electric Charging Points											
828	Electric Charging Points - New project as approved in the 2019-23 Council Plan in September 2019. The Project will be developed during quarter 4 2019-20. Failure to deliver a strategy for the introduction of an electric vehicle charging infrastructure leads to reputational damage to the Council	Design & Maintenance	Steven Lister	Clive Thornton	3x3	9	Med	Development of electric vehicle charging infrastructure strategy included within the Car Park Improvement Scheme. Consultants appointed to provide support development and implementation of the Car Park Improvement Plan. Identify and be open to opportunities outside of the car park improvement scheme to provide or facilitate the introduction of charging infrastructure and include within strategy. Priority locations have been identified. COVID-19 impact on scheme delivery.	Monthly Jul-20 to Mar-21	2x2	4	Low
829	Electric Charging Points - Failure to deliver an initial phase of electric vehicle charging infrastructure in the District means the Council fails to meet the changing needs and expectations of residents and visitors	Design & Maintenance	Steven Lister	Clive Thornton	3x3	9	Med	Introduction of initial phase of charging infrastructure included within the Car Park Improvement Scheme. Consultants appointed to provide support for the development and implementation of the Car Park Improvement Plan including the provision of charging infrastructure. Identify and be open to opportunities outside of the car park improvement scheme to provide or facilitate the introduction of charging infrastructure. Priority locations have been identified.	Monthly Jul-20 To Mar-21	2x2	4	Low
	Depot Relocation Review											

Risk ID	Risk Name	Service	Service Director / Responsible Officer	Risk Manager	GROSS / INHERENT RISK			ACTION PLAN	ACTION PLAN timeline / completion date	NET / RESIDUAL RISK		
801	Depot Relocation Review - Depot Layout Review -- Darlington Road Depot Project to review layout and manage asbestos on site fails to mitigate risk of asbestos release and enable increase in fleet and resources in the short term. MT report due July 2020.	Wass	Paul Staines	Gary Brown/Sue Seddon	4x5	20	High	Arcadis delivered options appraisal for the existing site and alternative location proposals in July 2020. Project scope to be revised in the light of local government reorganisation.	Mar-21	2x5	10	Med
802	Depot Relocation review - Digital Depot Project fails to meet objectives	Wass	Paul Staines	Gary Brown/Sue Seddon	4X5	20	High	Project risk register to be managed at all project meetings and appropriate action taken to ensure delivery plan achieved. Project group set up. Technical advice brought in from Scarborough BC.	Dec-20	2x4	8	Med
815	Depot relocation Review – to identify suitable land for relocation for the medium to long term requirements of WASS – as per MT report. Management Team report due July 2020.	Wass	Paul Staines	Gary Brown/Sue Seddon	2X5	10	Med	Project risk register to be managed at all project meetings and appropriate action taken to ensure delivery plan achieved. Project reporting via Project Management Board. Suitable land is not presently available as per Arcadis report July 2020. However, project scope to be revised in the light of local government re-organisation	Mar-21	2x4	8	Med
	Providing a Special Place to Live											
	Local Plan											
115	Local Plan -Market conditions or ineffective spatial planning leads to a reduction in new homes completions and results in the Council not meeting its new homes target and consequently reduction in New Homes Bonus & Council Tax receipts.	Planning	Helen Kemp	Jon Berry	3x3	9	Med	Progress a new Local Plan for the period up to 2035 that reflects current government guidance and provides a good range of deliverable housing sites. Also work closely with developers to bring sites forward. Regular performance monitoring and good project management.	Reviewed quarterly	3x1	3	Low

Risk ID	Risk Name	Service	Service Director / Responsible Officer	Risk Manager	GROSS / INHERENT RISK			ACTION PLAN	ACTION PLAN timeline / completion date	NET / RESIDUAL RISK		
116	Local Plan - Lack of resources or failure in the process leads to Local Plan being found unsound at Examination resulting in a need to repeat the process, leading to speculative planning applications and appeals.	Planning	Helen Kemp	Jon Berry	1x4	4	Low	Project planning to ensure new Local Plan is brought forward in a timely manner and is based on a robust evidence; based on Sustainability, Appraisal, Community & Stakeholder engagement and that legal requirements are followed. Review Local Development Scheme annually. Local Planning Enforcement consultants checking document prior to Publication. Investment in planning policy staff resource & software.	Review monthly	1x4	4	Low
737	Local Plan - The Plan is found to be unsound at the Examination stage	Planning	Helen Kemp	Jon Berry	2x5	10	Med	Robust evidence base is being developed. Policies to reflect government guidance. Plan is to be checked by experts prior to Publication. Planning Inspectorate to report Autumn 2020.	Autumn 2020	1x5	5	Med
763	Local plan - Ineffective spatial planning results in the Council being found to be in failure and the government intervenes.	Planning	Helen Kemp	Jon Berry	1x5	5	Med	Up to date Local Development scheme to be published. Members & officer involvement in Duty to Co-operate. Robust evidence base for strategic approach in new Local Plan	On-going	1x4	4	Low
764	Local Plan - The Local Plan is overly ambitious & cannot be justified at Examination	Planning	Helen Kemp	Jon Berry	4x4	16	High	Robust evidence base has been produced and is being consistantly updated. Duty to Co-operate consultation with neighbouring Local Authorities and key stakeholders. Production of Statement of Common Ground. Strategy approach aligns with the Council's Economic Strategy, the Strategic Economic Partnership, etc	Review in line with Local Development Scheme	2x4	8	Med
	Best in Class Planning service											
830	Best in Class - Staff become disengaged with the review process or concerned about potential outcomes leading to poor performance, resignations/sickness and therefore reduced capacity.	Planning	Helen Kemp	Jon Berry	3x4	12	High	Review morale & staffing levels with DMs at weekly DM meeting, ensure any actions to resolve issues are identified and acted upon Receive feedback from iESE and agree what is to be communicated to the teams Issue Newsletter and schedule full briefing from iESE/JI	Ongoing 21 Jan 2020 W/C 27 January 2020	2x3	6	Med
831	Best in Class - iESE Review fails to deliver improvements	Planning	Helen Kemp	Jon Berry	2x5	10	Med	Maintain regular reviews with iESE to understand progress and findings. Design improvement plan based on findings. Implement Improvement Plan.	Ongoing w/c 21 Jan 2020	1x3	3	Low

Risk ID	Risk Name	Service	Service Director / Responsible Officer	Risk Manager	GROSS / INHERENT RISK			ACTION PLAN	ACTION PLAN timeline / completion date	NET / RESIDUAL RISK		
832	Best in Class - Lack of resource hampers attempts to put improvements in place	Planning	Helen Kemp	Jon Berry	4x5	20	High	Review staffing levels weekly with DMs and action immediately to replace/backfill where necessary Chief Planning Officer in post	Ongoing 24 Feb 2020	1x3	3	Low
	Lambert Hospital Community Development											
818	Lambert Hospital Community Development - The project to separate the utilities shared by the Lambert Hospital and the linked Health Centre is not completed prior to the transfer of the hospital to Herriot Hospice and subsequent redevelopment	Design & Maintenance	Steve Lister	Clive Thornton	2x4	8	Med	Liaise with nhs properties on regular basis, attend nhs properties project meetings, gain assurance from nhs properties. COVID-19 impact on scheme delivery,	Aug-20	2x3	6	Med
	Vibrant Market Towns											
751	Vibrant Market Towns Project – Business Bulletins. Declining numbers on mailing list or increasing numbers of subscribers are not opening bulletin.	Business & Economy	Helen Kemp	Nicole Patterson / Sam Swinbank	2x3	6	Med	Keep content relevant and to the point. Continual promotion of the bulletins to businesses, and reminder promotional work internally so that B&E team can recruit a pipeline of new subscribers.	Reviewed annually/ January 2020	2x3	6	Med
752	Vibrant Market Towns Project – Town distinctiveness themes. Lack of adoption by towns.	Business & Economy	Helen Kemp	Nicole Patterson / Sam Swinbank	2x3	6	Med	Develop distinctiveness themes in conjunction with delivery partners in each town to ensure buy-in and support. Further development on VMT to be ongoing when return to 'normal' times following Covid-19	2020/21	2x3	6	Med
755	Vibrant Market Towns Project – Professional Communications and Media. Social Media – a controversial post may cause offence.	Business & Economy	Helen Kemp	Nicole Patterson / Sam Swinbank	1x4	4	Low	Social Media training and guide provided to the team. The posts will be created and scheduled in advance, taking away the risk of an 'off the cuff' post. Post content will be written to avoid controversy.	Training completed April 2019 On-going	1x4	4	Low
756	Vibrant Market Towns Project –Developing the Markets offer across the district. Lack of engagement by traders.	Business & Economy	Helen Kemp	Nicole Patterson / Sam Swinbank	2x3	6	Med	The development and promotion of the markets is embracing all the markets in the district. Regular communications with traders has been established and will continue. The work is managed by a project management team as required.	Annual meeting with traders June 2019 Project Group meets as required	2x3	6	Med

Risk ID	Risk Name	Service	Service Director / Responsible Officer	Risk Manager	GROSS / INHERENT RISK			ACTION PLAN	ACTION PLAN timeline / completion date	NET / RESIDUAL RISK		
757	Vibrant Market Towns Project – Built and Natural Environment. Periodic Town clean -up events by volunteers. Risk of injury.	Business & Economy	Helen Kemp	Nicole Patterson / Sam Swinbank	2x3	6	Med	The clean-up teams are equipped with hi-vis vests and appropriate equipment (e.g. pick sticks). Care will be taken to avoid heavy lifting and carrying.	Periodic when events take place	1x3	3	Low

Risk ID	Risk Name	Status	Service	Service Director / Responsible Officer	Risk Manager	GROSS / INHERENT RISK			ACTION PLAN	ACTION PLAN timeline / completion date	NET / RESIDUAL RISK		
Driving Economic Vitality													
410	New Homes Bonus grant is pivotal to the resilience of the financial strategy. Failure to increase the tax base year on year or failure of the Government to provide the grant would impinge on this resilience.	Active	Corporate Finance	Louise Branford-White	Louise Branford-White	3x4	12	High	The council completes a thorough review on an annual basis to identify new homes which should be included in the tax base that are currently not. The New Homes bonus grant is reviewed in the Government financial settlement annually and this will be monitored specifically for 2020/21. The 10 year financial strategy approved by Council in February 2020 recognises that the government will not support this grant in in future years and therefore the amount of funding profiled has been reduced. Alternative funding methods are being sought.	Ongoing	3x4	12	High
411	Beyond 2019/20 there is a risk of further significant grant reductions should government priorities shift from increased housing provision to enhancing functions not undertaken by the Council.	Active	Corporate Finance	Louise Branford-White	Louise Branford-White	3x4	12	High	To support the future substanability of the 10 year financial strategy the requirement to generate income is a key objective of the Council. Projects to generate income are being developed.	Ongoing	3x4	12	High
415	A continued low Bank Base Rate would impact on the Council's ability to generate investment income from balances.	Active	Corporate Finance	Louise Branford-White	Saskia Calton	4x2	8	Med	The market is continually monitored and estimates made for future investment income which are included in the financial strategy	Monitored daily	4x2	8	Med
416	Significant reductions in government grant leading to the inability to sustain council services at the current level.	Active	Corporate Finance	Louise Branford-White	Louise Branford-White	4x5	20	High	An on-going programme of efficient service delivery, saving reviews and a focus on income generation that ensures best value is being achieved and income is maximised.	Ongoing	4x4	16	High
786	Failure to meet the target for business rate growth as reflected in the Financial Strategy would impact upon the financial resilience of the Council.	Active	Revenues & Benefits	Louise Branford-White	Louise Branford-White	4x5	20	High	Monitoring of business rate growth is ongoing and opportunities are taken to retain business rates when government initiatives arise e.g. Business Rate Pilot scheme. Comprehensive Spending Review is awaited and the Council is pro-actively lobbying government with regard to potential funding being received.	Ongoing	4x4	16	High
794	Commercial Property Portfolio - Management of costs increasing or higher than expected	Active	Commercial	Mick Jewitt	Hannah Heinemann	4x4	16	High	Careful choice of property, tenants as well as monitoring through the Investment Board and Property Investment Advisor	Quarterly monitoring	3x4	12	High

Risk ID	Risk Name	Status	Service	Service Director / Responsible Officer	Risk Manager	GROSS / INHERENT RISK			ACTION PLAN	ACTION PLAN timeline / completion date	NET / RESIDUAL RISK		
795	Commercial Property Portfolio - Rental income reducing due to business failures or delay in reletting units	Active	Commercial	Mick Jewitt	Hannah Heinemann	4x4	16	High	Careful monitoring through the Investment Board and property investment advisor, also advice from Property Investment Advisor regarding market intelligence.	Quarterly monitoring	3x4	12	High
796	Commercial Property Portfolio - Legislation introduced that prohibits Local Authorities to borrow for commercial profit	Active	Commercial	Mick Jewitt	Hannah Heinemann	4x4	16	High	Continue to review and monitor current regulations and legislation.	Quarterly monitoring	3x4	12	High
797	Commercial Property Portfolio - There is insufficient knowledge within the Council to support this commercial investment	Active	Commercial	Mick Jewitt	Hannah Heinemann	4x4	16	High	Regular monitoring reports from Property Investment Advisor should minimise this risk.	Quarterly monitoring	3x4	12	High
Enhancing Health & Wellbeing													
542	Failure to have procedures and available resources to carry out proactive and reactive inspections of potentially contaminated land resulting in: • Significant risk of harm to the environment and public health if any contamination is not remediated. • A potential significant financial burden on the Council. • Significant reputational damage.	Active	Environmental Health	Paul Staines	Vikki Flowers	4x5	20	High	• Documented procedures are in place and are reviewed periodically. • Reactive checks are carried out to establish Class A or Class B liability groups to prevent the Council becoming responsible for contaminated sites and funding remediation costs. • Information on prioritised sites is shared with Development Management for inclusion on the Council's Brownfield Land register of sites suitable for redevelopment, so the cost of remediation falls to the developer. • There is no designated funding in the Environmental Health budget to carry out investigation and potential remediation of contaminated sites.	Dec-20	3x4	12	High
Caring for the Environment													
Risks for this priority were considered to be below the net risk threshold of 12 or above.													
Providing a Special Place to Live													

Risk ID	Risk Name	Status	Service	Service Director / Responsible Officer	Risk Manager	GROSS / INHERENT RISK			ACTION PLAN	ACTION PLAN timeline / completion date	NET / RESIDUAL RISK		
426	Failure to properly manage joint arrangements with North Yorkshire County Council Children & Young People's Service leads to safeguarding problems with homeless children, resulting in legal challenge and personal harm	Active	Strategic Housing	Helen Kemp	Alison Morton	3x4	12	High	Working closely with other Local Authorities and North Yorkshire County Council to address safeguarding issues and mitigate risk. Need to ensure that despite cuts in funding, through shaping of new delivery models, there continues to be sufficient safeguarding measures in place going forward. New protocol has been implemented from 1st April 2018	Quarterly reviews	3x4	12	High
638	Community Infrastructure Levy income below expectations, leading to a lack of funding for infrastructure improvements and therefore further delivery of housing.	Active	Planning	Jon Berry	Ann Rawlinson	4x3	12	High	Procedures to be developed to pursue non payment through the Community Infrastructure Levy regulations. Income low in part due to the levels of exemptions	Quarterly review	4x3	12	High

Hambleton District Council

Report To: Audit, Governance and Standards Committee

Date: 20 October 2020

From: Director of Finance and Commercial (s151 Officer)

Subject: **Counter Fraud Framework Update**

Portfolio Holder: Governance
Councillor Mrs I Sanderson

Wards Affected: All Wards

1.0 Purpose and Background

1.1 This report presents the Council's annual review of counter fraud arrangements. The Council's Counter Fraud and Corruption Strategy has been refreshed in line with a new UK national counter fraud strategy for local government. The report also provides an updated counter fraud risk assessment.

1.2 Fraud is a serious risk to the public sector in the UK. When fraud is committed against the public sector, money is diverted from vital public services into the hands of criminals. Fraudsters are constantly refining their tactics and techniques in order to circumvent the checks and controls put in place to prevent fraud from occurring. In order to protect income and assets public sector bodies must therefore continuously develop their counter fraud measures to meet the evolving threats.

1.3 One in every three crimes committed in the UK is categorised as fraud.[1] The most recent estimate of the cost of fraud against local authorities is up to £7.3 billion annually.[2]

2.0 National Picture

2.1 As part of the government's response to the Covid-19 pandemic local authorities have been responsible for issuing grants to eligible businesses. By the end of August 2020 over £11 billion had been paid out to small and medium sized business across the UK.[3] Fraudsters have attempted to divert grants from legitimate businesses, and ineligible businesses have attempted to mislead councils about their circumstances in order to receive grants. Applications for grant payments have now ceased. All councils responsible for administering them are now undertaking post assurance work to ensure that all the grants were correctly paid. If fraud or error is detected then a recovery process will begin that can include the prosecution of offenders.

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[1] Economic Crime Plan 2019-23, HM Government
[2] Annual Fraud Indicator 2017, Crowe Clark Whitehill
[3] www.gov.uk/government/publications/coronavirus-grant-funding-local-authority-payments-to-small-and-medium-businesses

2.2 Cyber-crime is a growing concern for local government in the UK. A council in the North East suffered a catastrophic cyber-attack earlier this year. The ransomware attack removed access to multiple systems across the council and criminals tried to extort money from the Council to restore them. There have been a number of attacks on UK public sector organisations over the past few years, e.g. Parliament and the NHS. In 2019 Kaspersky reported a 60% increase in ransomware attacks on local governments worldwide and pointed towards similar attacks in the United States.[4] It is important that all councils make members of staff aware of cybercrime and what precautions to take in order to prevent it.

2.3 CIPFA's 2019 annual Fraud and Corruption tracker was released in November 2019. The report details levels of fraud detected by local authorities in 2018/19. Key findings of the report include the following:

- The largest area of loss for local authorities is in council tax related discounts, e.g. single occupancy discount and council tax support. The amount of fraud detected has risen by over £5m since 2016/17 to £30.6m.

- Procurement fraud is an area seen as being a high risk for local authorities. Fraud can take place at any point in the supply chain of goods and services making it difficult to detect. CIPFA reports that 12% of procurement fraud cases detected involved insider fraud and 5% involved serious and organised fraud.

2.4 Post assurance checks on Covid-19 grants are currently ongoing and further checks will be made as part of the upcoming 2020/21 National Fraud Initiative. Cyber-crime awareness will form part of all fraud awareness training delivered at the Council. The areas highlighted by the CIPFA report are all areas of focus for the counter fraud team in 2020/21.

3.0 Local Picture

3.1 The Council has processed over 2730 Covid-19 grant claims as part of three government schemes: the Small Business Grant Fund, the Retail Hospitality and Leisure Grant Fund, and the Local Authority Discretionary Fund. The value of these grants is more than £30m. Extensive checks by Council officers were made into each application to make sure they met the criteria set by government and the payments were being made to the correct people. Where concerns were identified cases have been directed to the counter fraud team.

3.2 The Council is sending monthly reports detailing payments to the Department for Business, Energy & Industrial Strategy (BEIS) and has produced a risk assessment for the Covid-19 grant schemes detailing what steps have been taken to mitigate fraud risk.

3.3 The counter fraud team is undertaking post assurance work on behalf of the Council. A sample of applications will undergo checks to highlight potential fraud and error. The upcoming National Fraud Initiative exercise will also include data matching on Covid-19 grant data and this will also form part of the Council's post assurance work.

[4] Story of the Year 2019 – Cities under Ransomware Siege, Kaspersky

3.4 The team has been liaising with the National Investigation Service (NATIS), the National Anti-Fraud Network (NAFN), and the Department for Business, Energy & Industrial Strategy to report fraudulent applications by organised criminals, as well as sharing intelligence with Council colleagues.

3.5 The routine work of the counter fraud team has been disrupted by the Covid-19 pandemic, however this work is now restarting. Activities like visits to people's homes and interviews under caution in Council offices are however still curtailed, but the team are finding new ways to undertake this work.

4.0 Counter Fraud Framework

4.1 The Council's Counter Fraud and Corruption Strategy 2017-19 was approved in September 2016, and covered the period of the national counter fraud strategy for local government, Fighting Fraud and Corruption Locally. The national strategy is refreshed periodically and has the support of counter fraud professionals, the Local Government Association, and HM Government. The most recent iteration, Fighting Fraud and Corruption Locally – A Strategy for the 2020s (see Appendix 1) was published in April 2020.

4.2 An updated Counter Fraud and Corruption Strategy for 2020-23 (see Appendix 2) has been drafted and the committee is asked to approve it. The strategy takes into account the new Fighting Fraud & Corruption Locally guidance and includes an associated action plan which has also been updated for 2020/21.

4.3 As part of this review the Council's counter fraud policy and counter fraud risk assessment were also reviewed. The risk assessment has been updated (see Appendix 3) and no changes were required to the counter fraud policy.

5.0 Link To Council Priorities

5.1 The work of the counter fraud team supports the Council's overall aims and priorities by preventing, detecting and deterring fraud against the organisation. Counter fraud work helps to reduce losses to the Council due to fraud and these savings can be used to fund Council services and initiatives.

6.0 Risk Assessment

6.1 There are no risks associated with this report.

7.0 Financial Implications

7.1 There are no direct financial implications due to the report. In 2020/21, the counter fraud service to be delivered by Veritau will cost £31,440 which is already included in the Council's budget. The service is not intended to be demonstrably self-funding as the true level of savings from counter fraud work cannot be fully calculated. Development of the Council's counter fraud framework and awareness raising with the public and Council staff deters attempted fraud against the Council and prevents fraud from occurring through early detection. However, in the course of investigative work every effort is made to maximise the levels of savings received by the Council as a result of fraud work.

8.0 Legal Implications

8.1 There are no legal implications associated with the recommendations in the report.

9.0 Equalities and Diversity Issues

9.1 There are no equalities or diversity issues associated with the report.

10.0 Recommendation

10.1 Members are asked to approve the Council's new Counter Fraud and Corruption Strategy (2020-23) with associated action plan and note the updated Counter Fraud Risk Assessment.

Louise Branford-White
Director of Finance and Commercial

Background papers: None

Author ref: JD

Contact: Jonathan Dodsworth; Assistant Director – Corporate Fraud; Veritau North Yorkshire
jonathan.dodsworth@veritau.co.uk

Fighting Fraud and Corruption Locally

A strategy for the 2020s

A response to economic crime and fraud

With support from:

This is the third Fighting Fraud and Corruption Locally Strategy, produced by local government for local government.

Content

03 *Foreword*
Local Government Association
Joint Fraud Taskforce

05 *Executive Summary*
Review of 2016 Strategy
Introduction

10 *The Context*

20 *The Strategic Approach*
GAPPP
The themes

25 *Turning Strategy into Action*
The Local Response
Appendix 1 & Appendix 2

Foreword
— Richard Watts

Since the first strategy was produced in 2011 councils have faced significant financial challenges. Councils have innovated, collaborated and prioritised in order to meet the financial challenge and to protect front line services. Tackling the threat of fraud and corruption has been and continues to be a cornerstone of protecting council finances and enabling them to maximise the value of every pound spent on behalf of local residents.

Every pound siphoned off by a fraudster is a pound that cannot be spent on services where they are needed. Councils need to be vigilant. Councils have a good record in countering fraud and the strategy contains numerous case studies and examples of successes.

As the strategy highlights, it is estimated that about one in three of all crimes committed nationally is fraud based and fraudsters are always seeking new ways to take money. The strategy also highlights that potential losses to fraud could run into hundreds of millions or even billions of pounds if preventative action is not taken. Councils need to be agile and work together with national agencies and the Government to respond to new fraud threats, to prevent losses and to protect vulnerable people in our society. Collaboration to counter and prevent fraud is a theme running through the strategy.

The Fighting Fraud and Corruption Locally Strategy is an excellent example of how councils can come together for the overall benefit of local services and residents served. The strategy has been led by the Fighting Fraud and Corruption Locally Board. This Board has been described as "a coalition of the willing". It is a group of senior multi-disciplinary experts from councils working together with partners, that work with the councils on counter fraud activities. The Board is currently chaired by a representative from the Society of Local Authority Chief Executives (SOLACE). The Board members and the organisations they come from all provide their expertise on a pro bono basis, for the benefit of the sector and to help counter fraud. The board is supported by the LGA. In carrying out the research to draft this new strategy, the board has run several workshops up and down the country that have been attended by representatives from more than 250 councils. The work of all these people is reflected in the strategy and our thanks are due to all of them.

The strategy outlines, outlines a governance framework for continuing national and regional collaboration on counter fraud under the Fighting Fraud and Corruption Locally umbrella. Section four of the strategy outlines a practical programme and checklist for individual councils to follow.

I am happy to endorse this strategy on behalf of the LGA and welcome it as an opportunity for councils to review and further improve their counter fraud work in the 2020s.

Cllr Richard Watts
Chair Resources Board, Local Government Association
Leader Islington Council

Foreword
— Mike Haley

As the Chair of the Joint Fraud Taskforce I am delighted to support The Fighting Fraud and Corruption Locally 2020 strategy at a time when incidences of fraud and corruption are rising and there is an identified need for councils and their leaders to adopt a robust response.

Having worked as a fraud investigator I understand the importance of collaborative working and of having a structure and framework that guides and governs counter fraud and associated corruption activities.

Through working together and applying the principles of this strategy I am convinced that, perhaps for the first time, we have a model for true collaboration that is so important in identifying fraudsters, often organised groups, who seek to undermine and take financial advantage of systemic vulnerabilities and abuse those citizens in our community who are in themselves vulnerable.

I recognise the challenge that we all face in having to balance demands on resource across essential services at a time when funding is constrained. However, I also recognise the important role that local authorities and their frontline services play in tackling fraud and corruption that are a drain on those resources. Savings through enforcement and bringing fraudsters to justice can be used to support our social services and can build stronger and safer communities.

I am convinced that this strategy is an important step in tackling fraud and corruption that is so corrosive to society. In my role as Chair of the Joint Fraud Taskforce I welcome my local authority colleagues. By working together, I am convinced that we can deliver a step change in tackling fraud.

Mike Haley
Chair of the Joint Fraud Taskforce

The Joint Fraud Taskforce is a partnership between banks, law enforcement and government to deal with economic crime.

Executive Summary

Fighting Fraud and Corruption Locally 2020 is the updated counter fraud and corruption strategy for local government. It provides a blueprint for a coordinated response to fraud and corruption perpetrated against local authorities with the support of those at the top.

By using this strategy local authorities will:

- *develop and maintain a culture in which fraud and corruption are unacceptable*
- *understand the harm that fraud can do in the community*
- *understand their fraud risk*
- *prevent fraud more effectively*
- *use technology to improve their response*
- *share information and resources more effectively*
- *better detect fraud loss*
- *bring fraudsters to account more quickly and efficiently*
- *improve the recovery of losses*
- *protect those at risk.*

This strategy is aimed at council leaders, chief executives, finance directors and all those charged with governance in local authorities including those on audit committees and with portfolio responsibility. It is produced as part of the Fighting Fraud and Corruption Locally initiative, a partnership between local authorities and key stakeholders, and succeeds the previous strategies written in 2011 and 2016. It is not 'owned' by any one organisation but by the local authorities who have given time and support to develop it. Areas of focus for elected members, chief executives and those charged with governance are laid out in Section 4: The Local Response.

This partnership has been so successful it has existed since 2010 when the research and engagement first began.

Local authorities continue to face a significant fraud challenge and while the official figures are dated the argument about protecting funds and vulnerable people remains. The National Fraud Authority estimated local authorities face the threat of £2.1bn fraud in a year in 2013. In fact, the Annual Fraud Indicator produced by Crowe Clark Whitehill estimates that figure may be as high as £7.8bn in 2017, out of a total of £40.4bn for the public sector as a whole. The Government's Economic Crime Plan states that the numbers of fraud offences rose by 12% during 2018 to 3.6 million – constituting a third of all crimes in the UK.

Every £1 that a local authority loses to fraud is £1 that it cannot spend on supporting the community. Fraud and corruption are a drain on local authority resources and can lead to reputational damage and the repercussions maybe far reaching.

Fraudsters are constantly revising and sharpening their techniques and local authorities need to do the same. There is a clear need for a tough stance supported by elected members, chief executives and those charged with governance. This includes tackling cross-boundary and organised fraud and corruption attempts, as well as addressing new risks such as social care fraud and cyber issues.

In addition to the scale of losses and potential losses, there are further challenges arising from changes in the wider public sector landscape including budget reductions, service remodelling and integration, and government policy changes. Local authorities report that they are still encountering barriers to tackling fraud effectively, including lack of incentives, data sharing, information sharing and powers, but also that they require support from senior stakeholders and those in charge of governance.

These factors do present challenges. However, this strategy demonstrates the tenacity of local fraud teams in continuing to lead on innovation and collaborate and also that there is a network of local leaders willing to support this initiative. This strategy, then, is about creating a self-sustaining counter fraud response for the sector.

Review of 2016 Fighting Fraud and Corruption Locally Strategy

The previous two strategies focused upon pillars of activity that summarised the areas local authorities should concentrate efforts on. These were 'acknowledge', 'prevent' and 'pursue'.

These pillars are still applicable. During the research for this strategy they were supported as key areas by those who have input. However, another two areas of activity have emerged that underpin tenets of those pillars. These are 'govern' and 'protect'.

The pillar of 'govern' sits before 'acknowledge'. It is about ensuring the tone from the top and should be included in local counter fraud strategies.

Govern

Having robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout the organisation. Having a holistic approach to tackling fraud is part of good governance.

Acknowledge

Acknowledging and understanding fraud risks and committing support and resource to tackling fraud in order to maintain a robust anti-fraud response.

Prevent

Preventing and detecting more fraud by making better use of information and technology, enhancing fraud controls and processes and developing a more effective anti-fraud culture.

Pursue

Punishing fraudsters and recovering losses by prioritising the use of civil sanctions, developing capability and capacity to investigate fraudsters and developing a more collaborative and supportive local enforcement response.

Local authorities have achieved success by following this approach; however, they now need to respond to an increased threat and protect themselves and the community.

The second new area that has appeared during the research recognises the increased risks to victims and the local community:

Protect

Protecting against serious and organised crime, protecting individuals from becoming victims of crime and protecting against the harm that fraud can do to the community.

For a local authority this will also cover protecting public funds, protecting its organisation from fraud and cybercrime and also protecting itself from future frauds.

GOVERN

Having robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout the organisation.

ACKNOWLEDGE

Accessing and understanding fraud risks.

Committing the right support and tackling fraud and corruption.

Demonstrating that it has a robust anti-fraud response.

Communicating the risks to those charged with Governance .

PREVENT

Making the best use of information and technology.

Enhancing fraud controls and processes.

Developing a more effective anti-fraud culture.

Communicating its' activity and successes.

PURSUE

Prioritising fraud recovery and use of civil sanctions.

Developing capability and capacity to punish offenders.

Collaborating across geographical and sectoral boundaries.

Learning lessons and closing the gaps.

PROTECTING ITSELF AND ITS RESIDENTS

Recognising the harm that fraud can cause in the community.
Protecting itself and its' residents from fraud.

This strategy and its tools provide ways for local authorities to further develop and enhance their counter fraud response by ensuring that it is comprehensive and effective and by focusing on the key changes that will make the most difference.

Local authorities can ensure that their counter fraud response is comprehensive and effective by considering their performance against each of the six themes – the six Cs – that emerged from the 2016 research:

- Culture
- Capability
- Competence
- Capacity
- Communication
- Collaboration

Many local authorities have demonstrated that they can innovate to tackle fraud and can collaborate effectively to meet the challenges. Indeed, many have identified that a reduction in fraud can be a source of sizeable savings. There are case studies and quotes through this document evidencing the good work that is already happening.

This strategy

- *recognises that fraud is not a victimless crime and seeks to protect the vulnerable from the harm that fraud can cause in the community*
- *calls upon senior management in local authorities to demonstrate that they are committed to tackling fraud and corruption*
- *calls upon local authorities to continue to tackle fraud with the dedication they have shown so far and to step up the fight against fraud in a challenging and rapidly changing environment*
- *calls upon local authorities to work together to illustrate the benefits that can accrue from fighting fraud more effectively*
- *calls upon senior stakeholders to listen to the business cases on barriers put by local authorities in order to promote counter fraud activity in local authorities by ensuring the right further financial incentives are in place and helping them break down barriers such as a lack of powers.*

Case Study

Birmingham City Council: Acknowledge Using data to tackle fraud

In the original Fighting Fraud Locally 2011 Birmingham City Council was cited as good practice for setting up a data warehouse and protecting public funds. BCC continues to put fraud at the top of the agenda.

BCC has used a well-established, sophisticated data warehouse to develop an automated programme of data matching that allows potential fraud and error to be detected within 24 hours. This has been particularly effective in identifying fraudulent claims for council tax single person discounts and fraudulent housing applications. In time BCC expects the process to reduce the amount of fraud or error requiring a formal investigation as it will have been prevented or stopped almost as soon as it began. As a result, services that are being provided incorrectly can be stopped quickly, thus helping to preserve resources and reduce the level of fraud and error.

"Local authorities must ensure they take the necessary steps to put in place a strategy which can deliver a response that protects itself and its residents. Councils need to commit adequate resources to support that work and also measure its progress against that strategy. Fighting Fraud and Corruption Locally provides the necessary tools and ideas to support that work."

Trevor Scott, Chief Executive Wealden District Council

Introduction

This strategy document is aimed primarily at council leaders and other elected members, chief executives, finance directors and those charged with governance in local authorities.

As a result of lessons learned during previous incarnations this document contains the core strategy together with companion documents which provide more detailed guidance on its implementation which will be updated when necessary during the life of this strategy. In that way there will be live documents for practitioners to draw upon that will more readily reflect the ever changing fraud local landscape.

We recognise that pulling together practitioners and stakeholders to discuss these issues is a local authority exercise and detracts from day-to-day activity where there are limited resources in place. Therefore this strategy will cover from 2020 onwards supported by live companion documents.

The research for this strategy was carried out by local practitioners and board members.

The research was commissioned by the board and was coordinated by the secretariat.

The research consisted of:

RESEARCH

Desktop research of publications, legislation, and current activity in the landscape.

INTERVIEWS

Individual interviews and discussions with stakeholders from the counter fraud community.

EXPERTS

Specific interviews with subject matters experts.

WORKSHOPS

Facilitated discussions at FFCL 2019 Conference, thirteen specific workshops across UK and two additional conference workshops

The original Fighting Fraud Locally 2011 strategy was launched with a series of pilots and joint working, conferences and awards and was hugely successful. The workshops highlighted much work being done in local authorities that is commendable and can prevent fraud across boundaries. Therefore, as part of these fact-finding engagement exercises those that attended workshops were asked to offer activity to demonstrate the partnership as part of FFCL. Around 30 activities and events have been identified for 2020 that demonstrate some of the good practice found during the research for this document and show that local authorities continue to tackle fraud and corruption. It is intended that these examples will be used to kick-start momentum in the way that the 2011 strategy did. In addition a number of working groups have formed already to implement the recommendations.

The activity following the publication of FFCL 2016 was more limited. There was no formal local launch and limited board activity. Therefore some of the issues raised during that research still persist. Efforts have been made to redress this during the research for this strategy by setting in place activity to address those persistent issues.

Nevertheless it is clear that local authorities continue to tackle fraud, as evidenced in this strategy's case studies and by the appetite to take forward the issues raised during the research and in the good practice guides.

Several new areas were raised during the research as barriers to overcome and local authorities have already stepped up to join together to help tackle these barriers. As part of the engagement exercise working groups and local authorities are already in place to begin the work on these issues.

This document is divided into four sections:

Section 1
The Context

Sets out the nature and the scale of fraud losses, the argument for measurement and the key issues raised by stakeholders.

Section 2
The Strategic Response

Describes the response that is required from local authorities to address the challenges they are facing, identifying the activities necessary in order to achieve the strategic vision.

Section 3
Turning Strategy into Action – Delivery Plan

Sets out the recommendations and the framework for delivery.

Section 4
The Local Response – Appendices

Companion Annexes

The live companions to this strategy document set out more information on how local authorities can ensure that their counter fraud response is comprehensive and effective. These documents may be refreshed at any time during the life of the strategy. They are not part of the strategy but are further guidance that is changeable. Areas they cover include fraud risks, good practice and the counter fraud local landscape.

Section 1: The Context

a) The scale of fraud and corruption

It is accepted that fraud affects the UK across all sectors and causes significant harm.

The Office for National Statistics states that one in 16 members of the population is likely to fall victims. The Government's Economic Crime Plan 2019 states that the number of fraud offences rose by 12% during 2018 to 3.6 million – constituting a third of all crimes in the UK.

The last, most reliable and comprehensive set of local authority figures was published by the National Fraud Authority in 2013, and indicates that the fraud threat may have been costing the UK £52bn a year.

Within these figures the threat to local authorities totalled £2.1bn.

More recent estimates are higher. The Annual Fraud Indicator produced by Crowe Clark Whitehill estimated that figure may be as high as £7.8bn in 2017 of which procurement fraud was estimated as £4.3bn. This study estimated that the total threat faced by the public sector was £40.4bn.

"We do not have a wholly reliable estimate of the total scale of economic crime. However, all assessments within the public and private sectors indicate that the scale of the economic crime threat continues to grow."

Economic Crime Plan 2019

The National Fraud Authority estimated public sector fraud (including local government) at £20.6bn in 2013.

The National Audit Office's Local Landscape Review 2018 estimated fraud at up to £20.3bn excluding local government.

The estimated losses for local authorities in 2013 are broken down in the following by identified fraud losses and hidden fraud losses:

Estimated Local Government Fraud Loss 2013	
Fraud Type	**Estimated loss**
Housing tenancy fraud	£845m
Procurement fraud	£876m
Payroll Fraud	£154m
Council Tax fraud	£133m
Blue Badge Scheme misuse	£46m
Grant fraud	£35m
Pension fraud	£7,1m

Annual Fraud indicator 2013

These figures do not take into account the indirect costs of responding to and dealing with fraud and exclude some potentially significant areas of fraud loss. The fraud landscape has changed since 2013 as councils have introduced new ways of working and innovative responses to risks, while at the same time new areas of fraud risk have appeared.

Local authorities were sceptical about current publications on sector fraud figures and performance as there was a plethora of different numbers with no agreement or consensus. However, they remain keen to develop a consistent risk and performance methodology for the sector and for individual councils to estimate the potential risk they face on a consistent basis. Following the research for this strategy, a working group has been set up to develop methodologies for the sector to use.

b) The nature of the problem

In June 2019 the Government published its first Economic Crime Plan and included fraud and corruption in the definition.

The Government's Economic Crime Plan 2019

What is economic crime?

To help establish our partnership, we have agreed a common language across the public and private sectors regarding economic crime. We have used the following definition of economic crime to guide our efforts. Economic crime refers to a broad category of activity involving money, finance or assets, the purpose of which is to unlawfully obtain a profit or advantage for the perpetrator or cause loss to others. This poses a threat to the UK's economy and its institutions and causes serious harm to society and individuals. It includes criminal activity which:

- allows criminals to benefit from the proceeds of their crimes or fund further criminality
- damages our financial system and harms the interests of legitimate business
- undermines the integrity of the UK's position as an international financial centre
- poses a risk to the UK's prosperity, national security and reputation

1.12 This definition is broader than terms such as 'financial crime' or 'white-collar crime' to provide a holistic response to the following types of criminality:

- fraud against the individual, private sector and public sector
- terrorist financing
- sanctions contravention
- market abuse
- corruption and bribery
- the laundering of proceeds of all crimes

For the purposes of this strategy we have retained the terms 'fraud' and 'corruption' while recognising that they are part of a wider agenda. The strategy has not been re-titled 'Economic Crime'.

c) Issues raised by stakeholders

During the workshops and research a number of barriers to effective working were raised – the main issues raised are below. Participants were asked how they would solve these issues and there were many ideas and opportunities presented. Local authorities are keen to play a part and influence the outcomes. Therefore a working group has been set up for each of these areas to assess the evidence so far, collect any further evidence and to report into the secretariat for the FFCL Board to consider. There is evidence to create an FFCL operational group from the current FFCL representative network. Further detail on how this will operate will be in the live Delivery Annex.

Recommendation: A single regional FFCL operational group should be formed from the existing FFCL regional representatives.

Fraud measurement

While recognising that the repercussions of fraud are wider than financial it is important that councils have an up-to-date estimate of what the figures and areas of risk appear to be. There are a number of different methods of calculating fraud losses, and these vary across regions. Moreover the fraud priorities differ across regions. External organisations present figures to the sector but there is little or no ownership of these within local authorities. Local authority attendees raised this lack of independent analysis and free benchmarking to look at areas in deep detail rather than reported figures on numbers of referrals or cases detected. Local authorities could use this analysis to make the business case to tackle fraud, understand fraud issues more closely and see a more detailed picture across boundaries.

Recommendation: A working group on measurement should be formed to develop a consistent risk and performance methodology for the sector.

Local authorities have agreed to work together to build a set of figures for use as an indicator of actual losses, prevention measures and fraud areas. In addition this group will look at the area of benchmarking. This work is underway and the working group is now formed and is in place.

Powers

Local authorities welcomed the introduction of the Prevention of Social Housing Fraud Act (PSHFA) and reported that it had improved accessibility to information and intelligence.

However, some issues on powers that had been raised previously had not been taken forward by any parties, as the PSHFA, had and have been exacerbated by new fraud areas such as social care fraud where local authorities report it is difficult to obtain information. During the research local authorities have provided a number of examples across service areas where they cannot obtain information or access organisations in order to progress investigations.

There are a number of potential avenues to resolve these issues and local authorities have themselves suggested opportunities to resolve these. These issues need to be explored further to identify and evidence areas where lack of powers currently frustrate efforts by the sector to successfully progress counter fraud investigations. This will then enable the sector to lobby for the additional powers required.

Recommendation: A working group on powers should be formed.

Local authorities have agreed to work together to identify and evidence areas where lack of powers currently frustrate efforts by the sector to successfully progress counter fraud activity and identify what additional powers are required, what forms that should take and to examine the suggestions that have been collated. This evidence should then be used to lobby government to grant additional powers required. This recommendation is underway and the working group is now formed and is in place

Incentives

Local authorities welcomed the Counter Fraud Fund in 2015 which had been distributed by the then Department for Communities and Local Government

Case Study

An employee responsible for managing Ipswich Market and collecting stall rent from traders was prosecuted for theft of cash collected. The council's finance team identified an irregularity when it attempted to reconcile income received to income due. The theft was valued at £33,376 and totalled 91 thefts. The employee was given an 18-month prison sentence suspended for two years and ordered to carry out 250 hours of unpaid work in the community.

He was also ordered to pay £14,000 compensation to Ipswich Borough Council at the rate of £400 a month.

This fund was a one-off and there were good results that are detailed on the Local Government Association Counter Fraud Hub page. However, many local authorities did not have the opportunity to bid and some had lost resources. Local authorities reported that they did not have funds to set up dedicated teams or undertake proactive work, and offers of technology were expensive and often duplicated existing offerings. Local authorities have made some suggestions about ways in which counter fraud activity may be funded. Local authorities have put together ideas on what types of incentives could support improved activity.

Recommendation: A working group on incentives should be formed.

Local authorities have agreed to work together to indicate where incentives may be required from Government and what forms they may take and to examine the suggestions that have been collated in the research.

The working group is now formed and is in place and the work is underway.

Data analytics and matching

A number of data related initiatives exist which local authorities may take part in for example, counter fraud hubs. At the majority of workshops it was said that there is inconsistent advice, high pricing, lack of discussion with suppliers and difficulty filtering out what is useful from what is not. The National Fraud Initiative has two products which were highlighted as useful and these are the Fraud Hub and AppCheck. It was also reported that there were issues with data quality, data standards and a lack of quality assurance about products.

Recommendation: A working group should be formed to review existing data related initiatives available to local authorities and recommend best practice or new ideas.

Local authorities have agreed to form a working group to look at the area of data. A number of ideas have been put together and the group will consider these and what further activity is required. This group will need to decide what is in scope for this work as the issues raised are varied. This recommendation is underway and the working group is now formed and is in place.

Social care issues

At most workshops the area of social care fraud was raised. Social care fraud harms the community and vulnerable individuals who are unable to detect scams or fraud and are often unable to report them. Sometimes abuse of funds by family members or carers complicates the situation. This can include financial abuse of vulnerable persons, not just direct payments and personal budgets.

This area of fraud has emerged as a growing risk since the last strategy was published. The impact of this risk on already stretched social care services and budgets is potentially very significant. For this reason, organisations with relevant skills together with those local authorities that have developed good practice have offered to support work in this area of risk. Our research also highlighted a number of ideas about identifying and tackling some systemic vulnerabilities in this area. Local authorities should ensure fraud strategies are aligned with safeguarding responsibilities to ensure we actively protect the most vulnerable in our communities. Close working with social care teams will be required with joint approaches and planning.

Recommendation: A working group on social care fraud should be formed to look at how local fraud strategies should align to local authorities' safeguarding responsibilities as well as to identify best practice in countering risks relating to social care fraud.

Local authorities have agreed to form a working group to look at the area of social care fraud. A number of ideas have been put together and the group will consider these and what further activity is required. This recommendation is underway and the working group is now formed and is in place.

"Investing to prevent fraud should be one of the early steps in building your counter fraud response. The repercussions of fraud can be far reaching. We have a duty to protect residents in our communities from fraud and we should work in collaboration with officers across the council and partner agencies to prevent fraud and safeguard the vulnerable. Fraud is not a victimless crime".

Clive Palfreyman, Executive Director Finance & Resources London Borough of Hounslow

d) The themes

In FFCL 2016 a number of themes were identified and while those are still relevant and supported during the research one in particular stood out: collaboration.

Collaboration

There is an appetite for collaboration across the sector and geographically. However, it does not apply solely to local authorities. There is a need for collaboration across sectors, local law enforcement and with suppliers and external organisations.

The current FFCL regional representatives' network functions well. However, there is still a gap where information does not flow. There are also links to law enforcement and both national and local bodies which if they were stronger would help support the fight against fraud. Some councils already participate in regional bodies that could easily be better connected. There is overwhelming support for the idea of more formal FFCL-linked groups. Local authorities requested FFCL regional group.

There is also the possibility of exploring the principle of placing an obligation on partner bodies to share information to assist the detection and prevention of fraud even if the fraud is not against the sharing body.

Furthermore, local authorities reported the need to be more formally linked into the national law enforcement bodies. During the research a number of issues and patterns appeared in workshops that have been raised with enforcement; this demonstrates the merits of a joined-up approach. The Chief Executive of Cifas currently chairs the Joint Fraud Taskforce as well as sitting on the FFCL board and this has enabled Cifas to raise issues with the National Economic Crime Centre about local authorities' fraud risks. Local authorities requested support for better links to the major bodies in enforcement.

It was noted that where support was offered from outside the sector this could lead to a lack of 'ownership' by local authorities and that, had they been consulted or asked to contribute, products and services might have had better take-up. In particular, the cost of external support was raised several times as a barrier to take-up.

Recommendation: A single FFCL regional operational group should be created using the existing network that can link to relevant boards and enforcement.

Activity

During the workshops local authorities agreed to join the existing FFCL regional groups with a representative who is able to form part of a regional FFCL operational group supported by an FFCL Strategic Advisory Board (the current FFCL board).

The North East Regional Investigations Group will form a pilot and link to wider local law enforcement. This has been agreed with that region and is in place.

The new FFCL Strategic Advisory Board should have a dotted-line link into the Joint Fraud Taskforce, which will give access to the main players in local law enforcement.

There is further detail on this in the Delivery Plan Annex with a diagram that outlines how operational issues may flow upwards. The new FFCL regional operational group should be initially chaired by one of the local authority experts from the FFCL Strategic Advisory Board.

Organising ourselves – a collaborative governance model

Local authorities involved in the workshops realised the need for a strategic board and were pleased that the FFCL board had been in place since 2010 with oversight and had stood the test of time. It was also noted that the board had changed in role several times as had the membership. The original board had been very active, the second board had been more of an oversight body and the current board was wider but less visible. Attendees at workshops raised questions regarding the governance of FFCL, the route for selection to the board and the seniority and expertise of the board.

Further detail is included in the Delivery Plan Annex

Attendees appreciated the support from the firms and private sector and did not object in any way to these board members. In particular, the rebuilt secretariat and the support for the conference and awards in 2019 were noted, as was Mazars' free support on toolkits.

Recommendation: It is recommended that a review of governance takes place in respect of the role of the current board in light of the FFCL regional operational group and links to the Joint Fraud Taskforce.

Further recommendations are detailed in the Delivery Plan Annex.

Case Study

The first social care fraud prosecuted by Veritau and City of York Council

Veritau investigated following a referral from a member of the public. This is the first prosecution of a social care fraud by the council's legal department and an area of development for the counter fraud team. Several prosecutions for social care fraud have been achieved before, but these were jointly investigated by the police and taken to court by the Crown Prosecution Service.

The defendant was the financial representative for his mother who received social care support funded by City of York Council. The council funded his mother's social care, and he failed to inform them when his parents' property sold in 2014. He subsequently lied about this on a financial assessment form. The £86,000 has been paid back to the council in full. Information was received that his parents' property had been sold in 2014 for £200,000 and he had not declared this to the council in an attempt to avoid paying for his mother's care fees. The investigation found that on two separate occasions in 2015 he informed the council that his parents were still joint owners of the property and that his father lived there. In a financial assessment for social care funding, jointly owned properties are disregarded if a family member continues to live there.

The counter fraud team worked alongside financial investigators from the council's trading standards team, who were able to obtain financial information which showed that £198,000 from the house sale was deposited into the son's bank account. This money should have been taken into account for his mother's social care funds, meaning that the council would not have had to pay £86,000 out of the public purse. As a result of the two teams working together, the man was billed and the entire loss has now been repaid to the council.

He pleaded guilty to two charges of fraud by false representation at York Magistrates' Court on 8 October 2019. The case was referred to York Crown Court for sentencing on 19 November where he received a 20-month suspended sentence and was ordered to do 80 hours of unpaid work. He was also ordered to pay court costs of over £1,100 and an £80 victim surcharge. When sentencing, the judge said that a significant factor in mitigation was that he had already repaid the £86,000 to the council.

e) Fraud risk areas

The research has highlighted the following types of fraud risks. These frauds are expanded on in the companion documents and the list below is a brief description:

Fraud risks raised in the research

Social care fraud: personal budgets and direct payments	overstatement of needs through false declaration, multiple claims across authorities, third party abuse by carer, family or organisation, posthumous continuation of claims
Schools	most issues that were raised in the workshops were also raised as issues for schools. This area did not feature in FFCL 2016
Right to buy	fraudulent applications under the right to buy/acquire
Money laundering	exposure to suspect transactions
Commissioning of services	including joint commissioning, joint ventures, commercial services, third sector partnerships – conflicts of interest, collusion
Tenancy	fraudulent applications for housing or successions of tenancy, and subletting of the property
Procurement	tendering issues, split contracts, double invoicing
Payroll	false employees, overtime claims, expenses
Identity fraud	false identity/fictitious persons applying for services/payments
Council tax	discounts and exemptions, council tax support
Blue Badge	use of counterfeit/altered badges, use when disabled person is not in the vehicle, use of a deceased person's Blue Badge, badges issued to institutions being misused by employees
Grants	work not carried out, funds diverted, ineligibility not declared
Business rates	fraudulent applications for exemptions and reliefs, unlisted properties
Insurance fraud	false claims including slips and trips
Disabled facility grants	fraudulent applications for adaptions to homes aimed at the disabled

"Fraud has not disappeared: it is ever present, evolving and affects the funding that is needed for frontline services. In many public sector bodies it is still an area where there is significant underinvestment, because they are not recognising the extent of the epidemic and seeing other priorities, particularly around service delivery, as more important. As fraudsters evolve, we must too. To these ends, through collaboration and intelligence sharing with a fraud prevention specialist service, we are ensuring that cases of fraud are not replicated across our partnership, mitigating controls are put in place and offenders are dealt with appropriately. Through our proactive intelligence-led approach we are taking steps to ensure the public purse is protected from all fraudulent activity."

David Hill, Chief Executive South West Audit Partnership

Concessionary travel schemes – use of concession by ineligible person, including freedom passes
No recourse to public funds – fraudulent claims of eligibility
New responsibilities – areas that have transferred to local authority responsibility
Local Enterprise Partnerships – partnerships between local authorities and businesses. Procurement fraud, grant fraud. All LEPs should now be incorporated, with a local authority as accountable body, in a more formal and regulated relationship. Key issues are LEP governance, procedures for allocating/prioritising grants
Immigration – including sham marriages. False entitlement to services and payments
Cyber-dependent crime and cyber-enabled fraud – enables a range of fraud types resulting in diversion of funds, creation of false applications for services and payments.

However, during the research for this strategy it has become clear that some frauds have become more prevalent and that some risks have reduced. In addition, fraud risks were raised at several workshops about money laundering, suspicious activity reports and risks attached to local authorities becoming more commercial.

The details of these risks are included in the companions as these are seen as changing areas that may need frequent updating.

While the direct consequences of fraud may be financial and reputational loss there are wider impacts that surround the harm to victims locally and the harm in the community. Local authorities have raised a number of issues about protecting the vulnerable from fraud and this spans a large area. There are also other stakeholders in this local landscape who offer support to victims, have developed networks and done deeper research. A large number of volunteers have come forward from the workshops with good practice and a willingness to collaborate to prevent and tackle these issues. The main fraud risk area that has drawn attention is social care fraud. However, there are other frauds that may merit scrutiny.

Activity

Local authorities have agreed to form a working group to look at the area of social care fraud. A number of ideas have been put together and the group will consider these, what further activity is required and if any wider work can be done.

Economic Crime Plan 2019

Economic crime touches virtually all aspects of society. Economic crimes range across the full breadth of criminality, ranging from low-level frauds through to sophisticated cyber-enabled market manipulation. Fraud is now the second most common crime type in England and Wales, with nearly every individual, organisation and type of business vulnerable to fraudsters.

f) Counter Fraud Capacity, Competence and Capability

In FFCL 2016 themes were identified in the areas of capacity, competence and capability as part of the 6Cs – see page 23. These issues still exist.

Despite the challenge around capacity, competence and capability and lack of dedicated resource it is clear that activities to tackle fraud across the sector are being pursued and having a positive impact. But demand and growth in the number of incidents of fraud reported nationally mean local authorities must focus on areas of fraud that they identify as posing greatest risk and adverse impact on their organisations and the vulnerable. Working collaboratively and sharing resources should be encouraged and the FFCL regional board should undertake an analysis of which local authorities may benefit from support and how this might happen.

Many local authority practitioners reported that their capacity to tackle fraud and corruption had been reduced as a result of austerity-related local authority funding reductions. In addition several workshops were attended by shared service representatives and reported that non-attendees no longer had counter fraud resources. In one workshop it was noted that eight councils did not have any resource but that a colleague in the revenue department of a neighbouring authority had been 'helping out' across them. There are also situations that require collaboration: for example, a district council pursues council tax and business rates fraud, but the main beneficiaries are the county council and the Government.

In many cases practitioners also reported that some of the skilled investigation resource had been transferred to the Department for Work and Pensions and had not been replaced. There were large disparities in respect of numbers of staff and skills.

Local authorities reported that their staff did not always have the skills or training to tackle fraud and corruption. Many attendees were skilled and qualified. It was also clear that because a number of local authorities did not have access to a team they were not covering the full range of fraud activities. In contrast the workshops were well attended by experts who, while overloaded, were attempting to tackle all frauds but with one hand behind their backs. Very often they said they would be pleased to assist neighbouring councils but had no contact or requests. The FFCL regional board may assist with this and what support can be given.

In addition there were some parts of the country where the teams were not up to date with current local landscape issues or activities that would benefit them in their roles. At the FFCL 2019 conference questions were raised about free access to tools and good practice and it was agreed to hold this in the Knowledge Hub, which is an independent, free tool that many local authorities already use. In addition some local authorities already have small networks in the Knowledge Hub that they could link to the FFCL pages. The Knowledge Hub has been open for FFCL since the summer and now contains the archive documents as well as details about other current issues.

Adult care services successful prosecution and repayment in full of fraud loss

The subject of this investigation was the husband of a Hertfordshire County Council service user in receipt of financial support to pay for daily care. He completed the financial assessment forms on behalf of his wife but failed to declare ownership of residential property that was rented out in the private sector.

The allegation originated from a social worker who had a 'gut feeling' that the couple had a second home and referred to matter to Herts' shared anti-fraud service.

The investigation found that the couple jointly owned three properties in addition to their residential home. All three properties were rented out and held equity.

The husband was interviewed under caution where he accepted ownership of the properties but denied any wrongdoing, stating that there was no capital in any of the additional homes and that he had been struggling financially since his wife became ill. As part of the enquiries conducted by the team a fourth property was identified abroad.

On 1 July 2019 at Luton Crown Court, he pleaded guilty to all three counts of fraud by false representation. He was sentenced to two years in prison, suspended for two years. The judge adjourned any financial sanction until the confiscation order was completed. A service decision was made in that had the financial assessment form been completed correctly and the additional property declared, the service user would have been deemed a self-funder and received no financial support for care. Therefore the loss to HCC was calculated as £75,713 and a future saving of £1,166 per week (£60,632 per year) was recorded.

The loss including interest was calculated to be £89,141, which he has paid in full.

Case Study
Collaboration on Protect and Pursue

A man was sentenced to 18 months' imprisonment, suspended for 18 months, after forging documents when applying for disabled persons' freedom passes and disabled persons' Blue Badges.

He was found guilty of 12 offences - nine at Brent, Enfield and Haringey councils. He then pleaded guilty to a further three charges of forgery at Waltham Forest Council.

A lengthy investigation, led by Brent Council's fraud team, discovered that the subject used fake birth certificates, utility bills and medical certificates to falsely present himself and others as disabled.

Brent Council worked with the other three local boroughs, who carried out their own thorough and professional investigations with Brent's support, to join up the charges that resulted in the successful verdict.

For the Brent, Enfield and Haringey offences he was sentenced to 18 months' imprisonment per offence for these nine offences to be served concurrently. The sentence was suspended for 18 months.

The man was sentenced to 12 months' imprisonment for each of the three Waltham Forest offences. This was also suspended and will be served concurrently with the 18-month sentence. He also needs to complete 20 hours of a rehabilitation activity requirement order.

Culture

Some local authority practitioners reported that senior managers were finding it difficult to dedicate sufficient time to demonstrate their support for counter fraud activities due to a focus on other priorities such as meeting budget savings targets and maintaining key services to residents.

This was considered to have a negative effect upon performance, and was associated with counter fraud work having a low profile and the benefits of counter fraud work not being fully appreciated. Appendix 1 details what senior officers and members should focus on.

There is reluctance in some cases to report identified fraud, for example in press releases, for fear of presenting a negative impression of an authority. Reporting of successful outcomes is a powerful tool in prevention and deterrence.

It is important to embed a counter fraud culture and this requires a focus and leadership from the top. This requires having an appropriate resource in place. There is a role for the audit committee to challenge activity, understand what counter fraud activity can comprise and link with the various national reviews of public audit and accountability.

Collaboration

Local authority practitioners demonstrated an appetite for working more formally across local authority boundaries and with other agencies, departments and the private sector. They reported a range of difficulties in securing progress to working together.

Examples included counter fraud work not being consistently prioritised across the sector, lack of financial incentives to make the business case to collaborate, local lack of understanding of data protection rules, and lack of funding.

They also reported an appetite for innovative use of data and wider data sharing, but had encountered barriers to this or made very slow progress.

Local authorities further reported that they found it hard to get the police involved in their cases and that they did not receive feedback on cases from crime reporting hotlines.

During the research a number of incidents were highlighted that demonstrated patterns of activity, organised fraud and money laundering. These issues have been acted upon. However, it is important that local authorities have access to routes where they can report these matters. Local authorities are the eyes and ears of the community and have a wealth of data that can help other local law enforcement if legally

accessed but this communication is not happening everywhere. This collaboration would support the fight against serious and organised crime. If the recommendations about links between the operational board and the JFT are agreed this will start to resolve some of the issues in this section.

Recommendations:
The external auditor should highlight FFCL and its appendices to the audit committee in the annual report

The regional network should continue use the Knowledge Hub as a free, independent, non-commercial confidential space to share information. When it is live the secretariat should hand it to the FFCL operational board.

Local authorities should partner with neighbours and engage in regional networks and should consider sharing resources and expertise. The FFCL operational board should take the lead on this.

While this strategy covers fraud and corruption, no instances of corruption were raised at the workshops though it was clearly considered alongside fraud in local strategies. The Ministry of Housing, Communities and Local Government has conducted research on procurement fraud and corruption that will be added to the live FFCL documents.

"Working in partnership has allowed the Veritau member councils to establish a dedicated corporate fraud team. The team offers each council access to fraud investigators with specialist knowledge of the fraud risks facing local government. The team has also helped each council to recover significant fraud losses, particularly in new and emerging areas like adult social care."

Max Thomas, Managing Director Veritau

Case Study
Devon Audit Partnership

A social housing local landlord alleged that Mr P was potentially subletting his property illegally to an unentitled third party. Mr P was already in the process of applying for the right to buy his social housing property.

The subsequent investigation revealed evidence that Mr P's friend was subletting the property from him and had been for at least two years. It also confirmed that Mr P was living in a private rented property with his girlfriend less than two miles away.

Mr P constantly denied the allegations. However, at his interview under caution with the DAP counter fraud services team, after repeatedly lying, he admitted the overwhelming evidence proved he was letting his friend live at his social housing property but denied that he had done anything wrong.

Mr P was subsequently prosecuted and pleaded guilty at that point to two offences contrary to:

Prevention of Social Housing Fraud Act 2013 – in relation to the dishonest illegal sublet of a social housing property

Fraud Act 2006 – in relation to the dishonest attempt to fraudulently obtain a £39,600 discount on his right to buy.

Mr P was sentenced to 160 hours' unpaid work for each charge and ordered to pay Plymouth City Council £750 towards its costs. Judge Darlow stated at the end of the case: "It was fraud [and] the decision by Plymouth City Council to prosecute is to be applauded."

Section 2: The Strategic Approach

To support the delivery of the strategy there is a need for an action plan, appropriate governance arrangements and revised structures to underpin the key requirements to foster and improve collaboration across boundaries.

The recommendations contained in this strategy need to be turned into a set of achievable actions that are properly resourced, timetabled and allocated to appropriate local and national partners. These will need to be supported by an advisory board of senior stakeholders that commands widespread support and leadership across all levels of local government. This should include the Local Government Association and the relevant central government departments.

New structures, appropriate to the changing demands, need to be constructed to support the delivery of the strategy. It is recommended that these are built upon the existing counter fraud arrangements already paid for by local government, and that the resources of the existing and new structures are committed to supporting the delivery of this strategy.

The key principles are laid out in the pillars and themes:

GOVERN

Having robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout the organisation.

ACKNOWLEDGE

Accessing and understanding fraud risks.

Committing the right support and tackling fraud and corruption.

Demonstrating that it has a robust anti-fraud response.

Communicating the risks to those charged with Governance.

PREVENT

Making the best use of information and technology.

Enhancing fraud controls and processes.

Developing a more effective anti-fraud culture.

Communicating its' activity and successes.

PURSUE

Prioritise fraud recovery and use of civil sanctions.

Developing capability and capacity to punish offenders.

Collaborating across geographical and sectoral boundaries.

Learning lessons and closing the gaps.

PROTECTING ITSELF AND ITS RESIDENTS

Recognising the harm that fraud can cause in the community.
Protecting itself and its' residents from fraud.

Govern

The bedrock of the strategy is that those who are charged with governance support the activity by ensuring that there are robust arrangements and executive support to ensure counter fraud, bribery and corruption measures are embedded throughout the organisation. Beating fraud is everyone's business. The internal arrangements that are put in place should be communicated throughout the organisation and publicly available to demonstrate the culture and commitment to preventing fraud.

Without exception the research revealed an 'ask' that those charged with governance be directed to the strategy and that this become a key element. During the research for FFL 2011 and 2016 it was requested that some key points be laid out for those charged with governance in local authorities to make it simple for them to ensure fraud was being tackled. This request was repeated on numerous occasions during the workshops for FFCL 2020. Some basic questions are laid out at the end of the strategy in Appendix 1.

The supplements to this strategy lay out some key stakeholders, their roles and the areas that they should consider when evaluating the counter fraud efforts in their organisations.

The pillar of 'govern' sits before 'acknowledge'. It is about ensuring the tone from the top and should be included in local counter fraud strategies.

Acknowledge

In order to create a counter fraud response an organisation must acknowledge and understand fraud risks and then demonstrate this by committing the right support and appropriate resource to tackling fraud.

This means undertaking a risk assessment of fraud areas and vulnerabilities and then agreeing an appropriate resource. Not every local authority requires a large team but they should have assessed the risk, have a plan to address it and have access to resources with the right capabilities and skills.

Prevent

Fraud can be prevented and detected by making better use of information and technology, enhancing fraud controls and processes and developing a more effective anti-fraud culture.

Local authorities should set in place controls to prevent fraudsters from accessing services and becoming employees. It is nearly always more cost-effective to prevent fraud than to suffer the losses or investigate after the event.

The technology to establish identity, check documents and cross-check records is becoming cheaper and more widely used. Controls should apply to potential employees as well as service users. If someone lies about their employment history to obtain a job they are dishonest and it may not be appropriate to entrust them with public funds. In any case they may not have the training or qualifications to perform the job to the required standard.

Case Study

Fraud Hub Hertfordshire County Council

Hertfordshire County Council and a number of its neighbouring authorities are taking the next step to protect themselves by sharing intelligence in a newly formed FraudHub from the National Fraud Initiative to ensure they can reveal the full extent of fraudulent activities within their region.

Results so far have been extremely positive for Hertfordshire with over...

- *3,000 Blue Badges cancelled*
- *3,000 concessionary travel passes being revoked*
- *120 LG pensions or deferred pensions stopped*
- *182 Direct Payments or personal budgets for adult care being stopped/reduced or reviewed*
- *15 residential care placements being cancelled*
- *23 payroll discrepancies being subject to further investigation*
- *50,000 customer records removed from database alone using mortality data*
- *More than £5m in estimated savings in its first 12 months*

Pursue

Punishing fraudsters and recovering losses by prioritising the use of civil sanctions, developing capability and capacity to investigate fraudsters and developing a more collaborative and supportive law enforcement response on sanctions and collaboration.

Local authorities have achieved success by following this approach; however, they now need to respond to an increased threat.

A further theme has appeared during the research to link with the government strategy but also recognising the increased risks to victims and the local community.

Protect

Protecting against serious and organised crime, protecting individuals from becoming victims of crime and protecting against the harm that fraud can do to the community.

For a local authority this will also cover protecting public funds, protecting its organisation from fraud and cyber-crime and also protecting itself from future frauds. This theme lies across the pillars of this strategy.

From the research it is clear that a large number of local authorities use the FFCL initiative as a basis for local plans. Some local authorities have embedded the pillars into operational work. An example of how this has been done is included in the Annexes.

Case Study Pursue

Subletting Case Study Westminster City Council – unlawful profits

The council investigated following an anonymous tipoff that the tenant of a council property was not using the address as required by their tenancy and was profiting from the short-term letting of the property using Airbnb.

Searches of Airbnb carried out by the investigator found the property, which is a studio flat, advertised as a whole property with over 300 reviews. The council investigator found that even though the listing was not in the tenant's name, some of the reviews mentioned the tenant by his name, thanking him for his advice and local restaurant recommendations.

The council obtained the tenant's bank statements under the provisions of the Prevention of Social Housing Fraud Act using the authorised officer service provided by the National Anti-Fraud Network. The investigator subsequently found credits totalling over £125,000 covering four years.

All payments were credited from Airbnb, PayPal or Worldpay. When investigators visited the property they found a man at the premises who denied being the tenant even though his appearance matched the tenant's description. The next day the adverts had been removed from Airbnb but the investigator had already retrieved and saved copies.
The tenant failed to attend several interviews under caution, but when possession action began his solicitors asked for a further opportunity for their client to be interviewed under caution to provide an account of events. This was agreed but again the tenant failed to attend the interview. Having applied the Code for Crown Prosecutors to the facts of the case and the defendant's personal circumstances, criminal action was not taken.

At the possession hearing, the District Judge said the Airbnb evidence was strong and that there was no distinction between 'short-term let' and subletting the home. The judge found in favour of the council. At an unsuccessful appeal hearing the judge agreed to the council's unlawful profits order of £100,974.94 – one of the highest that has ever been awarded to the council.

The tenant has now been evicted from the property.

Fighting Fraud and Corruption Locally – embedding the pillars

***Durham County Council**'s counter fraud and corruption team has embedded many of the themes to create a robust approach. They have set up partnerships across sectors and regions, created a data hub and used the FFCL strategy to inform all of their work. The audit committee has supported the team and attended the FFCL awards in 2019.*

DCC believes the best defence is to create a strong anti-fraud culture based on zero tolerance to deter fraud from being committed. It has reinforced this with a new corporate fraud sanction policy.

***Norwich City Council** adopted the FFCL pillars into its anti-fraud and bribery strategy in 2017 with the additional pillars of governance (similar to the NHS model). This has had a positive response from council executives and members including the audit committee. The annual report contains a RAG-rated review against the criteria set out in the local strategy and an activity plan based on the criteria each year to demonstrate progress and highlight areas to focus on.*

A more detailed explanation of these is in the Annexes.

The Themes – Six Cs

The live companions to this strategy document set out more information on how local authorities can ensure that their counter fraud response is comprehensive and effective. In the 2016 Strategy six themes were identified and during the research the workshop attendees were keen that these remain part of the strategy document.

Local authorities should consider their performance at a minimum against each of the six themes that emerged from the research conducted. To ensure this is effective and proportionate local authorities should benchmark this information where possible.

The themes are:

Culture – creating a culture where fraud and corruption are unacceptable and that is measurable

Capability – assessing the full range of fraud risks and ensuring that the range of counter fraud measures deployed is appropriate

Capacity – deploying the right level of resources to deal with the level of fraud risk that is monitored by those charged with governance

Competence – having the right skills and standards commensurate with the full range of counter fraud and corruption activity

Communication – raising awareness internally and externally, deterring fraudsters, sharing information, celebrating successes

Collaboration – working together across internal and external boundaries: with colleagues, with other local authorities, and with other agencies; sharing resources, skills and learning, good practice and innovation, and information.

Making the business case:

Investing in counter fraud activity –

Local authorities should pursue opportunities to invest in counter fraud and corruption activity in order to generate savings by preventing and recovering losses.

Local authorities do not, as a rule, explicitly budget for fraud losses (the exception to this is housing benefit, where subsidy losses are budgeted for). However, estimates of local authority losses demonstrate that there is a significant problem, and therefore a significant opportunity for local authorities.

Local authorities should seek to assess their potential losses and measure actual losses in order to make the business case for investing in prevention and detection. In many cases there is an existing business case based upon the experience of other local authorities. For example, the prevention and detection of fraud perpetrated in income areas such as council tax is now widespread and offers higher tax revenue which can be recovered through existing, efficient collection systems. However, each local authority will need to make its own case as fraud risks will vary significantly depending on location, scope, and scale of activities.

The moral case – fraud and corruption in local authorities are unacceptable crimes that attack funds meant for public services or public assets.

The result is that those in genuine need are deprived of vital services. Fraud and corruption are often linked with other criminal offences such as money laundering and drug dealing. Local authorities have a duty to protect the public purse and ensure that every penny of their funding is spent on providing local services. More often than not, in doing so they achieve wider benefits for the community. For example, adult social care sits within the precept for council tax and reducing fraud in this area means that taxpayers' money is protected and is an incentive.

Case Study

An interim manager hired vehicles for personal use covering at least nine different vehicles and costing more than £18,000. The fraud included various invoice frauds for gardening services and over £20,700 paid to the interim manager's account.

In total the interim manager's actions resulted in monies, goods or services with a total value of £60,882.16 being ordered or obtained at a cost to the council from seven suppliers, including false invoices purporting to be from a gardening company.

Thirty-one fraudulent invoices were introduced by the interim manager totalling over £48,000 and were processed, authorised and paid using the council's systems. A further eight invoices totalling more than £7,000 were subsequently authorised by the interim manager's line manager for liabilities incurred by the interim manager. Employee purchase cards were used to pay for goods worth over £1,270 and the interim manager personally benefited by £4,000 from the compensation payment and over £20,780 from the fraudulent invoices he submitted from the gardening company.

The fraud was discovered via a whistleblowing referral to audit services

The council's investigation found that the maintenance company with the same bank account as the interim manager's company did not exist. The council's audit services department led an investigation with the police to take the matter to Birmingham Crown Court where the interim manager pleaded guilty to Fraud Act offences. He was sentenced to three years' imprisonment on 25 September 2019.

Section 3: Turning Strategy into Action

The Delivery Plan

To support the delivery of the strategy there is a need for an action plan, appropriate governance arrangements and revised structures to underpin the key requirements and foster and improve collaboration across boundaries.

The set of recommendations contained in this strategy need to be turned into a set of achievable actions that are properly resourced, timetabled and allocated to appropriate local and national partners. These will need to be supported by an advisory board of senior stakeholders that commands widespread support across all levels of local government. This should include the Local Government Association and the relevant central government departments.

New structures, appropriate to the changing demands, need to be constructed to support the delivery of the strategy. It is recommended that these are built upon the existing counter fraud arrangements already paid for by local government, and that the resources of the existing and new structures are committed to supporting the delivery of this strategy.

Further details on governance and recommendations are in the Delivery Plan Annex.

Section 4: The Local Response

Appendix 1

What should senior stakeholders do?

The chief executive

1. Ensure that your authority is measuring itself against the checklist for FFCL
2. Is there a trained counter fraud resource in your organisation or do you have access to one?
3. Is the audit committee receiving regular reports on the work of those leading on fraud and is the external auditor aware of this?

The section 151 officer

1. Is there a portfolio holder who has fraud within their remit?
2. Is the head of internal audit or counter fraud assessing resources and capability?
3. Do they have sufficient internal unfettered access?
4. Do they produce a report on activity, success and future plans and are they measured on this?

The monitoring officer

1. Are members, audit committees and portfolio leads aware of counter fraud activity and is training available to them?
2. Is the fraud team independent of process and does it produce reports to relevant committees that are scrutinised by members?

The audit committee

1. Should receive a report at least once a year on the counter fraud activity which includes proactive and reactive work
2. Should receive a report from the fraud leads on how resource is being allocated, whether it covers all areas of fraud risk and where those fraud risks are measured
3. Should be aware that the relevant portfolio holder is up to date and understands the activity being undertaken to counter fraud
4. Should support proactive counter fraud activity
5. Should challenge activity, be aware of what counter fraud activity can comprise and link with the various national reviews of public audit and accountability.

The portfolio lead

Receives a regular report that includes information, progress and barriers on:

- The assessment against the FFCL checklist Fraud risk assessment and horizon scanning.

Appendix 2

FFCL Checklist

- The local authority has made a proper assessment of its fraud and corruption risks, has an action plan to deal with them and regularly reports to its senior Board and its members.
- The local authority has undertaken a fraud risk assessment against the risks and has also undertaken horizon scanning of future potential fraud and corruption risks. This assessment includes the understanding of the harm that fraud may do in the community.
- There is an annual report to the audit committee, or equivalent detailed assessment, to compare against FFCL 2020 and this checklist.
- The relevant portfolio holder has been briefed on the fraud risks and mitigation
- The audit committee supports counter fraud work and challenges the level of activity to ensure it is appropriate in terms of fraud risk and resources
- There is a counter fraud and corruption strategy applying to all aspects of the local authority's business which has been communicated throughout the local authority and acknowledged by those charged with governance.
- The local authority has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.
- The risks of fraud and corruption are specifically considered in the local authority's overall risk management process.
- Counter fraud staff are consulted to fraud-proof new policies, strategies and initiatives across departments and this is reported upon to committee.
- Successful cases of proven fraud/corruption are routinely publicised to raise awareness.
- The local authority has put in place arrangements to prevent and detect fraud and corruption and a mechanism for ensuring that this is effective and is reported to committee.
- The local authority has put in place arrangements for monitoring compliance with standards of conduct across the local authority covering:
  - codes of conduct including behaviour for counter fraud, anti-bribery and corruption
  - register of interests
  - register of gifts and hospitality.
- The local authority undertakes recruitment vetting of staff prior to employment by risk assessing posts and undertaking the checks recommended

in FFCL 2020 to prevent potentially dishonest employees from being appointed.

- Members and staff are aware of the need to make appropriate disclosures of gifts, hospitality and business. This is checked by auditors and reported to committee.
- There is a programme of work to ensure a strong counter fraud culture across all departments and delivery agents led by counter fraud experts.
- There is an independent and up-to-date whistleblowing policy which is monitored for take-up and can show that suspicions have been acted upon without internal pressure.
- Contractors and third parties sign up to the whistleblowing policy and there is evidence of this. There should be no discrimination against whistleblowers.
- Fraud resources are assessed proportionately to the risk the local authority faces and are adequately resourced.
- There is an annual fraud plan which is agreed by committee and reflects resources mapped to risks and arrangements for reporting outcomes. This plan covers all areas of the local authority's business and includes activities undertaken by contractors and third parties or voluntary sector activities.
- Statistics are kept and reported by the fraud team which cover all areas of activity and outcomes.
- Fraud officers have unfettered access to premises and documents for the purposes of counter fraud investigation.
- There is a programme to publicise fraud and corruption cases internally and externally which is positive and endorsed by the council's communications team.
- All allegations of fraud and corruption are risk assessed.
- The fraud and corruption response plan covers all areas of counter fraud work:
  - prevention
  - detection
  - investigation
  - sanctions
  - redress.
- The fraud response plan is linked to the audit plan and is communicated to senior management and members.
- Asset recovery and civil recovery are considered in all cases.
- There is a zero tolerance approach to fraud and corruption that is defined and monitored and which is always reported to committee.
- There is a programme of proactive counter fraud work which covers risks identified in assessment.
- The counter fraud team works jointly with other enforcement agencies and encourages a corporate approach and co-location of enforcement activity.
- The local authority shares data across its own departments and between other enforcement agencies.
- Prevention measures and projects are undertaken using data analytics where possible.
- The counter fraud team has registered with the Knowledge Hub so it has access to directories and other tools.
- The counter fraud team has access to the FFCL regional network.

There are professionally trained and accredited staff for counter fraud work. If auditors undertake counter fraud work they too must be trained in this area.

The counter fraud team has adequate knowledge in all areas of the local authority or is trained in these areas.

The counter fraud team has access (through partnership/ other local authorities/or funds to buy in) to specialist staff for:
– surveillance
– computer forensics
– asset recovery
– financial investigations.

Weaknesses revealed by instances of proven fraud and corruption are scrutinised carefully and fed back to departments to fraud-proof systems.

Section 4

The Fighting fraud and Corruption Locally board would like to thank

The Fighting Fraud and Corruption Locally board is:
Charlie Adan – Chief Executive and SOLACE
Bevis Ingram – LGA
Andrew Hyatt – Royal Borough of Kensington and Chelsea
Mike Haley – Cifas and Joint Fraud Taskforce
Rachael Tiffen – Cifas and secretariat
Suki Binjal - Lawyers in Local Government
Colin Sharpe – Leicester City Council
Clive Palfreyman – LB Hounslow
Trevor Scott – Wealden District Council
Alison Morris – MHCLG
Mark Astley – NAFN
Paula Clowes – Essex County Council
Simon Bleckly – Warrington Council
Karen Murray – Mazars
Paul Dossett – Grant Thornton
Marc McAuley – Cipfa

The Board would like to thank Cifas for managing this process, for the delivery of the research and the drafting of this document.

Regional Workshops

Around 260 councils attended workshops organised in the following areas:
East Anglia
SouthWest, Devon, Plymouth, Cornwall and Devon
Kent
London and the South East
Essex
Hertfordshire and Home Counties
Midlands Fraud Group and Chief Internal Auditors and County Networks
North West Fraud Groups
Yorkshire Groups
North East and North Regional Fraud Group

The Fighting Fraud and Corruption Locally board wishes to thank:
Andrea Hobbs
Colin Sharpe
Debbie Dansey
Helen Peters
James Flannery
Jamie Ayling
Jacqui Gooding
David Hill
Max Thomas
Jonathan Dodswell
Hannah Lindup
Shelley Etherton
Gary Taylor
Nick Jennings
Ken Johnson
Mark O'Halloran
Paul Bicknell
Lauren Ashdown
Steven Graham
Matt Drury
Gillian Martin
Sara Essex
Sally Anne Pearcey
Paula Hornsby
Rachel Worsley
Nikki Soave
Francesca Doman
Andrew Reeve
Jason Pengilly
Paul Bradley
Professor Alan Doig
Sean Turley
Neil Masters
Dan Matthews
Scott Reeve
Corinne Gladstone
Louise Baxter
Keith Rosser
Ben Russell
Philip Juhasz
Paddy O'Keefe
Mark Wilkes
Andrew Taylor
Neil Farquharson
Steven Pearse
Lucy Pledge
Sheila Mills
Jamey Hay
Kerrie Wilton
Michael Skidmore
Oliver Day
Carol McDonnell
Nici Frost-Wilson

Special thanks go to:
The researchers and drafters:
Rachael Tiffen – Cifas
Paula Clowes – Essex County Council
Andy Hyatt – Royal Borough of Kensington and Chelsea
**
And all those who attended the workshops, provided feedback, responded to surveys and who took up the actions after the workshops.

Section 5

Glossary and documents
NAFN – National Anti-Fraud Network
CIPFA – Chartered Institute of Public Finance and Accountancy
Cifas – UK's fraud prevention service
NECC – National Economic Crime Centre
NCA – National Crime Agency
MHCLG – Ministry of Housing, Communities and Local Government

ONS: www.ons.gov.uk/peoplepopulationandcommunity/crimeandjustice/bulletins/crimeinenglandandwales/yearendingseptember2019#fraud
www.gov.uk/government/publications/economic-crime-plan-2019-to-2022
National Fraud Authority, Annual Fraud Indicator, March 2013
National Fraud Authority - Good practice publication: www.homeoffice.gov.uk/publications/agencies-public-bodies/nfa/our-work/
Economic Crime Plan 2019: www.gov.uk/government/publications/economic-crime-plan-2019-to-2022
Eliminating Public Sector Fraud: www.cabinetoffice.gov.uk/sites/default/files/resources/eliminating-public-sector-fraud-final.pdf
Smarter Government: www.homeoffice.gov.uk/publications/agencies-public-bodies/nfa/our-work/smarter-government-report
Local Government Association Counter Fraud Hub: www.local.gov.uk/counter-fraud-hub
Veritau: veritau.co.uk/aboutus
SWAP Internal Audit Services: www.swapaudit.co.uk
Devon Audit Partnership: www.devonaudit.gov.uk

Appendix 2

HAMBLETON
DISTRICT COUNCIL

COUNTER FRAUD & CORRUPTION STRATEGY

2020 - 2023

Forward by the Chief Executive

Hambleton District Council is an organisation that is committed to securing the best possible future for the people that live and do business in our area. We are funded through council tax, business rates and other sources. We treat this funding with respect and aim to deliver high quality services at the lowest cost possible. When fraud is committed against the Council, it not only represents a theft from our organisation but also from our community. Money lost to fraud is funding that cannot be spent on providing services to residents.

In our Council Plan 2019-2023 we have set out our aims and objectives which are to drive economic vitality in our area, enhance the health and wellbeing of our residents, care for the environment that we live in, and make Hambleton a special place to live. Fraud against the Council undermines our ability to meet these aims.

Our message is straightforward, the Council will not tolerate any fraud or corruption against it.

This strategy sets out the measures the Council will take to develop its arrangements to tackle fraud and corruption. We will seek to identify areas where fraud may occur and limit opportunities for fraudsters to exploit the Council. Where fraud is suspected we will investigate robustly, and where it is proved will utilise all measures available to us to deal with criminals and recover any losses.

Dr Justin Ives
Chief Executive

Introduction

1 All organisations are at an increasing risk of fraud and corruption. In 2018 the number of fraud offences rose by 12% to 3.6 million which equates to one third of all crimes in the UK.[1] The most recent report into the cost of fraud against local authorities estimates it as being as high as £7.3 billion (total fraud against the UK public sector is estimated to be £40.4 billion).[2] The risk of fraud continues to grow and where fraud used to be undertaken at a local level it increasingly originates nationally and internationally.

2 The full effects of the Covid-19 pandemic are not known at the time of drafting this strategy, however it is likely to have a considerable effect on public sector finances. The Council will have to continue to make changes to the way it works in order to provide effective services for its citizens and to achieve its overall aims. It is essential that the Council minimises losses caused by fraud, to help it achieve those aims and to maximise the money it has available to provide services.

3 This strategy outlines how the Council will assess the risks of fraud and corruption that it faces, strengthen its counter fraud arrangements, and tackle fraud where it occurs. It has been prepared to reflect the national collaborative counter fraud strategy for local government in the UK, Fighting Fraud & Corruption Locally – A Strategy for the 2020s.

4 The strategy has been reviewed by the Audit, Governance, and Standards Committee as part of its responsibility for considering the effectiveness of counter fraud and corruption arrangements at the Council. The strategy and action plan are reviewed annually.

Our aim

5 Fighting Fraud & Corruption Locally recommends Councils consider the effectiveness of their counter fraud framework by considering performance against the four key themes set out below. The Council's aim is that by 2023 it will have maintained and improved its arrangements in these areas.

- **Govern –** Ensure that the Council has robust arrangements and executive support to ensure that anti-fraud, bribery and corruption measures are embedded throughout the organisation.

- **Acknowledge –** Acknowledging and understanding fraud risks and committing support and resource to tackling fraud in order to maintain a robust anti-fraud response.

[1] Economic Crime Plan 2019-2023, HM Government
[2] Annual Fraud Indicator 2017, Crowe Clark Whitehill

- **Prevent –** Preventing and detecting more fraud by making better use of information and technology, enhancing fraud controls and processes and developing a more effective anti-fraud culture.

- **Pursue –** Punishing fraudsters and recovering losses, developing capability and capacity to investigate fraudsters.

Current arrangements and action required

6 The Council already has good arrangements in place that satisfy many of the recommendations made in the new national strategy. For example:

- the Council has a strong counter fraud policy framework in place (e.g. counter fraud and corruption, whistleblowing, and anti-money laundering polices) which are embedded throughout the organisation.

- the risk of fraud is considered annually and this assists in setting priorities for counter fraud work.

- control environments in high risk areas (e.g. financial systems) are regularly scrutinised by internal and external audit.

- technology is used to detect fraud.

- the council employs trained counter fraud professionals to investigate fraud and does not hesitate to take strong action where warranted.

7 However, as the capability and capacity of the Council to prevent and detect fraud has increased, so has the ability and reach of fraudsters. It is easier today for a criminal to commit fraud remotely than it was when the last Council counter fraud strategy was adopted. It is therefore important to continue to develop counter fraud arrangements to meet this evolving threat.

8 The national Fighting Fraud & Corruption Locally strategy (see checklist at Appendix 2 of the national strategy) recommends that councils should promote an anti-fraud culture within the organisation through regular training sessions with staff updating them on new and emerging threats. Councils should share counter fraud news and results internally through a strategy endorsed by its communications team. Councils should continue to develop their use of technology, e.g. data analytics and matching exercises, to help prevent and detect fraud. Councils should acknowledge fraud risk in corporate risk registers and all new policies should be reviewed to make them as fraud proof as possible. All of these recommendations are now actions in the Counter Fraud and Corruption Strategy Action Plan.

9 The Fighting Fraud & Corruption Locally board has formed a number of working groups across the country to look at different areas of counter fraud work to make recommendations to the board. The board may then convey these recommendations to central government. It is recommended that Councils participate in these working groups regionally and nationally to promote counter fraud work.

10 During the past three years, over the lifespan of the previous counter fraud strategy, the Council's counter fraud framework has been strengthened to meet national guidelines. Individual actions have been agreed annually and there are a number of ongoing activities that now happen as a matter of course. Details of actions completed under the previous strategy are contained in Annex 2.

11 A new Counter Fraud and Corruption Strategy Action Plan has been created and is detailed in Annex 1. It comprises ongoing activity established under the previous strategy, outstanding actions from the previous strategy and new actions linked to this strategy suggested by Fighting Fraud & Corruption Locally strategy.

The counter fraud policy framework

12 This strategy is part of the Council's overall framework for countering the risks of fraud and corruption. Further detailed information can be found in other policies and procedures including:

- Counter Fraud and Corruption Policy - this sets out responsibilities for counter fraud and investigation work, the actions the Council will take in response to fraud, and its policy on sanctions.
- Anti-Money Laundering Policy - defines council responsibilities in respect of the Proceeds of Crime Act 2002 and Money Laundering Regulations 2007.
- Whistleblowing Policy - arrangements for Council staff to raise concerns; confidentially if required.

13 The strategy also links to, and is supported by, wider Council policy and procedures covering areas such as:

- governance
- employee disciplinary arrangements
- codes of conduct
- registers of interest
- financial regulations
- electronic communications
- information security

- cyber security

Annex 1: Counter Fraud and Corruption Strategy Action Plan

New Objectives:

Ref	Action Required	Target Date	Responsibility	Notes
1	Undertake post assurance checks on grant applicants to the Small Business Grant Fund and Retail, Hospitality and Leisure Grant Fund Schemes.	March 2021	Veritau / Revenues Department	In line with Government guidance, work with Revenues Department to carry out post assurance checks on those who received £10k and £25k Covid-19 grants to identify any fraud and error.
2	Create a new data protection impact assessment to enable further data matching at the Council.	March 2021	Veritau / Service departments	An updated data protection impact assessment is required to undertake additional and new data matching at the Council.
3	Develop communication strategy to publicise counter fraud and corruption news internally.	March 2021	Veritau / Communications Team	Liaise with the communications team to ensure that members of staff are regularly kept informed of counter fraud news and developments.
4	Fraud risk to be considered in the Council's corporate risk register.	October 2021	Veritau / Director of Finance and Commercial (s151 Officer)	Fighting Fraud & Corruption Locally guidance recommends that fraud risk is included in council risk registers.
5	New Council policies, strategies and initiatives are to be reviewed by the counter fraud team.	April 2021	Veritau / Service departments	The outcomes of these reviews will be reported to the committee. This is also a recommendation in the Fight Fraud & Corruption Locally strategy.

Ref	Action Required	Target Date	Responsibility	Notes
6	Participate in Fighting Fraud and Corruption Locally working groups.	September 2021	Veritau	Attend regional and national working groups and report developments to the Audit, Governance and Standards Committee.
7	Explore joint working arrangements with the Department for Work and Pensions and evaluate potential benefits for the Council.	September 2021	Veritau	The Department for Work and Pensions has instigated new joint working arrangements across England and Wales but there has been little joint activity to date. The benefits of these new arrangements will be evaluated in due course to ensure they represent good value to the Council and residents.
8	Ensure that up to date policies are in place to enable the council to undertake covert surveillance under the Regulation of Investigatory Powers Act and employee monitoring outside of the Act..	September 2021	Veritau / Legal Department	Covert surveillance and employee monitoring are powerful tools that assist in the investigation of fraud and criminality against and within the council. Up to date policies are necessary for the council to be able to undertake these actions. The counter fraud team will review Council policy and recommend changes to ensure that action can be taken should the need arise.
9	Establish a process for use of new powers under the Investigatory Powers Act.	September 2021	Veritau / Legal Department	Use of the new Investigatory Powers Act powers requires the appointment of an internal authorising officer and a potential update to the Regulation of Investigatory Powers Act policy.

Ongoing Activity:

Ref	Action Required	Responsibility	Notes
1	Regularly review Counter Fraud Policy Framework.	Director of Finance and Commercial (s151 Officer) / Veritau	The Council's counter fraud strategy, policy and risk assessment is assessed on annual basis and the results shared with the Audit, Government and Standards committee.
2	Undertake specific fraud awareness training for priority service areas identified through the fraud risk assessment.	Veritau	Training is delivered on a rolling basis depending on priorities and emerging fraud risk.
3	Participate in local, regional, and national data matching and counter fraud exercises.	Veritau / Service departments	Participate in national (e.g. National Fraud Initiative), regional, and local datamatching exercises to prevent and detect fraud. Examine privacy notices as part of this work to ensure that the Council is acting in accordance with national guidelines.

Annex 2: Completed Activities from 2017 Counter Fraud and Corruption Strategy

Ref	Action Required	Target Date	Responsibility	Update
1	Prepare a counter fraud strategy which acknowledges fraud risks facing the Council and sets overall counter fraud aims. The strategy should link together existing counter fraud related policies and set out actions required for developing counter fraud arrangements.	July 2017	Chief Finance Officer / Veritau	A counter fraud strategy was introduced and adopted in July 2017. A new counter fraud strategy has been written following the release of an updated Fighting Fraud and Corruption Locally Strategy for local government in 2020.
2	Prepare an updated counter fraud policy to take account of the latest national guidance, and reflecting changes to the Councils counter fraud arrangements following the transfer of benefit fraud investigation to the Department for Work and Pensions.	July 2017	Chief Finance Officer / Veritau	An updated policy was approved by the Audit, Governance & Standards Committee in July 2017.
3	Undertake a counter fraud risk assessment.	September 2017	Chief Finance Officer / Veritau	A risk assessment was first undertaken in September 2017 and is assessed annually.
4	Regularly report to the Audit,	January	Veritau	Regular reporting to the committee on fraud

Ref	Action Required	Target Date	Responsibility	Update
	Governance and Standards Committee on counter fraud activity.	2018		activity was introduced in 2018. Four progress reports and one annual policy review are produced for the committee annually.
5	Undertake specific fraud awareness training for priority service areas identified through the fraud risk assessment.	March 2018	Veritau	Training is delivered on a rolling basis depending on priorities and emerging fraud risk. It has occurred annually since the introduction of the 2017 counter fraud strategy.
6	Review wider governance and other policies (e.g. employee related policies, gifts, interests, financial regulations) to ensure they: • cover all required areas • are consistent with the counter fraud strategy and policy.	March 2018	Veritau	Council policies reviewed as part of Internal Audit work in 2018 and has been part of ongoing work since then.
7	Measure outcomes of counter fraud activity	August 2018	Chief Finance Officer / Veritau	Annual key performance targets (i.e. value of savings to be achieved and the % success rate for investigations) were agreed in 2018.
8	Liaise with Human Resources officers to incorporate general counter fraud awareness training into induction training for all new employees.	January 2020	Veritau / Head of HR	Training is provided at the Council annually and new members of staff are encouraged to attend. Plans to roll out an e-learning package are in progress.

Ref	Action Required	Target Date	Responsibility	Update
9	Undertake data matching exercises to highlight fraud issues within the council tax system.	March 2020	Veritau	The counter fraud team has developed data matching exercises at the council which have generated referrals to be investigated. These exercises will be re-run on a periodic basis.
10	Increase ability to detect procurement fraud.	n/a	Chief Finance Officer / Veritau	Competitions and Markets Authority withdrew their procurement fraud software tool. Nevertheless, the counter fraud team liaised with relevant departments to raise awareness of procurement fraud issues.
11	Launch and promote regional fraud hotline.	n/a	Veritau	A new 0800 regional fraud hotline number was introduced in 2017.
12	Increase number of referrals from internal and external sources.	n/a	Chief Finance Officer / Veritau	Referral levels were below the level expected from a council the size of Hambleton District Council in 2016/17. Additional fraud awareness was delivered to Council staff and counter fraud leaflets were included in Council Tax and Business Rates billing. The number of referrals to the team rose significantly and remained at a reasonably high level since then.
13	Raise awareness of cyber security issues and promote good practice.	n/a	Veritau	Veritau monitor guidance from the National Cyber Security Centre and share with members of staff where appropriate.
14	Participate in local, regional,	n/a	Veritau	National, regional and local data matching has

Ref	Action Required	Target Date	Responsibility	Update
	and national data matching and counter fraud exercises.			occurred during the life cycle of the 2017 counter fraud strategy.

Hambleton District Council - Fraud Risk Assessment (October 2020)

Risk Area	Risk Description	Risk Controls	Risk Category	Risk Mitigation
Council Tax & Business Rates Frauds (discounts and exemptions)	Council Tax fraud can be a common occurrence. CIPFA report that 81% of all local government related fraud, recorded as part of their annual survey, involved Council Tax or Business Rates payments. Single Occupancy Discount fraud accounted for £19.4m of loss due to fraud in 2018/19 according to the survey. Depending on the scheme, there are several ways in which fraud can occur. These include applicants providing false information and recipients failing to notify the Council when they no longer qualify. Revenue from Council Tax and Business Rates is a key income stream. Fraud in this area threatens this source of funding.	The Council employs a number of methods to help ensure only valid applications are accepted. This includes requiring relevant information on applications forms, visits to properties (where necessary) and an annual canvass requiring businesses to confirm that they continue to be entitled to a discount or exemption. Collection rates are compared against targets as a potential indicator of fraud. Controls including separation of duties between collection and administration, restriction of access to records and management oversight of action such as recovery suppressions help prevent internal fraud and error. Messages reminding residents and businesses to update their circumstances when necessary appear on annual bills issued by the Council. The Council routinely takes part in the National Fraud Initiative.	High	Counter fraud team will raise fraud awareness with staff in revenues and customer services teams about frauds affecting Council Tax and Business Rates. Continued periodic audit of the service will help to monitor the effectiveness of the controls in place and work is planned for later this year. The counter fraud team has developed data matches to detect incorrectly received discounts and exemptions. These can be further explored.
Council Tax Support	Council Tax Support is a council funded reduction in liability introduced	The Council undertakes eligibility checks on those who apply for	High	Counter fraud team to raise awareness of fraud with staff

Risk Area	Risk Description	Risk Controls	Risk Category	Risk Mitigation
Fraud	in 2013 to replace Council Tax Benefit. Unlike its predecessor, Council Tax Support is resourced entirely through Council funds. CIPFA's fraud tracker showed an 18% increase in the value of fraud in this area found in 2018/19. Frauds in this area can involve applicants failing to declare their total assets, correct household composition or household income. Those receiving support are also obligated to notify relevant authorities when they have a relevant change in circumstances that may affect their entitlement to support. Covid-19 has resulted in an increase nationally for benefits and support claims. These increased numbers raise the number of claims in which changes in circumstances may not be reported or false information could be presented to the Council. Fraudulently obtained Council Tax Support represents a loss of Council funds.	support. There are established lines of communication with the Department for Work and Pensions where claims for support are linked to externally funded benefits. The Council is able to report Housing Benefit and other benefit frauds to the Department for Work and Pensions but this does not necessarily allow the Council control over resolving false claims for Council Tax Support.		processing claims for Council Tax Support. Concerns of fraud are reported to the counter fraud team who determine if criminal investigation is required. The counter fraud team can undertake joint working with the Department for Work and Pensions where it is mutually beneficial (e.g. joint claims for benefit).
COVID-19 Business Grants	In response to the Covid-19 pandemic, central government made funding available for local businesses.	The council has processed over 2730 grant claims for the government's Small Business Grant Fund, Retail,	High	Any instances where an applicant provided false information to the Council are reported to the counter

Risk Area	Risk Description	Risk Controls	Risk Category	Risk Mitigation
	Several schemes were created and administered by councils; some were linked to business rates liabilities while others were to assist those outside this scope. The Council had to respond quickly to support businesses and relevant government guidance was not always timely. New processes for managing applications and paying grants also had to be set up quickly. These schemes have been subject to attempted fraud at a local, national and international level due to the significant funds available (up to £25k per application). While funding is provided by central government, the Council is charged with responsibility for identifying genuine applicants and investigating and recovering incorrect payments. The Council therefore needs to show that suitable assurance and recovery actions have taken place.	Hospitality and Leisure Grant Fund, and Local Authority Discretionary Grant Fund. Checks by Council officers were made into each application to make sure they met the criteria set by government and that payments were being made to the correct people. The counter fraud team have circulated details of all known frauds occurring regionally and nationally to help prevent the Council falling victim to fraud. The Council provides monthly updates on payments made, fraud/error identified and the status of any resultant recovery work to the Department for Business, Energy & Industrial Strategy.		fraud team. Where appropriate, criminal investigations can take place. The Department for Business, Energy & Industrial Strategy have stated that Councils should conduct investigations where they have resources available. If the Council is targeted by a national fraud, this is reported to the National Investigation Service (NATIS) via the counter fraud team. The counter fraud team is undertaking a post-payment assurance exercise. Additionally, the Council will be taking part in the National Fraud Initiative in 2020/21 which will include data matches relating to grant payments.
Creditor Fraud	A range of frauds can be committed against the Council as a result of publically available creditor payment data. Criminals undertaking these	The Council has a number of controls in place to identify fraudulent attempts to divert payments from genuine suppliers and to validate any requests	High	The counter fraud team undertake work to raise staff awareness of these types of frauds. Increased awareness provides greater

Risk Area	Risk Description	Risk Controls	Risk Category	Risk Mitigation
	types of fraud are often found to be operating from overseas. The most common issue is mandate fraud where fraudsters impersonate legitimate suppliers and attempt to divert payments by requesting changes in banking details. Other types of fraud in this area include whaling, where senior members of the Council are targeted and impersonated in order to obtain fraudulent payments. With increased remote working due to Covid-19, there are increased opportunities for fraudsters to impersonate budget holders or suppliers in electronic communications to divert funds.	to change supplier details. This includes contacting companies to confirm that any requested change of bank account details for payments is genuine. Internal Audit undertake periodic reviews of the controls.		chances of stopping fraudulent attempts before losses occur. All instances of whaling fraud reported to the counter fraud team will be reported to the police's Action Fraud Unit, National Cyber Security Centre and directly to the host from where the false emails originated from.
Cybercrime	Cybercrime is a constantly evolving area where criminals are continually refining their techniques in order to overcome controls put in place to protect organisations, to obtain unauthorised access and information, and to frustrate systems. Types of cybercrime experienced by local authorities in recent years include ransomware, phishing, whaling, hacking, and denial of service attacks. Attacks can lead to loss of funds or systems access/data,	The Council has a highly skilled ICT department which helps mitigate the threat of cybercrime.	High	Raising awareness with staff can be crucial in helping to prevent successful cyberattacks. Any counter fraud training delivered will reinforce anti-cybercrime messages to members of staff.

Risk Area	Risk Description	Risk Controls	Risk Category	Risk Mitigation
	impacting service delivery. A council in the North East suffered a major cyberattack in early 2020 which resulted in a disruption to services and significant costs to recover them.			
Procurement Fraud	Procurement fraud has been perceived as a high risk by local authorities in the CIPFA fraud tracker for a number of years. Procurement fraud, by its nature, is difficult to detect but can result in large scale loss of public funds over long periods of time. The Competition and Markets Authority estimates that having a cartel within a supply chain can raise prices by 30% or more. CIPFA reported losses of £20.3 million in 2018/19 for local authorities, due to procurement fraud. It found that 12% of fraud detected in this area involved 'insider fraud' and 5% involved organised crime. In response to the effects on businesses as a result of Covid-19, the government issued a Procurement Policy Notice in February 2020. This introduced a supplier relief scheme to	The Council has established Contract Procedure Rules. The rules are reviewed annually and ensure the requirement for a competitive process (where required) through an e-tender system. A team of procurement professionals provide guidance and advice to ensure that procurement processes are carried out correctly. A tendering and evaluation framework is in operation to help prevent fraud. It also sets out the requirements for declarations of interest to be made. Contract monitoring is implemented to help detect and deter fraud. Internal Audit issued a guidance document recently and have offered further support in relation to the new supplier relief scheme.	High	Continued vigilance by relevant staff is key to identifying and tackling procurement fraud. The counter fraud team will continue to provide training to raise awareness of fraud risks in this area. Counter fraud team and Internal Audit will monitor guidance on fraud detection issued by the Competition and Markets Authority and other relevant bodies. Periodic audit of this area to ensure procedures are up to date and adhered to should continue. Potential abuses of the supplier relief should be reported to the counter fraud team for further investigation. Internal Audit will provide further support with the Council's supplier relief process.

Risk Area	Risk Description	Risk Controls	Risk Category	Risk Mitigation
	support Council suppliers during and after the outbreak to ensure service continuity. The Council has the responsibility for monitoring these funds to ensure businesses which were being supported did not profit while services were not provided. An 'open book accounting' process has therefore been required. Fraud could occur where suppliers may provide false information about profit/loss and their costs.			
Theft of Assets	The theft of assets can cause financial loss and reputational damage. It can also negatively impact on employee morale and disrupt the delivery of services. The Council owns large numbers of physical items, such as IT equipment, vehicles and tools. Reduction of staff at Council premises during the Covid-19 outbreak could leave equipment at heighten risk of theft. Unauthorised access to buildings may not face the same level of visibility or challenge as would be the case in normal conditions.	Specific registers of physical assets (e.g. capital items, property and ICT equipment) are maintained. In addition, there are registers for information assets held by the Council. The Council's whistleblowing arrangements provide an outlet for reporting concerns of theft.	High	Members of staff should also be vigilant and report all possible thefts promptly to the Police and counter fraud team.
Internal Fraud	There are a range of potential employee frauds including falsifying timesheets and expense claims, abusing flexitime or annual leave	The Council has an established whistleblowing policy through which concerns can be raised.	Medium	The counter fraud team investigate any suspicions of corruption while internal audit ensure that appropriate checks and balances

Risk Area	Risk Description	Risk Controls	Risk Category	Risk Mitigation
	systems, undertaking alternative work while sick, or working for a third party on Council time. Some staff have access to equipment and material that may be misused for private purposes. With increased staff working remotely, working hours and associated claims may be more difficult to monitor. It is essential that these issues are tackled as they can cause reputational damage and affect staff morale and performance. Payroll related fraud can involve the setting up of 'ghost' employees in order to divert salary payments to others. Corruption and bribery is a significant risk to all public sector organisations, however, only low levels have ever been detected.	Controls are in place surrounding flexitime, annual leave and sickness absence. Participation in the National Fraud Initiative helps the Council identify potential cases of internal fraud.		are in place to help prevent it.
Recruitment Fraud	Recruitment fraud can affect all organisations. Applicants can provide false or misleading information in order to gain employment such as bogus employment history and qualifications or providing false identification documents to demonstrate the right to work in the	The Council has a strong range of controls in place to mitigate the risk of fraud in this area.	Medium	Where there is a suspicion that someone has provided false information to gain employment, the counter fraud team will be consulted on possible criminal action in tandem with any disciplinary action that may be taken.

Risk Area	Risk Description	Risk Controls	Risk Category	Risk Mitigation
	UK.			
Fraudulent Insurance Claims	The Council may receive exaggerated or fabricated insurance claims. CIPFA report that in 2019 the average value of a fraudulent claim against local authorities was over £39.5k.	While insurance fraud is common, the burden of risk is currently shouldered by the council's insurers who have established fraud investigation systems.	Low	n/a
Treasury Management	The impact of losses in this area could be significant. There are no recorded frauds within the council.	Systems are well controlled and subject to periodic internal audit review.	Low	n/a