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19 July 2022

Dear Councillor,

Audit & Governance Committee

6:00pm, Wednesday 27 July 2022

Council Chamber, Civic Centre, Beecroft Road, Cannock

You are invited to attend this meeting for consideration of the matters itemised in the following Agenda.

Yours sincerely,

T. Clegg
Chief Executive

To: Councillors

Jones, P.G.C. (Chair)
Kraujalis, J.T. (Vice-Chair)
Beach, A. Jones, P.T.
Crabtree, S.K. Kruskonjic, P.
Hoare, M.W.A.

Agenda

Part 1

1. Apologies

2. Declarations of Interests of Members in Contracts and Other Matters and Restriction on Voting by Members

To declare any personal, pecuniary, or disclosable pecuniary interests in accordance with the Code of Conduct and any possible contraventions under Section 106 of the Local Government Finance Act 1992.

3. Minutes

To approve the Minutes of the previous meeting held on 25 April 2022 (enclosed).

4. Internal Audit Annual Report 2021-22

Report of the Chief Internal Auditor & Risk Manager (Item 4.1 - 4.21).

5. Annual Governance Statement 2021-22

Report of the Head of Governance and Corporate Services (Item 5.1 - 5.23).

6. Strategic Risk Register

Report of the Head of Governance and Corporate Services (Item 6.1 - 6.27).

7. Treasury Management Report - Increase in Money Market Funds

Report of the Head of Finance (Item 7.1 - 7.4).

Cannock Chase Council
Minutes of the Meeting of the
Audit and Governance Committee
Held on Monday 25 April at 4:03pm
In the Council Chamber, Civic Centre, Cannock
Part 1

Present:
Councillors

Jones, P.C.G. (Chairman)
Crabtree, S.K. Sutton, Mrs. H.M.
Kruskonjic, P.

22. Apologies

Apologies were submitted for Councillor J.A.A. Newbury (Vice-Chairman).

23. Declarations of Interests of Members in Contracts and Other Matters and Restriction on Voting by Members

No Declarations of Interests were made in addition to those already confirmed by Members in the Register of Members' Interests.

The Chairman advised he was a member of the Staffordshire County Council Pensions Committee.

24. Minutes

The Minutes of the meeting held on 29 March 2022 were approved as a correct record.

25. The Audit Findings for Cannock Chase District Council 2020/21

Consideration was given to the Report of the External Auditors (Item 4.1 - 4.31).

The External Auditor reported on the following matters:

- The audit was substantially complete, and it was expected an unmodified audit opinion could be given once the work had finished within the next week or so.
- The report contained two recommendations for the Council related to Minimum Revenue Provision and unrepresented cheques. It was considered both issues would not lead to a material misstatement of the accounts; therefore, assurance could be given that the accounts were free from material errors.
- In respect of the value for money conclusion, this was the first year this work had been carried out under new code of practice arrangements. Given delays being

experienced across the country, the National Audit Office issued guidance that allowed for value for money work to be postponed allowing for audits of financial statements to be concluded first.

- Work on the 'whole of government' accounts could not yet be completed with guidance on doing so not expected until July.
- Finally closure of the audit could not be certified until the value for money conclusion and whole of government account works had been finished.

Resolved:

That the report of the External Auditors be noted.

26. Statement of Accounts 2020/21

Consideration was given to the Report of the Head of Finance (Item 6.1 - 6.6 + Appendix 1) *(presented by the Deputy Head of Finance)*.

The Deputy Head of Finance took Members through the main sections of the statement of accounts as detailed in section 5 of the report.

Resolved:

That the audited Statement of Accounts for 2020/21, as attached at Appendix 1 to the report, be approved.

27. External Audit of Statement of Accounts 2020/21

Consideration was given to the Report of the Head of Finance (Item 5.1 - 5.7) *(presented by the Deputy Head of Finance)*.

Resolved:

That:

- (A) The contents of the report be noted, with reference to the previous two reports considered under minute nos. 25 and 26.
- (B) The Management Representation Letter, as included at Appendix 1 of the report, be approved, and signed by the Chair on behalf of the Committee.

The meeting closed at 4:16 p.m.

Chairman

Report of:	Chief Internal Auditor & Risk Manager
Contact Officer:	Stephen Baddeley
Contact Number:	01543 464 415
Report Track:	Audit & Gov Cttee: 27/07/22

Audit & Governance Committee
27 July 2022
Internal Audit Annual Report 2021-22

1 Purpose of Report

- 1.1 To present the Internal Audit Annual Report for 2021-22.

2 Recommendation(s)

- 2.1 That the Committee note the Internal Audit Annual Report for 2021-22.

3 Key Issues and Reasons for Recommendations

Key Issues

- 3.1 Based on the work undertaken during the year and the implementation by management of the audit recommendations, Internal Audit can provide reasonable assurance that the Council's governance arrangements including systems of internal control were operating adequately.

Reasons for Recommendations

- 3.2 The Audit & Governance Committee is tasked with receiving the Annual Report and using it to inform their work including the review of the Annual Governance Statement.

4 Relationship to Corporate Priorities

- 4.1 The system of internal control is a key element of the Council's corporate governance arrangements which cuts across all corporate priorities.

5 Report Detail

- 5.1 Management are responsible for the control environment and should set in place policies and procedures to help ensure that the system is functioning correctly.

Internal Audit review, appraise and report on the effectiveness of the system of internal control.

5.2 The Internal Audit Annual Report (attached as Appendix 2) is the culmination of the work of the Section during the course of the year and seeks to:-

- provide an opinion on the adequacy of the control environment,
- comment on the nature and extent of significant risks; and
- report the incidence of significant control failings or weaknesses.

5.3 The report is a snapshot view of the areas at the time that they were reviewed and does not necessarily reflect the actions that have been or are being taken by managers to address the weaknesses identified. The inclusion or comment on any area or function in this report does not indicate that the matters are being escalated to Members for further action. Internal Audit routinely follow-up the recommendations that have been made and will bring to the attention of the committee any relevant areas where significant weaknesses have not been addressed by managers.

5.4 Whilst the number of Audits completed is lower than the target outturn there has been sufficient coverage to provide an appropriate Annual Opinion particularly when the other work of the section and knowledge of the organisation is taken into account.

5.5 The Annual Report contains a summary of the outcome of the Review of Internal Audit and the associated action plan.

5.6 Work completed in Quarter 4 has not previously been presented to committee; information for work completed in Quarter 4 is attached as Appendix 1.

5.7 The Internal Audit Annual Report is one of the sources of assurance that is used to support the Council's Annual Governance Statement.

6 Implications

6.1 Financial

None

6.2 Legal

None

6.3 Human Resources

None

6.4 Risk Management

None

6.5 Equality & Diversity

None

6.6 **Climate Change**

None

7 Appendices to the Report

Appendix 1 - Summary of Significant Findings Quarter 4 Audits

Appendix 2 - Internal Audit Annual Report for 2021-22

Previous Consideration

None

Background Papers

Files held by the Chief Internal Auditor

Summary of Significant Findings for Audits Issued in Quarter 4

Audit Reports Issued in Quarter 4

Audit	Head of Service	Number of High/Medium Recommendations	Assurance	Comments & Key Issues
Treasury Management	Financial Management	1	Partial 	Whilst no issues were identified in relation to treasury management transactions it was noted that some reporting to Members had slipped due to the impact of the pandemic and workloads in the Finance function.
IT Asset Management	Technology	2	Partial 	<ul style="list-style-type: none"> • There is no documented IT Asset Management Policy • There is no programme of regular disposal of Assets leading to items being stored for long periods before disposal.
Economic Growth Projects-Stadium Phase 2	Environment & Healthy Lifestyles	0	Substantial 	
Community Support Framework	Housing & Partnerships	0	Substantial 	
Housing Benefits	Financial Management	0	Substantial 	
Payroll	HR	0	Substantial 	
Waste - Biffa Arrangements	Environment & Healthy Lifestyles	0	Substantial 	

Audit Follow-ups Completed in Quarters 4

Audit	Head of Service	Original Assurance	High/Medium Risk Recommendations				Revised Assurance	Comments & Key Outstanding Recommendations
			Implemented	In Progress	Not Implemented	Total		
Critical Information Systems not Supported by IT	Technology	Limited 	2	1	0	3	Partial 	Work was required to produce an updated IT Strategy to give the overarching direction and principles for the operation of IT Systems
IT Capacity Management & Resilience	Technology	Partial 	3	0	0	3	Substantial 	

Cannock Chase District Council Internal Audit Annual Report 2021-22

July 2022



working together

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Appendix**Audits Planned and Completed in 2021-22 by Classification:-**

1a	Limited	8
1b	Partial	10
1c	Substantial	12
2	Follow-Ups	13
3	Improvement Plan for Internal Audit	15

1. INTRODUCTION

- 1.1 The Internal Audit Service is a shared service with Stafford Borough Council. This report highlights the work carried out by Internal Audit to deliver the Annual Audit Opinion for Cannock Chase District Council.

The Annual Reporting Process

- 1.2 Internal Audit is an assurance function that primarily provides an independent and objective opinion to the Council on its governance arrangements, comprising of risk management and internal control. Internal Audit objectively examines, evaluates and reports on the adequacy of the Council's governance arrangements as a contribution to the proper, economic, efficient and effective use of resources. Responsibility for governance rests fully with Managers, who should establish and maintain an adequate system of internal control to enable them to discharge their responsibilities and to ensure that the Council's resources are properly applied in the manner and on the activities intended.
- 1.3 This report is the culmination of the work of the Internal Audit Section during the course of the year and seeks to:
- provide an opinion on the adequacy of the control environment;
 - comment on the nature and extent of significant risks; and
 - report the incidence of significant control failings or weaknesses.
- 1.4 It provides a summary of the work of the Section throughout 2021-22. As such it presents a snapshot picture of the areas at the time that they were reviewed and does not necessarily reflect the actions that have been or are being taken by Managers to address the weaknesses identified. The inclusion or comment on any area or function in this report does not indicate that the matters are being escalated to Members for further action. Internal Audit routinely follow-up the recommendations that have been made and will bring any relevant areas where significant weaknesses have not been addressed by managers to the attention of the Audit & Governance Committee if and when it is deemed appropriate.
- 1.5 Internal Audit has adopted an exception based reporting methodology, as such only those areas where weaknesses have been identified are reported on.

Requirement for Internal Audit

- 1.6 The requirement for an Internal Audit function derives from local government legislation, including section 151 of the Local Government Act 1972 which requires authorities to "make arrangements for the proper administration of their financial affairs". Proper administration is interpreted in this legislation to include Internal Audit. More specific requirements are detailed in the Accounts and Audit Regulations 2015, in that a relevant body must "undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal audit standards or guidance".

Review of Internal Audit

- 1.7 A review of the Internal Audit has been undertaken within the year as part of the Quality Assurance and Improvement Programme as required by the Public Sector Internal Audit Standards.
- 1.8 There were two key elements to the review this year:-
- i. the Chief Internal Auditor has conducted a self-assessment of the section in relation to compliance with the Public Sector Internal Audit Standards (PSIAS) and the Local Government Application Note (LGAN); and
 - ii. reference to the External Quality Assessment (EQA) carried out by Cipfa in November 2016. The outcome of this review was presented to the Audit Committee in March 2017. The next EQA is due to be completed in the Autumn of 2022 and will be reported separately to the Audit Committee when completed.
- 1.9 The review concluded that Internal Audit is effective and conforms sufficiently with the requirements of PSIAS/LGAN to ensure that the opinion given in this Annual Report can be relied upon for assurance purposes. Where actions have been identified these are attached in Appendix 3 **Error! Reference source not found.** at the end of this report.
- 1.10 One area of significant non-conformance with the standards was identified and this relates to PSIAS 1110 Organisational Independence. The standards require the “Chief Audit Executive” to report functionally to the Board and indicate that this includes the Audit Committee Chair and Chief Executive commenting on the Performance Development Review and the Audit Committee setting remuneration for the “Chief Audit Executive”.
- 1.11 This is not a common practice in Local Government where Members do not routinely get involved in detailed employment matters. It is felt that sufficient other safeguards to the independence of Internal Audit are currently in place within the Council such as allowing the Chief Internal Auditor the unfettered right of access to the Audit Committee Chair and Chief Executive to raise any concerns. It is therefore felt that this area of non-conformance does not compromise the effectiveness of Internal Audit although PSIAS/LGAN requires it to be disclosed in the Annual Audit Report.
- 1.12 In order to ensure the quality of each audit, the Senior Auditor, the Principal Auditor or the Chief Internal Auditor carries out a file review for each audit prior to the reports being issued. The Chief Internal Auditor also reviews and signs-off every report before it is issued. These processes form part of the internal quality assurance process and helps to provide a consistent approach between the auditors.

2. REVIEW OF CONTROL ENVIRONMENT

How the Control Environment is Reviewed

- 2.1 Internal Audit operates to a risk based audit plan. The audit plan is risk assessed each year to ensure that suitable audit time and resources are devoted to reviewing the more significant areas of risk.
- 2.2 This risk based approach to audit planning results in a comprehensive range of audits being undertaken during the course of the year to support the overall opinion on the control environment.
- 2.3 The Audit Plan for 2021-22 took into account the impact from the Covid Pandemic alongside the changes that the Council was implementing to recover. In addition the shift in focus away from a plan based on the Audit Universe to a totally risk focused plan was retained. It is believed that sufficient work has been undertaken on which to provide an opinion.

Internal Audit Opinion for 2021-22 and the Annual Governance Statement (AGS)

- 2.4 Regulation 3 of the Accounts & Audit Regulations 2015 require that the Council:-
- “must ensure that it has a sound system of internal control which—*
- (a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;*
 - (b) ensures that the financial and operational management of the authority is effective; and*
 - (c) includes effective arrangements for the management of risk.*
- 2.5 In addition regulation 6 of the Accounts and Audit Regulations 2015 requires that the Council:-
- “must, each financial year—*
- (a) conduct a review of the effectiveness of the system of internal control required by regulation 3; and*
 - (b) prepare an annual governance statement;”*
- 2.6 Internal Audit has a responsibility to provide assurance from the work they undertake during the year in respect of the control environment operating within the Council to feed into this review.
- 2.7 Alongside the traditional audit work undertaken, the opinion this year has also placed reliance on observations and awareness of the Council’s processes from work undertaken by the Internal Audit Team to offer advice and guidance to services in revising processes to deal with the recovery from the pandemic and the changes to the working practices including hybrid working.

- 2.8 Based on the work undertaken during the year and the implementation by management of the audit recommendations, Internal Audit can provide **partial assurance** that the Council's governance arrangements including risk management and systems of internal control were operating adequately and there were no instances where any breakdown of control resulted in a material discrepancy.



- 2.9 No Audits were given Limited or No Assurance in the year.
- 2.10 No system of control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance. This statement is intended to provide reasonable assurance that there is an ongoing process for identifying, evaluating and managing the key risks. These risks are reflected in the audit plan and are the subject of separate reports during the course of the year.

3. SIGNIFICANT ISSUES ARISING 2021-22

- 3.1 Each system/area audited is given a level of assurance based on the presence and effectiveness of the controls in place. Four levels of assurance are currently used and the definitions for each are contained in appendices 1a to 1d.
- 3.2 A summary of the level of assurance given to each audit is given in the table below.

	Assurance				
	Substantial	Partial	Limited	No Assurance	No Opinion
Number of Audits	10	6	0	0	2
For further information	See Appendix 1d	See Appendix 1c	See Appendix 1b	See Appendix 1a	See paragraph 3.3

- 3.3 Two areas were reviewed but the nature and depth of the work meant that it was not appropriate to issue a formal opinion on the level of assurance although where necessary recommendations have been made. The areas were:
- (i) Customer Transformation
 - (ii) Property/Asset Management Works - Rugeley Pool & Boiler, MSCP Demolition, Civic Offices Toilets, Boardwalk, Elmore Park
- 3.4 The Internal Audit Section did not identify any significant weaknesses in relation to any of the Council's key financial systems and core governance processes which were examined in 2021-22.
- 3.5 In addition to the main audit work the section also followed-up the progress made in relation to Audit Recommendations where the audit was not issued with a Substantial opinion. Follow-ups are generally undertaken around 6 months after the report has been finalised.

- 3.6 15 Follow-ups were completed for 12 audit areas (3 areas were followed-up more than once in the year). At the end of the year -
- 2 areas had improved from Limited to Partial
 - 1 area had improved from Partial to Substantial.
 - 9 areas remained Partial Assurance.
- 3.7 In total 69 recommendations were followed-up of which at the time of the follow-up:
- 15 recommendations (22%) had been implemented;
 - 34 recommendations (36%) were in progress at the time of the follow-up; and
 - 20 recommendations (30%) had not been implemented at least partially at the time of follow-up.
- 3.8 More details on the follow-ups can be found in Appendix 2. However it is clear that there has been a significant reduction in the implementation of Audit Recommendations by Management in the year and this lack of progress has left the majority of audits as a Partial Assurance after the Follow-up.

4 AUDIT PERFORMANCE

- 4.1 The table below indicates the Section's performance against the audit plan for 2021-22.

	2021-22				2020-21
	Planned	Actual	Actual %	Target %	Actual
Audit Plan	27	18	66%	90%	88%

- 4.2 Eighteen audits were completed in the year out of the Twenty-Seven planned for in the 2021-22 Audit Plan.
- 4.3 A further nine audits had commenced but not been completed in the year. Seven of these have been substantially completed just awaiting final clarification of a few points and production and agreement of reports. If these 7 audits were included in the number of audits completed the performance of the section would be increased to 25 audits against an original plan of 27 (93%).
- 4.4 These are:
- Business Grants
 - Council Tax
 - National Non-Domestic Rates
 - Car Park Cashless Payments
 - Housing Consumer Standards Compliance
 - IT Records & Document Retention
 - IT - Change Control Procedures

- 4.5 The delays in completion of the audits are down to 2 main factors:
- Staffing and scheduling issues of the contractor due to sickness and delays in chasing outstanding requests with departments when the audits are substantially complete
 - Delays in departments answering queries and supplying information to auditors due to ongoing workloads and pressures.
- 4.6 The final two areas in progress which required significantly more work to complete are:
- IT Healthcheck/ Assurance/ Vulnerability Scanning
 - IT Third Party Supplier Management & External Data Sharing
- 4.7 Two audits planned for the year had not commenced at the end of the year, Disabled Facility Grants and New Finance System. These will be rolled-over to 2022-23.
- 4.8 Included in the completed audits figure above are five audits which were originally part of the 2020-21 audit plan but were not completed in that year. The audits completed this year from the 2020-21 Audit Plan were:
- Staff Expenses
 - Housing Voids
 - LEP & Combined Authority
 - Cloud Strategy & Security
 - IT Asset Management
- 4.9 In addition to the audit plan the Section has also carried out a number of other pieces of ad hoc work and consultancy exercises during the year, these included advice on system changes and new systems.

New Finance System - Due to ongoing issues in the roll-out of the software a full audit has not been completed but the Internal Audit Section has participated in several pieces of work to assist and advise Finance on the revised procedures needed.

5 FRAUD & IRREGULARITY WORK

Pro-active Fraud work

- 5.1 The Internal Audit section has taken a proactive approach to the prevention / detection of fraud and corruption. During the year it has:-
- Founding Member of the Staffordshire Counter Fraud Partnership
 - Continued membership of the Midlands Fraud Sub Group;
 - Carried out Verification work of Covid Grants and followed up on a number of alleged fraudulent applications.
 - Been alert to fraud risks in the audits carried out in the year

Fraud/Irregularity Investigations

- 5.2 The team has not been involved in any special investigations relating to fraud or irregularities in the year relating to Cannock Chase District Council. Although some input has been provided into other investigations relating to the conduct of employees.
- 5.3 No allegations have been received via Confidential Reporting or Ant-Fraud & Corruption policies.

National Fraud Initiative Datamatching

- 5.4 The Council is a statutory participant in the Cabinet Office's National Fraud Initiative (NFI) exercise which is carried out every 2 years. The 2020-21 matches were released in January 2021 and have been reviewed. No significant issues have been identified from the work carried out.

Appendix 1a

Audits Planned and Completed in 2020-21 by Assurance Level

No Assurance

Definition	One or more High (Red) risks are lacking appropriate controls and/or controls are not operating effectively to manage the risks.
	Immediate action is required by management to address the weaknesses identified in accordance with the agreed action plan

There were no audits which were classified as No Assurance in the year.

Appendix 1b

Limited Assurance Audits

Definition	One or more Medium (Amber) risks are lacking appropriate controls and/or controls are not operating effectively to manage the risks. The residual risk score for the affected Medium risks are 9 or higher. Prompt action is required by management to address the weaknesses identified in accordance with the agreed action plan.
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There were no audits which were classified as Limited Assurance in the year.

Appendix 1c

Partial Assurance Audits

	<p>Definition One or more Medium (Amber) risks are lacking appropriate controls and/or controls are not operating effectively to manage the risks. The residual risk score for the affected Medium risks are 6 or below.</p> <p>Prompt action is required by management to address the weaknesses identified in accordance with the agreed action plan.</p>
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Audit Area	Service Lead Officer	No of High/Medium Recommendations
Leisure Open Book and Recovery Arrangements and Monitoring	Environment & Healthy Lifestyles	5
Treasury Management	Financial Management	1
Staff Expenses	HR	5
Housing Voids	Housing & Partnerships	11
Cloud Strategy & Security	Technology	2
IT Asset Management	Technology	2

Appendix 1d

Substantial Assurance Audits

	<p>Definition</p> <p>All High (Red) and Medium (Amber) risks have appropriate controls in place and these controls are operating effectively.</p> <p>No action is required by management.</p>
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Audit Area	Service Lead Officer
Economic Growth Projects-Stadium Phase 2	Environment & Healthy Lifestyles
Climate Change Actions/Group	Environment & Healthy Lifestyles
Community Support Framework	Housing & Partnerships
Culture & Sports Capital Programme - New Cemetery	Environment & Healthy Lifestyles
Waste - Biffa Arrangements	Environment & Healthy Lifestyles
Commonwealth Games Project	Environment & Healthy Lifestyles
Housing Benefits	Financial Management
Payroll	HR

Appendix 2

Results of Follow-ups Undertaken in the Year By Assurance Level

Audit	Head of Service	Original Assurance	High/Medium Risk Recommendations				Revised Assurance
			Implemented	In Progress	Not Implemented	Total	
Utilities Management	Economic Development	Limited 	0	1	5	6	Limited 
Utilities Management 2nd Follow up	Economic Development	Limited 	0	6	0	6	Partial 
Critical Information Systems not Supported	Technology	Limited 	2	1	0	3	Partial 
Property Management	Economic Development	Partial 	1	1	7	9	Partial 
Public Buildings & Facilities Management	Economic Development	Partial 	0	3	0	3	Partial 
Public Buildings & Facilities Management 2nd follow up	Economic Development	Partial 	1	1	1	3	Partial 
Street Cleansing 2nd Follow Up	Environment & Healthy Lifestyles	Partial 	5	2	1	8	Partial 
Fleet Management & Vehicle Workshop	Environment & Healthy Lifestyles	Partial 	1	8	0	9	Partial 
Misc. Engineering Functions	Environment & Healthy Lifestyles	Partial 	0	2	2	4	Partial 
Partnerships & CCTV 2nd Follow Up	Housing & Partnerships	Partial 	1	2	0	3	Partial 

Audit	Head of Service	Original Assurance	High/Medium Risk Recommendations				Revised Assurance
			Implemented	In Progress	Not Implemented	Total	
Partnerships & CCTV 3rd Follow Up	Housing & Partnerships	Partial 	1	1	0	2	Partial 
Lease Holder Recharges 5th follow up	Housing & Partnerships	Partial 	0	4	2	6	Partial 
Housing Safety & Compliance 2nd Follow up	Housing & Partnerships	Partial 	0	1	2	3	Partial 
Housing Social Alarms Arrangements 2nd Follow Up	Housing & Partnerships	Partial 	0	1	0	1	Partial 
IT Capacity Management & Resilience	Technology	Partial 	3	0	0	3	Substantial 

Appendix 3

Improvement Plan for Internal Audit - 2021-22

Source	Actions	Person Responsible for Implementation	Timescale
Annual Review	Internal Audit will look at progressing some mapping of Assurance provided by others and how this can be taken into account	Chief Internal Auditor & Risk Manager	Ongoing
Annual Review	Internal Audit will continue to explore ways of utilise Computer Assisted Audit Techniques into their work	Chief Internal Auditor & Risk Manager	Ongoing
Annual Review	A review against the recent Cipfa Report “Internal Audit Untapped Potential” will be carried out and reported to Leadership Team and Audit Committee	Chief Internal Auditor & Risk Manager	December 2022
Annual Review	An External Quality Assurance Review will be carried out and reported to Audit Committee.	Chief Internal Auditor & Risk Manager	December 2022
Annual Review	Work will be undertaken to progress the procurement of a Working Paper and Audit Management System for the team.	Chief Internal Auditor & Risk Manager	March 2023

Report of:	Head of Governance & Corporate Services
Contact Officer:	Judith Aupers
Telephone No:	01543 464 411
Report Track:	Audit & Gov Cttee: 27/07/22

Audit & Governance Committee
27 July 2022
Annual Governance Statement 2021-22

1 Purpose of Report

- 1.1 To set out the Council's Annual Governance Statement for the year 2021-22.

2 Recommendation(s)

- 2.1 That the Committee approves of the Annual Governance Statement for 2021-22.

3 Key Issues and Reasons for Recommendations

- 3.1 The Accounts and Audit Regulations 2015 require the Council to review the effectiveness of its system of internal control and to prepare an Annual Governance Statement (AGS).
- 3.2 The Council's draft Annual Governance Statement (AGS) for 2021-22 (which is current up to July 2022) is attached as Appendix 1.
- 3.3 The draft AGS has been compiled by the Leadership Team. The AGS has been drafted using various sources of assurance which together form the review of the Council's governance arrangements. The key sources of assurance are:
- (i) assurances from Leadership Team
 - (ii) assurances from the 3 statutory officers;
 - (iii) the risk management reports;
 - (iv) the annual internal audit report / opinion; and
 - (v) external assurance reports.
- 3.4 The review of the Council's governance arrangements has identified areas for improvement and these are set out in the action plan contained within the AGS at Appendix 1.

3.5 An update on the progress in actioning the issues from the 2020-21 AGS is attached at Appendix 2. In summary, of the 13 items:

- 5 items have been completed or are on target to be completed;
- 6 items are in progress; and
- work has not commenced on 2 items

A number of these issues are ongoing and have also been included in the AGS for 2021-22.

4 Relationship to Corporate Priorities

4.1 The Council's corporate governance arrangements and internal control framework cuts across all corporate priorities.

5 Report Detail

5.1 The Council's Code of Governance was updated in June 2017 to reflect the latest guidance from CIPFA/SOLACE. A copy of the full Code of Governance can be found on the Council's website. A diagram illustrating the Council's Governance Framework is appended to the AGS.

5.2 The preparation and publication of an annual governance statement is necessary to meet the statutory requirement set out in the Audit and Accounts Regulations 2015 which requires authorities to "conduct a review of the effectiveness of system of internal control" and to "prepare an annual governance statement".

5.3 Following approval of the Annual Governance Statement it will be signed by the Chair of the Audit & Governance Committee, the Leader and the Chief Executive.

5.4 The Annual Governance Statement has been prepared using information from the sources of assurance outlined in 3.3. The Leadership Team has been consulted on the draft AGS to ensure that:

- all of the significant issues have been identified and included, so far as is reasonably possible; and
- all of the issues included are considered to be significant.

5.5 It is not possible to give a single definition as to what constitutes a "significant governance issue" and judgement has to be exercised. Cipfa/SOLACE has not provided guidance on this in their new Framework so reference continues to be made to the guidance given in the previous framework. Factors used in making such judgements include:

- the issue has or could seriously prejudice or prevent achievement of a principal objective;
- the issue has or could result in a need to seek additional funding to allow it to be resolved, or has/could result in significant diversion of resources from another service area;

- the issue has or could lead to a material impact on the accounts;
- the Chief Internal Auditor has reported on it as significant, for this purpose, in the Internal Audit Annual Report;
- the issue, or its impact, has or could attract significant public interest or seriously damage the reputation of the Council;
- the issue has resulted in formal action being taken by the Chief Financial Officer and/or the Monitoring Officer.

5.6 Progress in addressing the significant issues identified in the Annual Governance Statement will be monitored through reports presented to the Audit and Governance Committee.

6 Implications

6.1 Financial

None.

6.2 Legal

None.

6.3 Human Resources

None.

6.4 Risk Management

None.

6.5 Equality & Diversity

None.

6.6 Climate Change

None.

7 Appendices to the Report

Appendix 1: Annual Governance Statement 2021-22

Appendix 2: Progress Report for the Annual Governance Statement 2020-21.

Background Papers

- Annual Internal Audit Report 2021-22
- Strategic Risk Register

**Cannock Chase District Council
Annual Governance Statement for 2021-22**

1. Scope of Responsibility

- 1.1 Cannock Chase District Council (the 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. The 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.
- 1.2 In discharging this overall responsibility, the 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.
- 1.3 The Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. This statement explains how the Council has complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2015, regulation 6(1)(b), which require all relevant authorities to prepare an annual governance statement.

2. The Purpose of the Governance Framework

- 2.1 The governance framework comprises the systems and processes, culture and values by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads its communities. 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 services and value for money.
- 2.2 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 the Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.
- 2.3 The governance framework has been in place at the Council for the year ended 31 March 2022 and up to the date of approval of the Annual Governance Statement.

3. The Governance Framework

3.1 The Council has adopted a local Code of Governance, which can be found on the Council's website. The Code is comprised of 6 key principles:

1. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
2. Ensuring openness and comprehensive stakeholder engagement.
3. Defining the vision and outcomes for the local area and determining the actions necessary to achieve the intended outcomes.
4. Developing the entity's capacity, including the capability of its leadership and the individuals within it.
5. Managing risks and performance through robust internal control and strong public financial management.
6. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

3.2 A key element of the Council's governance arrangements concerns safeguarding. Cannock Chase District Council has both a moral and legal obligation to ensure a duty of care for children and vulnerable adults across its services. We are committed to ensuring that all children and vulnerable adults are protected and kept safe from harm whilst engaged in services organised and provided by the Council. We do this by:

- Having a Child & Adult Protection Policy and procedure in place endorsed by the Staffordshire Safeguarding Children Board and Staffordshire and Stoke Adult Safeguarding Partnership
- Having child & adult protection processes which give clear, step-by-step guidance if abuse is identified
- Safeguarding training programme in place for staff and members
- Carrying out the appropriate level of DBS checks on staff and volunteers
- Working closely with Staffordshire Safeguarding Children Board & Staffordshire & Stoke-on-Trent Adult Safeguarding Partnership

4. Review of effectiveness

4.1 The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is led by the Head of Governance & Corporate Services who has responsibility for the development and maintenance of the Code of Governance. The review is informed by the work of Members, the senior officers within the Council and also by comments made by the External Auditors and other review agencies and inspectorates. The process that has been applied in maintaining and reviewing the effectiveness of the governance framework is set out below.

- 4.2 **The Authority** - the Head of Governance and the Monitoring Officer, on behalf of the Council, undertakes reviews of the Council's governance arrangements on an ongoing basis. Work to support this includes a periodic self-assessment review against the Code of Governance, reviews of the Constitution, Financial Regulations, the Scheme of Delegation and policies, processes and practices throughout the year. No new issues have been identified in 2021-22.
- 4.3 **The Executive** - the Cabinet monitors the effectiveness of the governance framework through the consideration of regular performance and financial management reports. Individual Cabinet members receive regular feedback from senior officers on the delivery of services and the achievement of objectives and targets. Issues of strategic and corporate importance are referred to the Cabinet. There is also a formal Shadow Cabinet in place, which provides an opportunity to challenge decisions and how they are made.
- 4.4 **Overview and Scrutiny committees** - the Council had 3 Scrutiny Committees during 2021-22, which were aligned to the Council's priorities. The Scrutiny Committees review decisions made by Cabinet and areas of concern. They can "call-in" a decision that has been made by the Cabinet when they consider the decision is not in accordance with the Council's Constitution. The Scrutiny Committees:
- (i) determine their own work programme at the beginning of each year and this includes the provision of updates, briefings and reviews of services/activities; and
 - (ii) consider regular performance management information from senior management.
- 4.5 **The Audit & Governance Committee** - is responsible for overseeing the Council's governance arrangements. The Committee monitors the effectiveness of risk management, reviews corporate governance issues, the work of Internal Audit and the anti-fraud & corruption arrangements throughout the year. The Audit & Governance Committee receives quarterly reports on:
- the work of internal audit in reviewing the systems and processes to ensure that they are adequate; and
 - updates on the management of the Council's strategic risks. A strategic risk register is in place, which identifies and evaluates the risks faced by the Council in delivering its objectives. Work is ongoing to review and address these risks and update the risk register accordingly
- 4.6 **The Standards Committee** - is responsible for the ethical framework of the Council. The Committee works closely with the Monitoring Officer in dealing with complaints about Members conduct and promoting high standards of conduct.
- 4.7 **Internal Audit** – is responsible for reviewing the effectiveness of the Council's governance arrangements, including the system of internal control, and reporting on its adequacy. Internal Audit is a key source of assurance for the Annual Governance Statement and operates in accordance with the Public Sector Internal Audit Standards.

Internal Audit reviews the internal control system following an audit plan based on an assessment of the potential risks for the various systems and procedures.

The work on the Audit Plan for 2021-22 has been used to provide an independent view on the adequacy of the governance framework. In the annual report to the Audit & Governance Committee, the Chief Internal Auditor has independently assessed the Council's internal control environment and given a "**partial assurance**" opinion that the Council's governance arrangements were operating adequately and there were no instances where any breakdown of control resulted in a material discrepancy. No significant governance issues have been identified for inclusion in the Annual Governance Statement. Where deficiencies in internal control were identified during reviews, assurance was provided that these had been or would be resolved in an appropriate manner. Such cases will continue to be followed-up as part of the routine operation of the Internal Audit function.

4.8 Risk Management - during 2021-22 the Audit & Governance Committee received regular progress reports regarding the management of strategic risks. As of April 2022, there are currently 4 red risks for inclusion as significant governance issues:

- Poor budget planning, over commitment of financial resources or inappropriate use of reserves leading to a financial shortfall or overspends that undermine the Council's ability to deliver services, corporate priorities or leading to external intervention
- Adverse Global economic conditions lead to a serious impact on the performance of the District's economy
- Changes in the operational costs/income due to economic factors which impact on the sustainability key Contractors to deliver the required services
- The Council doesn't have sufficient officer capacity or financial resources to sustain delivery of essential services and key projects.

4.9 Assurance from the Statutory Officers - assurances have been sought, through discussions with the Head of Paid Service (Chief Executive), the Monitoring Officer (Head of Law & Administration) and the s151 Officer (Head of Finance) with regard to their responsibilities for governance.

- The Head of Paid Service has overall responsibility for the organisation, appointment and management of staff.
- The Chief Financial Officer (s151 Officer) has overall responsibility for the financial management of the Council.

Throughout the year the s151 Officer ensures that the financial position of the Council is monitored, that consideration is given to financial implications when taking decisions and with the support of internal audit that financial processes are complied with.

- The Monitoring Officer has overall responsibility for:
 - reporting on matters he/she believes are, or are likely to be, illegal or amount to maladministration;
 - matters relating to the conduct of Members and officers; and
 - the operation of the Council's constitution.

The Statutory Officers have identified the following as significant governance issues:

- Ongoing financial pressures;
- Capacity issues in sustaining delivery of essential services and key projects;
- Further sharing of services with Stafford Borough Council;
- Implementation of the new finance system.

4.10 **External Audit / Other Review Agencies** - during the year the Council received the following key reports:

- (i) Audit Findings (dated April 2022 and reported to Audit & Governance Committee 25 April 2022).

The report offered an unqualified opinion on the Council's financial statements. No significant concerns were identified.

4.11 **Leadership Team** – in addition to the Statutory Officers assurances, the members of Leadership Team have been consulted on the draft annual governance statement and the significant governance issues that should be included within it.

5. Opinion on the Governance Framework

5.1	The review of the effectiveness of the governance framework show that the arrangements continue to be fit for purpose and reasonable assurance can be given that the framework is operating adequately in practice.
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5.2 No review can provide absolute assurance; this statement is intended to provide reasonable assurance that there is an ongoing process for reviewing the governance framework and it's operation in practice.

5.3 Whilst the governance framework is considered to be adequate a number of issues have been identified that need to be addressed to further enhance the Council's governance arrangements. These are outlined in section 6 together with the actions to be taken.

5.4 The Audit & Governance Committee will have responsibility for ensuring the delivery of the actions needed to improve the Council's governance framework.

6. Significant Governance Issues

6.1 The Council's key governance issues are outlined in the action plan below.

ISSUE & ACTION	OFFICER RESPONSIBLE	TARGET DATE
<p>Financial Stability</p> <p>The Council incurred both additional expenditure and a material loss of income from fees and charges etc. as a result of the pandemic, offset by grant funding. The Council's finances began to stabilise which enabled a budget to be set in February 2022, but the newly arising challenges of inflation and interest rates will place a burden on this year's budget and the medium term outlook. These factors will have an impact on expenditure, as direct costs (including pay) will rise, as well as on residents and businesses, which will place greater demands on Council services and potentially reduce income. Over the medium term, there remains significant uncertainty regarding the direction of Government policy for local government finance.</p> <p>This has been / will be addressed by:</p> <ul style="list-style-type: none"> • Approval of the 2022-23 budget; • Reinforcement of good financial management at senior officer level; • Monitoring reserves over the medium term and setting a Medium Term Financial Strategy that does not reduce unallocated reserves; • Implementing a savings plan to help bridge the budget gap for 2023-24; • Refreshing the Medium Term Financial Strategy. 	<p>s151 Officer</p> <p>Leadership Team</p> <p>s151 Officer</p> <p>s151 Officer</p> <p>s151 Officer</p>	<p>Complete</p> <p>Complete</p> <p>January 2023</p> <p>October 2022</p> <p>January 2023</p>
<p>The Economy of the District</p> <p>There is a risk that adverse global economic conditions may lead to a serious impact on the performance of the District's economy. To mitigate against this risk, key actions to be progressed during 2022-23 will be:</p> <ul style="list-style-type: none"> • to review the Council's Economic Prosperity Strategy; and 	<p>Head of Economic Prosperity</p>	<p>Ongoing</p>

ISSUE & ACTION	OFFICER RESPONSIBLE	TARGET DATE
<ul style="list-style-type: none"> • for the Council to work with partners to progress key projects including: <ul style="list-style-type: none"> ➤ Levelling Up Fund project for Cannock town centre ➤ McArthurGlen Designer Outlet- phase 2 ➤ Re-development of the former Rugeley power Station ➤ Submit Investment Plan for the Council's allocation from the UK Shared Prosperity Fund • Progress the review of the Local Plan, with the Council proceeding with a public consultation on the next stage of the Plan (regulation 18 / pre-submission version) 		
<p>The Council's Key Contractors</p> <p>There is a risk that changes in the operational costs/income due to economic factors will impact on the sustainability of the Council's key Contractors to deliver the required services. This is a particular concern for the Council's 2 key contracts:</p> <ul style="list-style-type: none"> • the leisure contractor IHL, has already been adversely affected by the successive lockdowns and the leisure sector has not fully recovered to pre-pandemic levels. • waste contracts - a new dry mixed recycling contract has been procured which has led to a switch to dual stream recycling collection to avoid a significant increase in disposal costs. The Council has also negotiated a two-year extension to March 2025 with its incumbent supplier, Biffa Municipal Plc, to allow for the full publication of the Government's Resources and Waste Strategy. 	Head of Environment & Healthy Lifestyles	
<p>Key actions for 2022-23 include:</p> <p>Leisure:</p> <ul style="list-style-type: none"> • Continue to monitor and work with IHL in regard to Covid recovery, service income and expenditure and impacts of cost of living on memberships/service users. • Work with IHL to set the management fee for 2023/24 subject to Covid recovery. 	Head of Environment & Healthy Lifestyles	Ongoing

ISSUE & ACTION	OFFICER RESPONSIBLE	TARGET DATE
<p>Waste:</p> <ul style="list-style-type: none"> Continue to monitor and review the input/output of the waste and recycling collections and disposal contracts. Update waste and recycling specifications in accordance with new national resource and waste strategy and local requirements in preparation for market testing prior to 2025. 	Head of Environment & Healthy Lifestyles	Ongoing
<p>Officer Capacity</p> <p>Resources continue to be stretched between the delivery of essential services, key projects and the introduction of new responsibilities upon the Council. Priorities have been kept under review during 2021-22 and additional resources brought in where required. 3 senior officers left/retired during 2021/22. One of these positions has been appointed to and another is being covered on an interim basis pending a recruitment process. The Chief Executive is being covered through a sharing arrangement with Stafford Borough Council pending consideration of wider sharing of services, which has the potential to offer increased capacity and resilience. A review of priorities has been undertaken and a new Corporate Plan agreed for 2022-26.</p> <p>Key actions for 2022-23 include:</p> <ul style="list-style-type: none"> Recruitment of the s151 Officer; Development of delivery plans to support the corporate plan; and Ongoing monitoring. 	<p>Chief Executive</p> <p>Leadership Team</p> <p>Leadership Team</p>	<p>July 2022</p> <p>August 2022</p> <p>Ongoing</p>
<p>Shared Services</p> <p>The Council has been sharing a number of services with Stafford Borough Council since April 2011. The Chief Executive is currently being shared pending the development of a business case to assess the potential for the further sharing of services between the two Councils.</p> <p>The first stage of the business case has been completed and both Councils have approved</p>		

ISSUE & ACTION	OFFICER RESPONSIBLE	TARGET DATE
<p>proceeding to developing the 2nd stage of the business case.</p> <p>The key action is to complete the 2nd stage of the business case for consideration by both Councils</p>	Chief Executive	November 2022
<p>Cyber Security</p> <p>There is an ongoing risk of cyber attacks. Arrangements have been enhanced during 2021/22 and additional work is planned during 2022/23 including:</p> <ul style="list-style-type: none"> • Access to the network to be limited to corporate devices only 	Head of Technology	August 2022
<p>New Finance System</p> <p>The new Finance system went live on 1 April 2021. The core external elements of the system in terms of payments to creditors and income collection were up and running from day one. However, teething troubles have been experienced; some of these have been addressed and others are ongoing. The Finance Team are currently completing the first closure of the accounts on the new system. The following actions have been undertaken/are planned:</p> <ul style="list-style-type: none"> • Ongoing project management • Testing and checking that the system is operating as expected • User training. • Post implementation review 	Head of Finance	Ongoing
<p>Employees' Code of Conduct</p> <p>The review of the Employees' Code of Conduct has been completed but approval by Council was deferred due to other priorities during the pandemic. It was intended to complete this during 2021/22 but has been deferred due to other changes being made to working arrangements which will have an impact on the Code. This primarily relates to the development of a hybrid working model which is being trialled during 2022/23. The Code of Conduct will be revised in 2023 once the hybrid working trial has been concluded and reviewed.</p>	Head of Human Resources, Head of Law & Administration and Head of Governance	2023/24

ISSUE & ACTION	OFFICER RESPONSIBLE	TARGET DATE
<p>Information Governance</p> <p>The draft Information Governance Framework needs to be finalised and approved by Leadership Team.</p>	Head of Governance & Corporate Services	December 2022
<p>Contracts Register</p> <p>Whilst some progress has been made in the re-letting of major contracts, departmental contracts registers and procurement plans to support the timely planning for the procurement of contracts still needs to be completed.</p>	Head of Governance & Corporate Services and Leadership Team	To be in place for April 2023
<p>Effective management of Corporate Assets and compliance)</p> <ul style="list-style-type: none"> • Ensure robust systems in place to secure compliance across full range of building related risks; • Review condition surveys for Council owned assets and identify a phased plan for maintenance / investment (linked to development of Asset Strategy / Plan) • Development of a new Asset Management Strategy / Plan. A new Asset Strategy has been produced and was approved by Cabinet in June 2022. Cabinet have agreed that the Council will undertake a full review of all Council owned land and property (General fund not HRA). 	Head of Economic Prosperity and Corporate Assets Manager	<p>Asset Management Group to be set up by September 2022</p> <p>Programme of Asset Reviews to commence Q2 / 3</p>
<p>Resettlement - Refugee & Asylum Seekers</p> <p>Syrian Vulnerable Persons Resettlement (SVPR), Afghan Resettlement and Assistance Programme (ARAP), Homes For Ukraine, Asylum Dispersal. The Council has new duties from Central Government under schemes for the resettlement of refugees and asylum seekers. New schemes in 2022 are Homes For Ukraine and Asylum Dispersal.</p> <p>Working in partnership with Staffordshire County Council and other Districts & Boroughs, a County wide approach has or is in process of being formulated for each scheme:</p> <ul style="list-style-type: none"> • An improved co-ordinated approach to County-wide resettlement is being proposed 	Leadership Team	July/Aug 2022

ISSUE & ACTION	OFFICER RESPONSIBLE	TARGET DATE
and developed which will require input and resourcing. <ul style="list-style-type: none">Assessment of and development of a more County-wide co-ordinated approach to provision of future accommodation requirements within public sector housing and private rental sector.	Head of Housing and Head of Environment and Healthy Lifestyles	Ongoing

Signed:

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Chair of the Audit & Governance Committee

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Date

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Leader of the Council

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Date

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Chief Executive
on behalf of Cannock Chase District Council

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Date

**Progress Report as at 30 June 2022
On the Significant Governance Issues
From the Annual Governance Statement for 2020-21**

No.	Issue & Action	Lead Officer & Timescale	Progress/Comments	Status
1	<p>Response and Recovery from the Coronavirus Pandemic</p> <p>A Recovery Strategy was prepared to deal with the effects of COVID-19 on the District and considerable progress has been made in implementing this. Those residual actions which have not yet been completed in full have now been incorporated into the new Corporate Plan which sets out the Council's priorities for the next 3 years.</p> <p>The Corporate Plan now represents the overarching document of the Council incorporating the Council's Response, Recovery and Reshape Strategy combined with the refreshed medium term priorities, aims and objectives</p>	<p>Leadership Team Ongoing</p>	<p>All recovery work was embedded in the Corporate Plan for 2021-24.</p> <p>Subsequently a new Corporate Plan has been agreed for 2022-26. Where appropriate this takes account of any outstanding issues relating to recovery from the pandemic</p>	
2	<p>Financial Stability</p> <p>The Council has incurred both additional expenditure and a material loss of income from fees and charges etc. Despite receiving some additional grant funding, the pandemic has had a significant impact on the Council's finances during 2020-21 and this is continuing into 2021-22 as a result of the impact on the Local Economy. This compounds the ongoing financial uncertainty regarding the future funding regime for local government.</p>	<p>Chief Executive and Head of Finance</p>		

No.	Issue & Action	Lead Officer & Timescale	Progress/Comments	Status
	<p>This has been / will be addressed by:</p> <ul style="list-style-type: none"> • Monitoring the Financial Impact of COVID-19; • Implementing an Interim Financial strategy; • Refreshing the Medium-Term Financial Plan; and • Determining a Financial Recovery Strategy. 	<p>Head of Finance</p> <p>Head of Finance</p> <p>Head of Finance</p> <p>Head of Finance</p>	<p>Completed</p> <p>Completed</p> <p>Completed</p> <p>Completed</p>	
3	<p>The Economy of the District</p> <p>The pandemic is having a considerable impact on the economy of the District and the Council's plans will be reviewed to reflect this, the timing of this will be linked to the end of existing Government support measures likely to be at the end of September 2021.</p> <p>During 2020/21, an Economic Recovery Plan was put in place setting out the actions for the initial response and recovery.</p> <p>In the longer term, Supporting Economic Recovery is a key priority in the new Corporate Plan and this sets out the key actions for 2021-24 which includes</p> <ul style="list-style-type: none"> • Working with McArthurGlen to maximise the economic benefits of the new Designer Outlet • Supporting local businesses with their recovery through the provision of advice and support grants • Working in partnership to provide support to newly unemployed residents to increase skills levels • Developing plans to re-shape our town centres 	<p>Head of Economic Prosperity</p> <p>Ongoing</p>	<p>The economy has recovered well following the Covid-19 pandemic; however, the current global economic conditions are challenging and will create further pressure on the local economy.</p> <p>Phase 1 of the Designer Outlet opened in April 2021 and is trading extremely well; plans are already underway regarding Phase 2</p> <p>All Covid business grants have been distributed and paid to eligible local businesses; all schemes are now closed.</p> <p>The Council continues to work with DWP and FE Colleges to support unemployed residents and re-skill / re-train them so that they can re-enter the labour market. Unemployment rates are now reducing and stabilising.</p>	

No.	Issue & Action	Lead Officer & Timescale	Progress/Comments	Status
	<ul style="list-style-type: none"> • Submitting a bid for £20m to the Government's Levelling Up Fund for Cannock Town Centre • Investing £12.9m of our Housing Investment Fund to deliver c100 new Council properties • Supporting the re-development of the former Rugeley Power Station to create a zero carbon community. 		<p>In October 2021, the Council secured £20m from the Government's Levelling Up Fund, to support the regeneration of Cannock Town Centre.</p> <p>The re-development of Rugeley power Station is progressing well with demolition works complete and remediation work well underway.</p> <p>The Council is progressing delivery of two sites funded via its Housing Investment Fund.</p>	
4	<p>The Council's Key Contractors</p> <p>The Council's key contractors, in particular its Leisure contractor IHL, have been adversely affected by the successive lockdowns.</p> <p>In addition, the originating authority of IHL, Wigan Metropolitan Council terminated their contract with IHL wef from the 1 April 2021.</p> <p>Revised arrangements have now been put in place with IHL and Selby District Council ,the other remaining contract of IHL, to secure the medium term future of the contract. In accordance with the options contained in the current contract that terminates in February 2022 the contract for CCDC has been extended by five years, subject to annual agreement of the Management Fee.</p>	<p>Head of Environment & Healthy Lifestyles</p> <p>Ongoing</p>	<p>The revised arrangements between the Council, IHL, and Selby District Council have been completed.</p> <p>The Council's contract with IHL has also been extended by five years.</p>	

No.	Issue & Action	Lead Officer & Timescale	Progress/Comments	Status
	The Council is continuing to work to support them by providing financial assistance re the impact of the pandemic and in implementing their recovery plans.			
5	<p>Officer Capacity</p> <p>With the delivery of essential services, key projects, the introduction of new services, and work on recovery, resources are stretched. Early in the first lockdown, key projects planned for 2020-21 were re-prioritised and a number were either deferred or reshaped to reflect the impact of the pandemic. Priorities have been kept under review throughout.</p> <p>Priorities and capacity have been taken into account in preparing the new Corporate Plan for 2021-24 and the supporting delivery plans. 9 key strategic priority projects have been identified for 2021-22 and additional resources have been allocated where appropriate.</p> <p>In 2021 there is a short-term capacity issue at senior management level due to the MD leaving, one Head of Service retiring and the interim MD due to retire at the end of July. Interim staffing arrangements, covering an initial 12 month period, have been put in place pending a review of the potential to share a Chief Executive on an ongoing basis and other services more widely with Stafford Borough Council (SBC).</p>	Chief Executive Ongoing	<p>Capacity has been an ongoing issue throughout 2021-22. Interim arrangements were put in place to cover the Heads of Finance and Environment & Healthy Lifestyles. The latter has now been appointed to permanently and a recruitment process has commenced for a new s151 Officer.</p> <p>The vacant MD post has been covered through the sharing of SBC's Chief Executive.</p> <p>The Council has continued to pick up new/additional duties during 2021-22 including the payment of energy rebates, supporting Ukrainian refugees and this has impacted on capacity.</p> <p>The Chief Executive and Leadership Team, working with Cabinet, continue to prioritise work and projects to match the resources available. Where essential additional resources are brought in.</p>	
6	<p>Shared Services</p> <p>The interim arrangements include the sharing of Stafford Borough Councils Chief Executive with</p>	Shared Services Board January 2022	The first stage of the business case has been prepared and submitted to both Councils. It has been agreed to	

No.	Issue & Action	Lead Officer & Timescale	Progress/Comments	Status
	<p>Cannock Chase District Council pending the development of a business case to assess the potential for an extension to the existing sharing of services between the two Councils.</p> <p>The sharing arrangement is for a 14 month period wef 1 June 2021, including a handover period of 2 months, the development and consideration of a business case within a further 6 months, and then either confirmation of the ongoing sharing arrangements or a six month cover period whereby CCDC determine their own arrangements for the Head of Paid service role.</p> <p>The business case will include a review of the governance arrangements that would be needed to support the sharing of a Chief Executive and further services. The key actions are:</p> <ul style="list-style-type: none"> • Development of the business case • Review of governance arrangements <p>Business case to be submitted to both Councils for consideration</p>		<p>proceed to the second stage and this will be reported to Council in November 22.</p>	
7	<p>Decision Making Meetings</p> <p>The first lockdown affected the normal committee meeting cycle, with a number of meetings cancelled/postponed.</p> <p>As a result of the need to make urgent decisions during the pandemic, regular meetings were held with all political group leaders to brief them and take decisions where necessary. A Recovery Overview Board comprising all Group Leaders and a number of</p>	<p>Chief Executive and Monitoring Officer</p> <p>Will be kept under review</p>	<p>Meetings have been held in person during 2021-22 following the relevant guidance in place at the time. Covid restrictions have now been lifted and meetings are now back to “business as usual”</p> <p>Where appropriate and convenient to do so, virtual meetings are still being used</p>	

No.	Issue & Action	Lead Officer & Timescale	Progress/Comments	Status
	<p>Cabinet Members was established to shape the response to and planning for recovery from the pandemic.</p> <p>The introduction of virtual meetings allowed for a settled calendar of meetings to be re-instated and this included Remote Cabinet Meetings.</p> <p>However, since May 2021 the need for the physical attendance of Members at decision making meetings has been re-introduced. This presents a number of challenges to ensure that democratic processes can take place and safely. Risk assessments are being undertaken for each venue used. Virtual attendance is being considered where it is lawful to do so. Delegated authorities are kept up to date.</p>		for non-decision making meetings and training.	
8	<p>Cyber Security</p> <p>There is an increasing risk of cyber attacks. Work is planned to further enhance the Council's security arrangements and this includes:</p> <ul style="list-style-type: none"> • A Cyber Security group to be formed • Access to the network to be limited to corporate devices only • a checklist of Cyber specific action to be added to the Technology Major Incident process for response in the event of an incident. • Cyber Awareness training made compulsory. • Protective Domain Name Servers used on all corporate devices 	Head of Technology November 2021	<p>All actions have been completed except for:</p> <ul style="list-style-type: none"> • limiting access to the network to corporate devices only. <p>This item is in progress with an expected completion date of August 2022.</p>	

No.	Issue & Action	Lead Officer & Timescale	Progress/Comments	Status
9	<p>New Finance System</p> <p>The Council has procured a new Finance system. The implementation timetable has been impacted by the pandemic and a phased implementation introduced. The main system went live on 1 April 2021 but other elements will be implemented over the coming months.</p> <p>Contingency plans were put in place to maintain the existing financial system for a 12 month period</p> <p>The core external elements of the system in terms of payments to creditors , etc and income collection were up and running from day one.</p> <p>Teething troubles are being experienced with the new internal accounting elements of the system and the following actions are planned:</p> <ul style="list-style-type: none"> • Ongoing project management • Testing and checking that the system is operating as expected • User training. • Post implementation review <p>The Council's financial accounts for 2020-21 are being closed down on the old system</p>	Head of Finance Ongoing	<p>Problems with the new finance system have been ongoing throughout 2021-22. These have been exacerbated by capacity issues created by vacancies/staff turnover.</p> <p>Additional support has been bought in from the software supplier to resolve issues and progress is being made.</p> <p>Despite the issues with the new system, budgets have been set for 2022-23.</p> <p>The Finance Team are currently closing the accounts for the first time using the new system and it is expected that this will also highlight issues with the operation of the system.</p>	
10	<p>Employees' Code of Conduct (deferred in 2020-21 due to pandemic)</p> <p>The review of the Employees' Code of Conduct has been completed. The revised Code has been agreed with Leadership Team. Managers and the Trade</p>	Head of Human Resources, Head of Law &	The review of the Employees' Code of Conduct has been deferred pending a formal 6 month trial of a new hybrid working model. The hybrid model will have implications for a number of HR	

No.	Issue & Action	Lead Officer & Timescale	Progress/Comments	Status
	<p>Unions need to be consulted before the Code is passed to Council for approval.</p> <p>The Code will be reviewed in light of the impact of COVID-19 to see if any changes need to be made before it is consulted on and passed to Council for approval</p>	<p>Administration and Head of Governance</p> <p>December 2021</p>	<p>policies and guidance, including the Code of Conduct for Employees. This work will be scheduled once the outcome of the trial is known.</p>	
11	<p>Information Governance (deferred in 2020-21 due to pandemic)</p> <p>An Information Governance Framework has been drafted to complement the existing policy documents. The next stage is for this to be considered by Leadership Team</p> <p>The revision of the Retention of Documents Schedule needs to be completed and all employees made aware of it.</p>	<p>Head of Governance & Corporate Services</p> <p>December 2021</p>	<p>The Information Governance Framework has not yet been to Leadership Team but the intention is to move this forward in the autumn.</p> <p>The Retention of Documents schedule has been updated.</p>	
12	<p>Contracts Register (deferred in 2020-21 due to pandemic)</p> <p>Management of Contracts in particular ensuring adequate timeframe for re-letting of major contracts e.g. housing/leisure.</p> <p>Develop and maintain departmental contracts registers and procurement plans to support the timely planning for the procurement of contracts in future.</p>	<p>Head of Governance & Corporate Services and Leadership Team</p> <p>October 2021</p>	<p>Work has not progressed on the contracts register due to other projects taking priority.</p> <p>This will be taken forward in 2022-23</p>	
13	<p>Effective management of Corporate Assets and compliance (deferred in 2020-21 due to pandemic)</p> <p>Ensure robust systems in place to secure compliance across full range of building related risks;</p>			

No.	Issue & Action	Lead Officer & Timescale	Progress/Comments	Status
	Review condition surveys for Council owned assets and identify a phased plan for maintenance / investment (linked to development of Asset Strategy / Plan below) Development of a new Asset Management Strategy / Plan.	Head of Economic Prosperity and Corporate Assets Manager Ongoing	Work is progressing to maintain compliance on Council owned assets and manage building related risks. A new Asset Strategy has been produced and was approved by Cabinet in June 2022. A programme of Asset reviews will commence across all Council owned assets. A corporate Asset Management Group will be established to manage this process.	

Report of:	Head of Governance & Corporate Services
Contact Officer:	Stephen Baddeley
Contact Number:	01543 464415
Report Track:	Cabinet: 16/06/22 Audit & Governance Cttee: 27/07/22

Audit & Governance Committee

27 July 2022

Strategic Risk Register

1 Purpose of Report

- 1.1 To set out details of the Council's Strategic Risk Register as at 1st April 2022.

2 Recommendation(s)

- 2.1 That the Committee notes the Strategic Risk Register and considers the progress made in the identification and management of the strategic risks.

3 Key Issues and Reasons for Recommendations

Key Issues

- 3.1 All strategic risks and associated action plans have been reviewed and the Council's risk profile is summarised in the table below:

Risk Status	Number of Risks at 30th September 2021	Number of Risks at 1st April 2022
Red (High)	4	4
Amber (Medium)	3	2
Green (Low)	0	0
TOTAL	7	6

Reasons for Recommendations

- 3.2 The Audit & Governance Committee are responsible for monitoring progress in completing actions identified in the Strategic Risk Register.

4 Relationship to Corporate Priorities

- 4.1 This report supports the Council's Corporate Priorities as follows:
- (i) Risk management is a systematic process by which key business risks / opportunities are identified, prioritised and controlled so as to contribute towards the achievement of the Council's aims and objectives.
 - (ii) The strategic risks set out in the Appendices have been categorised against the Council's priorities.

5 Report Detail

- 5.1 The Accounts & Audit Regulations 2015 state that:

"A relevant body must ensure that it has a sound system of internal control which:-

- (a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;
 - (b) ensures that the financial and operational management of the authority is effective; and
 - (c) includes effective arrangements for the management of risk."
- 5.2 Risk can be defined as uncertainty of outcome (whether positive opportunity or negative threat). Risk is ever present and some amount of risk-taking is inevitable if the council is to achieve its objectives. The aim of risk management is to ensure that the council makes cost-effective use of a risk process that has a series of well-defined steps to support better decision making through good understanding of risks and their likely impact.

Management of Strategic Risks / Opportunities

- 5.3 Central to the risk management process is the identification, prioritisation and management of strategic risks / opportunities. Strategic Risks are those that could have a significant impact on the Council's ability to deliver its Corporate Priorities and Objectives.
- 5.4 The risk register has been updated as at 1st April 2022 and a summary is attached as Appendix 1. The risks in the summary have been aligned with the new Corporate Plan priorities.
- 5.5 The risk summary illustrates the risks / opportunities using the "traffic light" method i.e.

RED	risk score 12 and above (action plan required to reduce risk and/or regular monitoring)
AMBER	risk score 5 to 10 (action plan required to reduce risk)
GREEN	risk score below 5 (risk tolerable, no action plan required)

Item No. 6.3

5.6 There has been a reduction in the number of strategic risks; there are now 6 strategic risks of which 4 have been scored as high and 2 as medium. There are currently no Green Risks.

5.7 The risk register has been updated the main changes are set out below:

- Risk C7 “*Failure to ensure that there are adequate safe working practices and social distancing measures in place to protect employees and the public*” has been-removed from the risk register as it is no longer deemed to be a strategic risk as it was specifically focused on Covid Restrictions.
- Risk C1 has been reworded to better reflect the risk from “*The Council’s financial stability is adversely affected in the short and medium term*” to “*Poor budget planning, over commitment of financial resources or inappropriate use of reserves leading to a financial shortfall or overspends that undermine the Council’s ability to deliver services, corporate priorities or leading to external intervention.*”.
- Risk C2 has been reworded to better reflect the risk from “*The economy of the District is adversely impacted*” to “*Adverse macro-economic conditions lead to a serious impact on the performance of the District’s economy.*”.
- Risk C3 has been reworded to better reflect the risk from “*Failure to work in partnership to sustain support to vulnerable residents’ post Covid-19*” to “*Failure to work in partnership to sustain support to vulnerable residents’ leading to a reduction in the quality of life of affected residents.*”.
- Risk C4 has been reworded to better reflect the risk from “*The Council’s key contractors remain sustainable and continue to provide value for money*” to “*Changes in the operational costs/income due to economic factors which impact on the sustainability key Contractors to deliver the required services.*”.
- Risk C5 has been reworded to better reflect the risk from “*The Council doesn’t have sufficient officer capacity or financial resources to sustain delivery of essential services, key projects and support work on recovery*” to “*The Council doesn’t have sufficient officer capacity or financial resources to sustain delivery of essential services and key projects.*”.
- Risk C6 has been reworded to better reflect the risk from “*Failure to repel or recover from a Cyber-attack including targeted ransomware, malware and Distributed Denial of Service (DDoS) attacks. The move to home working has increased the vulnerability to malware issues.*” to “*Failure to repel or recover from a Cyber-attack including targeted ransomware, malware and Distributed Denial of Service (DDoS) attacks leading to disruption to the delivery of services and communication with residents.*”.

5.8 Progress has been made in relation to the risks and one risk has had the risk score reduced.

- Risk C4 has reduced from a score of 20 (Red) to 15 (Red) reflecting the reduction in Covid effects but recognising the cost of living and fuel costs could still have significant impact on the risk.

All other risks have remained at the same score but comments detail the progress made to deliver the identified controls.

- 5.9 The detailed action plans for each risk are set out in the full strategic risk register attached at **Appendix 2**. This includes a progress update.

6 Implications

6.1 Financial

None

6.2 Legal

None

6.3 Human Resources

None

6.4 Risk Management

The Risk Management implications are included within the body of the report and appendices.

6.5 Equality & Diversity

None

6.6 Climate Change

None

7 Appendices to the Report

Appendix 1 – Summary of Strategic Risks – 1st April 2022

Appendix 2 – Strategic Risk Register – 1st April 2022

Previous Consideration

Strategic Risk Register Report - Cabinet - 16 June 2022.

Background Papers

File of papers kept in the Chief Internal Auditor & Risk Manager's office.

Cannock Chase Council

Summary of Strategic Risk Register as at 1st April 2022

Risk No	Potential Risks	Risk Owner	Date Added to Register	Residual Risk Score at September 2021	Residual Risk Score at April 2022	Direction of Travel over period reported
Red Risks						
C1	Poor budget planning, over commitment of financial resources or inappropriate use of reserves leading to a financial shortfall or overspends that undermine the Council's ability to deliver services, corporate priorities or leading to external intervention	Head of Finance	May 2020	12 RED	12 RED	↔
C2	Adverse Global economic conditions lead to a serious impact on the performance of the District's economy	Head of Economic Prosperity	May 2020	12 RED	12 RED	↔
C4	Changes in the operational costs/income due to economic factors which impact on the sustainability key Contractors to deliver the required services	Head of Environment & Healthy Lifestyles	May 2020	20 RED	15 RED	↓
C5	The Council doesn't have sufficient officer capacity or financial resources to sustain delivery of essential services and key projects.	Managing Director	May 2020	20 RED	20 RED	↔
Amber Risks						
C3	Failure to work in partnership to sustain support to vulnerable residents' leading to a reduction in the quality of life of affected residents.	Head of Housing & Partnerships	May 2020	9 AMBER	9 AMBER	↔
C6	Failure to repel or recover from a Cyber-attack including targeted ransomware, malware, and Distributed Denial of Service (DDoS) attacks leading to disruption to the delivery of services and communication with residents.	Head of Technology	May 2020	9 AMBER	9 AMBER	↔

Deleted Risk

Risk No	Potential Risks	Risk Owner	Date Added to Register
C7	Failure to put in place safe working practices and social distancing measures to protect employees and the public	Head of Governance & Corporate Services	May 2020

Key to Direction of Travel

↓	Risk has decreased	↔	Risk level unchanged	↑	Risk has increased
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Cannock Chase District Council – Strategic Risk Register as at 1st April 2022

Ref No: C1	Risk: Poor budget planning, over commitment of financial resources or inappropriate use of reserves leading to a financial shortfall or overspends that undermine the Council’s ability to deliver services, corporate priorities or leading to external intervention		
Risk Owner: Head of Finance		Portfolio: Innovation and Resources	
Consequences Of Risk: <ul style="list-style-type: none"> • Unable to provide desired levels of service • Short term action necessary to deliver savings that require the suspension or termination of services and priorities • Drained reserves that enforce extreme risk aversion and failure to invest 			
Links To Priorities: <ul style="list-style-type: none"> • PRIORITY 4 - RESPONSIBLE COUNCIL - “To be a modern, forward thinking and responsible Council” 			
Gross Risk Score (i.e., without controls)	Likelihood: 4	Impact: 5	Total Score: 20 – RED
Residual/Net Risk Score (i.e., with controls)	Likelihood: 4	Impact: 3	Total Score: 12 – RED
Controls in Place <ul style="list-style-type: none"> • Medium term financial plan in place • Annual Financial Plan and Medium-Term Financial Strategy 2022-25 in place • The Revenue Budget for 2022-23 was approved and financial planning for 2023-26 has begun • Working Balances maintained, with tentative proposals to increase over the medium term • Savings plan being undertaken to re-align resources to Corporate Plan • Review of the capital programme is under way • Corporate Budget Monitoring in place, with approval of the paper on Good Financial Management • Evaluation of consultations on changes to government funding regimes 			

Actions Planned	Timescale/ Person Responsible	Progress/Comments
Update Financial Plan in relation to the deferral of 50% Business Rates Retention and Fair Funding by a year	Head of Finance	Reflected in Financial Plan reported to Cabinet and Council. Scenarios developed reflecting potential treatment of growth and levy Details awaited of new timescale for implementation
Refresh Medium Term Financial Plan based upon alternative scenarios of short /medium- and long-term impact of in relation to external funding sources	Ongoing Head of Finance	Financial planning paper 2022-26 to be considered internally in June 2022. Updated high-level Financial Plan 2023-26 to be drafted for Cabinet in September 2022.
Lobby Ministry of Housing, Communities and Local Government (MHCLG) via MP/ District Councils Network (DCN) and Local Government Association (LGA) re financial impact of proposals on CCDC	Chief Executive / Head of Finance and Leader	Ongoing contact with M.P.s, DCN, West Midland Chief Executives, LGA and directly with ministers.
Determine feasibility of extending Business Rates Pool into 2023-24 Liaise with Staffordshire & Stoke-on-Trent Business Rate Pool Members re options to maintain viable pool for 2023-24 Include Pool proposals in Financial Plan 2023-26	Head of Finance	Pool Established for 2022-23. Future Pooling is dependent on Government proposals in its review of Business Rates.
Determine impact of Government proposals for key funding regime changes for 2022/23	Head of Finance	Completed
Draft a plan for budget savings to ensure that resources are aligned to the Council's priorities and are operating as efficiently as they can be	Chief Executive / Head of Finance	To be implemented in 2022-23 to form part of 2023-24 Budget Process

Overall Progress Summary:

The medium-term financial stability of the Council is dependent upon its ability to set a 2023-24 budget that does not draw upon reserves, and the impact of changes arising from the future funding regime for local government. Details in relation to the implementation of 50% Business Rates Retention and Fair Funding and Business Rates Reset are still awaited.

A consultation document in relation to the Future of New Homes Bonus was published in February 2021 (a response from the Council was submitted in advance of the closing date). The Council is awaiting details of the financial Settlement for 2023-24, including New Homes Bonus, to be provided by Central Government, likely in the Autumn.

A paper on Good Financial Management was agreed in March, to reinforce budgetary control. A paper on Financial Planning 2022-26 has been discussed informally with Cabinet, designed to start implementing measures required to set a balanced 2023-24 Budget.

Ref No: C2	Risk: Adverse macro-economic conditions lead to a serious impact on the performance of the District's economy		
Risk Owner: Head of Economic Prosperity	Portfolio: District and High Street Development		
Consequences Of Risk:			
<ul style="list-style-type: none"> • Increase in numbers of resident unemployed and economically inactive • Business failures and associated job losses • Reduced growth and prosperity for local residents • Decline of town centres / impact on major redevelopment proposals • NNDR / Council Tax Income does not grow 			
Links To Priorities:			
<ul style="list-style-type: none"> • PRIORITY 1 - ECONOMIC PROSPERITY - "To reinvigorate the economy and create a District that thrives" 			
Gross Risk Score (i.e., without controls)	Likelihood: 4	Impact: 5	Total Score: 20 – RED
Residual/Net Risk Score (i.e., with controls)	Likelihood: 4	Impact: 3	Total Score: 12 – RED
Controls in Place:			
<ul style="list-style-type: none"> • Economic Prosperity Strategy refresh • Development of a project pipeline and investment of £3 million of UK Shared Prosperity Fund resources between 2022-23 and 2024-25 • Cannock Town Centre Development Prospectus • Delivery of the £20 million Levelling Up Fund to create transformational change of Cannock Town Centre • The Local Plan Review to identify future development opportunities • Proactive work with key partners such as Staffordshire County Council, South Staffordshire College, Chase Chamber of Commerce, Greater Birmingham and Solihull (GBSLEP) and Stoke-on-Trent and Staffordshire (SSLEP) Local Enterprise Partnerships / West Midlands Combined Authority (WMCA) • Business Relationships work/promoting the District via the Economic Development function and partnership working with established Growth Hubs. 			

Actions Planned	Timescale/ Person Responsible	Progress/Comments
Encourage new inward investment and local business growth working in partnership with LEPs, Growth Hubs and County Council.	Head of Economic Prosperity	The Economic Development team continues to work pro-actively to promote the District and provide information on available employment sites to prospective investors and expanding local companies.
Refresh the Economic Prosperity Strategy to take account of changing economic environment	Head of Economic Prosperity	Economic Prosperity Strategy refresh will set out the Council's plan to promote economic prosperity and drive the recovery of the economy post pandemic and also to create resilience during the current challenging economic environment. The strategy is currently being developed and it is envisaged that it will be presented to Cabinet for approval during Quarter 1 2022-23.
<p>Delivery of major investment / development projects:</p> <p>(i) Delivery of the £20 million Levelling Up Fund project in Cannock Town Centre.</p>	Head of Economic Prosperity	<p>In October 2021, the Council was awarded £20m of funding from the Government's Levelling Up Fund to support the regeneration of Cannock Town Centre.</p> <p>In February 2022, Cabinet agreed to proceed with the project and add the scheme to the Council's Cabinet programme. A Project Board has been established and officers have appointed consultants to perform the role of Design team for the project. The scheme will include the demolition of the former Multi-Storey Car Park and Indoor Market Hall and create in its place, an exciting new Leisure and Culture Hub, including enhancements to the existing Prince of Wales Theatre.</p>

Actions Planned	Timescale/ Person Responsible	Progress/Comments
<p>(ii) McArthurGlen Designer Outlet West Midlands</p> <p>(iii) Regeneration of the former Rugeley Power Station site</p> <p>(iv) Re-development of the Avon Road Car park site in Cannock Town Centre</p> <p>(v) Development of wider pipeline of projects</p>		<p>The McArthurGlen Designer Outlet opened in April 2021, with an initial 50 retail / food units opening for business. The Outlet has proved to be very popular and the owners are progressing plans for phase 2 of the development and additional on-site parking.</p> <p>The demolition works to the site are now largely complete and remediation works are well underway. The proposals for the site include a new All Through School, housing, employment opportunities and a riverside park. The ambition for the site is to be Zero Carbon and act as an exemplar project for the District.</p> <p>The disposal of the site is continuing with the Council in advance negotiations with a potential purchaser.</p> <p>Officers are continuing to work with partners to develop a longer-term pipeline of projects that could support the economic growth of the District and unlock jobs and investment.</p>
<p>Pro-actively work with WMCA, GBSLEP, SSLEP to promote the District, and identify opportunities for growth during recovery phase</p>	<p>Head of Economic Prosperity</p>	<p>The Council continues to actively participate in the GBSLEP and SSLEP and Combined Authority and both organisations are leading on the region's response to economic recovery. Government has published its Levelling Up White Paper and a Levelling Up & Regeneration Bill which includes proposals for further devolution at county level and future direction of travel for LEPs. Staffordshire Leaders have indicated their desire to develop a County Deal which could see more funding and powers devolved from Government to support economic growth and investment.</p>

Actions Planned	Timescale/ Person Responsible	Progress/Comments
UK Shared Prosperity Fund - development of Investment Plan	Head of Economic Prosperity	Cannock Chase has been allocated £3.021m by Government from the new UK Shared Prosperity Fund. To secure this funding, the Council will need to prepare and submit an Investment Plan, setting out how the funding will be utilised over the next 3 years.
Revised Local Plan to be produced and delivered	Head of Economic Prosperity	Local Plan Review underway with a new Local Development Scheme approved by Council. The next stage of the Local Plan i.e., the Pre-submission version of the Plan is due to be presented to Cabinet in summer 2022, with a public consultation following. It is anticipated that the Plan will be formally submitted for examination in spring 2023.

Overall Progress Summary:

The District's economy has been impacted by the COVID-19 pandemic and the current global. Economic conditions are extremely challenging, due largely to the conflict in Ukraine, the resultant cost of living pressures and inflation growth. The District's economy has proved to be reasonably resilient over the last 12 to 18 months, with unemployment rates decreasing and a large number of job vacancies available. There have been no major economic shocks or large scale redundancies, but the Council will need to continue to monitor local economic conditions and respond if the situation worsens.

The Council needs to refresh its Economic Prosperity Strategy to set out how the Council can support the economy, create new job opportunities, help businesses to survive and to support new businesses to start-up. Major investments such as the Levelling Up Fund scheme in Cannock Town Centre, the proposed phase 2 of the McArthurGlen Designer Outlet and re-development of the former Rugeley Power Station continue to be absolutely critical in supporting the prosperity and growth of the District.

Ref No: C3	Risk: Failure to work in partnership to sustain support to vulnerable residents' leading to a reduction in the quality of life of affected residents.		
Risk Owner: Head of Housing & Partnerships		Portfolio: Community Safety & Partnerships	
<p>Consequences Of Risk: Vulnerable people at risk of not receiving help and support therefore increasing issues such as:</p> <ul style="list-style-type: none"> • Rough Sleepers displaced • Increased Reliance on Food Banks • Distribution of emergency food supplies • Increased Social Isolation • Increased number of Safeguarding Referrals • Increases in criminality – distraction burglary; cybercrime; county lines etc. • Increased incidents of anti-social behaviour • Increased number of Domestic Abuse Incidents • Community Unrest & Tensions • Increased reliance on limited temporary accommodation • Increased homeless case due to breakdown in Ukraine placements. 			
<p>Links To Priorities:</p> <ul style="list-style-type: none"> • PRIORITY 2- HEALTH & WELLBEING - “To encourage and support residents to lead healthy and independent lives” • PRIORITY 3 - THE COMMUNITY - “To ensure Cannock Chase is a place that residents are proud to call home” 			
Gross Risk Score (i.e., without controls)	Likelihood: 4	Impact: 5	Total Score: 20 – RED
Residual/Net Risk Score (i.e., with controls)	Likelihood: 3	Impact: 3	Total Score: 9 – AMBER
<p>Controls in Place</p> <ul style="list-style-type: none"> • Community Vulnerability Hub Established • Weekly Community Safety Hub • Housing First Project with Spring Housing • Quarterly Meetings with Food Banks & Voluntary Sector 			

- Daily management of safeguarding referrals for both adults and children
- Weekly multi agency Community Safety Hub meetings – proactive problem solving
- Weekly threat and risk Community Safety and Police meeting – managing threat and risk to district (people / place /)
- Development of a weekly MARAC (Multi Agency Risk Assessment Conference) regarding high-risk Domestic Violence cases
- Community Wellbeing Partnership in place that can escalate any issues to Local Strategic Partnership
- Commissioned services in place to support with mental health and substance misuse, antisocial behaviour, and domestic abuse.
- Representation at County, Regional and National level multi-agency partnership meetings
- Housing Options Team supporting those at risk of eviction
- Support established for those coming to the UK under the “Homes for Ukraine” Scheme
- RSI bids submitted for additional funding for the Housing 1st Project and to provide for new services and posts
- RSAP bid submitted for match funding 4 new properties for Spring Project.

Actions Planned	Timescale/ Person Responsible	Progress/Comments
Extend commissioned services that provide lower-level support to individuals experiencing drugs and alcohol use and mental health; outreach support for anti-social behaviour; and sanctuary provision for domestic abuse	Head of Housing & Partnerships	<p>Human-Kind Charity – Drug & Alcohol Support - Commissioned by Staffordshire County Council (SCC) Agreement and RSI funding obtained for a Specialist Mental Health Worker (Housing Options Funding) to support Spring Housing First Project. Issue with identifying seconded staff from MPFT.</p> <p>Working with Midlands Partnership Foundation Trust (MPFT) to transform Mental Health Services. Proposals to embed an additional Housing Liaison/Support Worker within MPFT. Negotiations and procurement process have been complex. MPFT to involve CCDC in the appointment of a MPFT post to undertake the support role.</p>

Actions Planned	Timescale/ Person Responsible	Progress/Comments
<p>Housing 1st Project – Secure permanent accommodation for the Rough Sleepers and additional services and temporary accommodation to reduce rough sleeping.</p>	<p>Strategic Housing Manager</p>	<p>2-year contract initially awarded to Spring Housing under Rough Sleepers Pathway Project in partnership with Lichfield DC – Contract extended for the first additional 12-months and will be extended for further 12-month period to continue to provide a rough sleeping outreach service and housing first accommodation and support for entrenched (complex needs) rough sleepers. Procurement process to commence in 2022 to secure new contract.</p> <p>Additional bids for grant funding for a Substance Abuse Worker and Mental Health Worker have been submitted to support Spring Project. Delays in appointing staff have occurred due to lack of available staff.</p> <p>Application for Next Steps Accommodation Programme Funding Bid for £115k (match funded) for purchase and letting of 2 additional flats. Purchase of 2 flats completed and 2 rough sleepers rehoused and receiving support.</p> <p>As at 01.04.22 a total of 10 rough sleepers were accommodated in the 7 Housing First accommodation provided by CCDC managed via a Management Agreement by Spring Housing and 1 unit secured by Spring.</p> <p>The TPG (Target Priority Group) (<i>The criteria is individuals who have been seen sleeping rough in two or more years out of the last three, or in two or more months out of the last 12</i>) agreed with the Government's Homelessness Adviser is 8.</p> <p>RSI funding bid was submitted aimed at reducing the TPG with a bid for new resources of over £1m over a 3-year period. Application made to 21/24 RSAP for purchase of an additional 4 flats for rough sleepers.</p>

Actions Planned	Timescale/ Person Responsible	Progress/Comments
Additional support to Private Rented Sector to mitigate impact of the ending of the suspension of evictions	Strategic Housing Manager	<p>Additional support to private rented tenants to be provided by a Tenancy Support Worker within the Housing Options Team funded by Homelessness grants. Post to be advertised in Q3 21/22 was unsuccessful. Post revised to Homelessness Support Worker and re-advertised April 22.</p> <p>Working in partnership with Lichfield DC and Tamworth BC a new service “Call Before You Serve” was to be provided aimed at preventing avoidable evictions or where unavoidable to mitigate the impact of homelessness. New service would have provided support, advice and assistance for private rented sector landlords considering taking action to end a tenancy. Call Before You Serve contract was delayed for an audit in Spring 22 and provider has just advised the service does not have capacity for new contracts. Councils involved now to consider using the Call Before You Serve toolkit for a reduced service provision.</p>
To maximise the benefit of any legacy from the increase in voluntary activity in the local community	<p>Head of Housing & Partnerships</p> <p>Completed</p>	<p>On-going meetings scheduled – work with Support Staffordshire on social prescribing</p> <p>Cabinet has approved funding for Support Staffordshire to engage with the Voluntary Sector – project started 01.12.2020</p> <p>Further Cabinet Report (November 2021) to extend the funding proposal to July 2022.</p> <p>Support Directories Produced by Support Staffordshire and Rugeley Community Church.</p> <p>This has become mainstreamed with regular dialogue with the voluntary sector. Reviewing SLA with support Staffordshire (May 2022)</p>

Actions Planned	Timescale/ Person Responsible	Progress/Comments
Work in conjunction with Inspiring Healthy Lifestyles to support individuals and communities to mitigate the impact of Covid-19 on health and well being	Head of Environment & Healthy Lifestyles Completed	On-going – family activity packs have been delivered to households Voluntary Groups – Summer Recess SPACE Project given go-ahead
Create a process to provide financial payments and home suitability checks for the “Homes for Ukraine” Scheme.	Head of Housing & Partnerships April/May 2022	Work is ongoing to assist the County in delivering the scheme by carrying out assessments of the Host Homes for suitability and making financial payments to Guests and Host in line with the scheme.

Overall Progress Summary:

Currently there are 4-5 rough sleepers in the district whom Spring Housing are working with to source permanent accommodation. Numbers have slowly increased. Two rough sleepers were forced to leave the Chase Suites when the establishment closed, of which one is now rough sleeping and the other is still in temporary accommodation outside the district. All rough sleeping actions are aimed at reducing and eliminating the Target Priority Group figure of 8 rough sleepers through establishment of a robust pathway out of rough sleeping. RSI and RSAP bids submitted to provide continuation and new funding for services. Housing First project has accommodated 10 rough sleepers to date. Partnership working with MPFT to fill the Mental Health Worker role and Spring to fill the now vacant Substance Abuse Worker post. Continuing to work with MPFT to provide a support worker.

Eviction suspension now lifted although many Assured Shorthold Tenants are on extended notices cases in Court and eviction warrants are increasing. Housing Options Team continuing to try and recruit a new post, Tenancy Support Worker. With the decision by provider to cancel the project to establish a new service ‘Call Before You Serve’ to mitigate the impact on homelessness from the ending of the eviction suspension the Councils involved are reviewing the option to operate part of the service in house

Bids have been submitted to RSI and RSAP and decisions are expected in Spring 2022. The RSI bid for new resources for over £1m over a 3-year period with funding of £177k for the 3-year period confirmed.

Progress on some of the above projects are affected by the availability of suitably qualified and experienced staff. Ongoing liaison with the voluntary sector which is refocusing work to support refugees. Work is ongoing to deliver the District Responsibilities for the Homes for Ukraine scheme.

Ref No: C4	Risk: Changes in the operational costs/income due to economic factors which impact on the sustainability key Contractors to deliver the required services.		
Risk Owner: Head of Environment & Healthy Lifestyles	Portfolio: Housing, Heritage, & Leisure and Environment & Climate Change		
Consequences Of Risk:			
<ul style="list-style-type: none"> • Potential for an individual contract failure resulting in a service not being delivered • Reputational damage and complaints • Financial loss • Failure to perform a statutory function 			
Links To Priorities:			
<ul style="list-style-type: none"> • PRIORITY 2- HEALTH & WELLBEING - “To encourage and support residents to lead healthy and independent lives” • PRIORITY 3 - THE COMMUNITY - “To ensure Cannock Chase is a place that residents are proud to call home” • PRIORITY 4 - RESPONSIBLE COUNCIL - “To be a modern, forward thinking and responsible Council” 			
Gross Risk Score (i.e., without controls)	Likelihood: 4	Impact: 5	Total Score: 20 – RED
Residual/Net Risk Score (i.e., with controls)	Likelihood: 3	Impact: 5	Total Score: 15 – RED
Controls in Place			
<ul style="list-style-type: none"> • Regular contact and performance management meetings with key personnel for each contractor • Robust contract management • Any key issues are discussed with Leadership Team and Members as appropriate • Discussions with other authorities who have the same or similar contracts • Appropriately resourced contract management for Leisure and Waste 			

Actions Planned	Timescale / Person Responsible	Progress/Comments
Service delivery of key contracts is being monitored and managed	<p>Ongoing during response and recovery as required</p> <p>Head of Environment & Healthy Lifestyles</p> <p>Leisure, Culture & Commonwealth Games Officer</p> <p>Waste and Engineering Services Manager</p>	Regular contact is being maintained with contractors to resolve any issues
Flexibility of Contract management is in place to allow changes to be agreed between the Council and Key Contractors	<p>Ongoing during response and recovery as required</p> <p>Head of Finance</p> <p>Head of Environment & Healthy Lifestyles</p>	<p>A formal Deed of Variation has been agreed and signed by both parties for the Leisure Contract. Contract is subject to ongoing open-book accounting and performance management. Ongoing assistance will be based on the providers covid response</p> <p>A formal Deed of Variation has been agreed and signed by both parties in relation to the Waste Contract. This took into account service changes and cost variations.</p>
Contact with other Councils, Local Government Association and Sport England	Completed Heads of Service	<p>The Council has had ongoing contact with other Council's operating similar contracts and Sport England to try and ensure the ongoing viability of its leisure operations.</p> <p>The Council have been actively engaged with the Staffordshire Leisure Officers Group, (PALS) to share experience, knowledge and learning in relation to the impact of the pandemic on Leisure and Culture Services.</p>

Actions Planned	Timescale / Person Responsible	Progress/Comments
Lobbying of Ministry of Housing, Communities and Local Government (MHCLG) via Members of Parliament, District Council Network and Local Government Association re financial impact of COVID 19 on CCDC	Chief Executive Head of Finance Completed	Information provided regarding the financial impact of COVID-19 on contracted services Managing Director and Head of Finance are continuing to lobby local MP. Letter to MP 16 th October 2020 and further contact made on 10 th November 2020. CCC has received a response from Central Government in relation to the above which detailed the steps that had been taken by them since the start of the pandemic, all of which the Council was aware of and had actioned to date.
Monitoring Government guidance on COVID-19 on services that can be delivered as lockdown is eased	Completed Heads of Service Service Managers Contracts and Procurement Manager	All facilities reopened over the summer of 21. Visits are still lower than pre-pandemic, which is impacting upon income, as it is widely across the industry.
Change to dry recycling collection service from April 2022	Head of Environment & Healthy Lifestyles Q1 2022-23	Move to a dual stream collection service for dry mixed recycling from residents is being implemented during May 2022 to improve quality of the collected material

Actions Planned	Timescale / Person Responsible	Progress/Comments
Waste and Recycling Collection Contract (End of first 7-year term (2023))	Waste and Engineering Services Manager	<p>The service change will come into effect from April 2022. Currently officers are procuring new containers (bags) for that service to a very tight deadline.</p> <p>The Councils waste and recycling collection contractor is in the process of procuring different vehicles to accommodate the change of service from what is a limited market.</p> <p>The Councils waste and recycling collection contract ends its first 7-year term in March 2023. The Council has a limited number of options available. Due to the requirement of a 6-month lead in for any new contractor to take over the service and full market testing would have to be undertaken within a very short time frame. The markets and conditions are currently not considered to be at their optimum to undertake full market testing due to the HGV driver shortage and the position in relation to the final announcement in regard to HM Government's Waste and Resources Strategy 2018.</p>
Impact on the Contracts from rising fuel cost and changes to legislation relating to use of Red Diesel is monitored by the Council	<p>Ongoing</p> <p>Head of Environment & Healthy Lifestyles</p> <p>Leisure, Culture & Commonwealth Games Officer</p> <p>Waste and Engineering Services Manager</p>	New control added

Actions Planned	Timescale / Person Responsible	Progress/Comments
Impact of the rising cost of living on staffing costs and service take up is monitored to enable timely action to be taken by the Council.	Ongoing Head of Environment & Healthy Lifestyles Leisure, Culture & Commonwealth Games Officer Waste and Engineering Services Manager	New control added

Overall Progress Summary:

Regular contact continues to be maintained with the Council's key contractors in relation to performance and operational matters.

Key leisure facilities have reopened safely, as the country has emerged from the pandemic, with the return of the public increasing at a slow but steady pace. Leisure facilities and services remain at some risk as visitor numbers are still down on pre-pandemic levels. The Deed of Variation remains in place as the leisure industry continues to recover.

The waste and recycling collection contract has been extended for a further two years, until 2025, giving additional stability, eliminating the requirement of immediate re-procurement, and risks around going to the market before the full extent of the Resources and Waste Strategy is fully understood. The Council has moved to a dual stream dry recycling collection service from May 2022, along with neighboring authorities to control disposal costs and improve quality.

Previous concerns around COVID are being replaced with concerns over cost-of-living increases impacting upon staffing costs / wage bills, and increasing fuel costs, such as electricity, gas, and petroleum-based products, impacting upon operational costs. Changes to legislation in relation to fuel duty may also have an impact upon operational costs going forward.

Ref No: C5	Risk: The Council doesn't have sufficient officer capacity or financial resources to sustain delivery of essential services and key projects.		
Risk Owner: Chief Executive		Portfolio: The Leader	
<p>Consequences Of Risk:</p> <ul style="list-style-type: none"> • The Council's response during a declared Major Incident is not effective. • Services and projects are not delivered and this impacts on residents / the public. • Employees' wellbeing affected, increase in absence due to stress 			
<p>Links To Priorities:</p> <ul style="list-style-type: none"> • PRIORITY 4 - RESPONSIBLE COUNCIL - "To be a modern, forward thinking and responsible Council" 			
Gross Risk Score (i.e., without controls)	Likelihood: 4	Impact: 5	Total Score: 20 – RED
Residual/Net Risk Score (i.e., with controls)	Likelihood: 4	Impact: 5	Total Score: 20 – RED
<p>Controls in Place</p> <ul style="list-style-type: none"> • Management capacity issues are monitored by Leadership Team; officer time reallocated to more important duties as required e.g., supporting refugees. Day to day operational capacity issues addressed by managers e.g., sickness absence. • Regular monitoring of priorities • Provision of support to employees especially as majority currently remain working remotely. 			

Actions Planned	Timescale/ Person Responsible	Progress/Comments
Where necessary, considering whether resources from other parts of the Council can be transferred for a period or temporary appointments made where funding is available	Leadership Team	Ongoing operational decisions
Shared services review	Chief Executive	Stage 2 of the business case for shared services will consider capacity and resilience of management structures for the future. Proposals will be developed for consideration by Cabinet and Council.

Overall Progress Summary:

The majority of services are operating normally, though there are still some residual Covid backlogs to clear. Some services are experiencing capacity issues due to vacancies and problems in recruiting new staff. Officer capacity continues to be reviewed and work prioritised. Going forward, the management structure will be reviewed as part of the development of a business case for further sharing of services and a Chief Executive with Stafford Borough Council.

Ref No: C6	Risk: Failure to repel or recover from a Cyber-attack including targeted ransomware, malware and Distributed Denial of Service (DDoS) attacks leading to disruption to the delivery of services and communication with residents.		
Risk Owner: Head of Technology	Portfolio: Innovation and Resources		
Consequences Of Risk:			
<ul style="list-style-type: none"> • Data, Systems and Applications inaccessible potentially for several months • Inability to deliver Council services including a reduction of services to the public • Cybercrime/ Fraud/ Ransom demands/ Financial harm • Reputational damage locally and nationally • Data Loss causing a breach of Data Protection Act (DPA) and GDPR. Possible fine from the ICO. • Financial Loss 			
Links To Priorities:			
<ul style="list-style-type: none"> • PRIORITY 4 - RESPONSIBLE COUNCIL - "To be a modern, forward thinking and responsible Council" 			
Gross Risk Score (i.e., without controls)	Likelihood: 4	Impact: 5	Total Score: 20 – RED
Residual/Net Risk Score (i.e., with controls)	Likelihood: 3	Impact: 3	Total Score: 9 – AMBER
Controls in Place			
<ul style="list-style-type: none"> • Information Risk Management Regime – Assess the risks to our information assets, effective governance structure, Leadership Team engagement with cyber risk, produce supporting information management policies. • Secure configuration – Corporate policies and processes to develop secure baseline builds • Network Security – Protection and secured perimeter of external security threats and untrusted networks • Managing user privileges – All users of ICT systems provided with privileges suitable for their role • User education and awareness – Security policies that describe acceptable and secure use of ICT assets • Incident management – Incident response and disaster recovery capabilities that address the full range of incidents that can occur • Malware prevention – Produce policies that directly address the business processes (such as email, web browsing, removable media and personally owned devices) 			

- Monitoring – Established monitoring taking into account previous security incidents and attacks. Annual IT Health Check and penetration testing conducted by a Council of Registered Ethical Security Tester (CREST)/Communications-Electronics Security Group (CESEG) Listed Advisor Scheme (CLAS) - accredited Government Communication Headquarters (GCHQ) approved consultants.
- Removable media controls – Produce removable media policies that control the use of removable media for the import and export of information
- Home and mobile working – Assess the risks to all types of mobile working including remote working and develop appropriate security policies

Actions Planned	Timescale/ Person Responsible	Progress/Comments
Cyber security group being established.	30/09/22 Head of Technology	New control added
Information Risk Management- Continuous review and work on our information risk management regime	Ongoing / Head of Technology	Annual Health check completed in November 2021. Follow-up check is planned for November 2022.
Monitoring – External and Internal checks. Threat and vulnerability assessment and remediation including Annual IT Health Check by CLAS approved consultant with remedial work carried out	Ongoing / Head of Technology	The health check will produce an action plan to feed into this.
Application Security Assessment and Remediation action taken	Annually Head of Technology	Almost all remote connections to the network are now via corporate laptops.
Limit the access to critical systems and data by non-corporate devices.	September 2021 Head of Technology	Further use of Teams to provide secure access to data for our partners.
Exploring options to improve security for sharing information with external partners	Ongoing / Head of Technology	Email mailboxes are now held in the cloud. Data files will also be moved during 2022/23

Actions Planned	Timescale/ Person Responsible	Progress/Comments
The move to home working has increased the vulnerability to malware issues. The use of cloud technology has reduced the likelihood due to the data being segregated across systems and devices.	Ongoing / Head of Technology	Complete
Require one-time passwords for all email connections.	Systems Manager	Complete

Overall Progress Summary:

Work has been completed and actions are in progress. However, the environment means that new risks and challenges are always developing, and attacks are becoming more sophisticated. The move to homeworking has increased the risks in this area

The Technology Infrastructure Team has achieved Cyber Essentials Plus-About Cyber Essentials - NCSC.GOV.UK

Report of:	Head of Finance
Contact Officer:	Emma Fullagar
Telephone No:	01543 464 334
Portfolio Leader:	Innovation and Resources
Key Decision:	No
Report Track:	Cabinet: 14/07/22 Audit & Governance Cttee: 27/07/22 Council: 07/09/22

Audit & Governance Committee

27 July 2022

Treasury Management Report - Increase in Money Market Funds

1 Purpose of Report

- 1.1 To update members on treasury management activity and to request an increase to the monetary limits with MMFs (Money Market Fund's) from £6m to £9m.

2 Recommendation(s)

- 2.1 To increase monetary limits with Money Market Funds from £6m to £9m.

3 Key Issues and Reasons for Recommendations

- 3.1 As the cash balances are increasing, increasing the limits on the MMF's will allow greater cashflow management and avoid any breaches to the Treasury Management Strategy Statement (TMSS).

4 Relationship to Corporate Priorities

- 4.1 Treasury management and investment activity link in with all of the Council's priorities and their spending plans.

5 Report Detail

Proposal

- 5.1 In order to allow the Council to maintain and deliver an effective and well managed Treasury service, we are recommending that we increase the monetary limit from £6,000,000 to £9,000,000 per Money Market Fund (MMF).

Background

- 5.2 The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low-risk counterparties, providing adequate liquidity initially before considering optimising investment return.
- 5.3 Due to the increased cash balances that the Council has built up over the past few years and the decline in counterparties available with a strong credit rating, the Council needs to increase its monetary limits through its current counterparty list. The Covid 19 pandemic and major capital projects means we are holding higher cash balances than projected. Government grants have also contributed to higher cash balances in the short term to medium term. It should be noted that none of this larger cash balance relates to additional budget, as all the cash is committed to future spending.
- 5.4 In order to mitigate this issue, avoid any breaches to the TMSS and to keep the level of credit risk low a prudent approach to this would be to increase monetary limits of the MMF's.
- 5.5 A review of the current investments and options was conducted with the Council's external treasury advisor Link Asset Services. They agreed that this option presented the most feasible solution to deal with the high cash balances. The reasoning is detailed below:
- AAA rated MMFs are among the lowest-volatility types of investments with a key objective to provide investors with security of capital and daily liquidity together with an investment return which is comparable to normal sterling denominated money market interest rates
 - MMFs are appropriate investment assets for liquidity managements due to their enhanced diversification, short maturities and minimal credit risk.
- 5.6 The current investment list is detailed below as of 31st May 2022.

Counterparty	Start Date	Maturity	Value (£)	Rate (%)
National Bank of Kuwait	19/10/2021	19/07/2022	4,000,000	0.40
Al Rayan Bank Plc	15/02/2022	15/08/2022	2,000,000	1.10
Nationwide B/S	23/01/1900	20/06/2022	2,500,000	0.59
Al Rayan Bank Plc	21/03/2022	19/09/2022	4,000,000	1.41
Helaba Bank	21/03/2022	20/06/2022	4,000,000	0.91

Counterparty	Start Date	Maturity	Value (£)	Rate (%)
Nationwide B/S	14/04/2022	14/10/2022	2,500,000	0.88
National Bank of Kuwait	19/04/2022	19/10/2022	2,000,000	1.56
Helaba Bank	19/05/2022	19/12/2022	2,000,000	1.40
*Deutsche		*MMF	6,000,000	0.83
***Handelsbanken		***Call	6,000,000	0.02
*Morgan Stanley		*MMF	1,500,000	0.92
*Federated Prime Fund Class 3		*MMF	3,500,000	0.84
*Aberdeen GBP Liquidity Fund		*MMF	6,000,000	0.89
*Invesco STIC Global Sterling		*MMF	6,000,000	0.89
**Santander UK		**Call180	3,500,000	0.87
			55,500,000	

*MMF - Money Market Fund (instant access)

**Call 180-day notice account

***Call account no notice

6 Implications

6.1 Financial

The financial implications have been referred to throughout the report.

6.2 Legal

The legal implications have been referred to throughout the report.

6.3 Human Resources

There are no human resource implications arising from this report.

6.4 Risk Management

The risk management implications have been referred to throughout the report.

6.5 Equality & Diversity

There are no identified implications arising from this report.

6.6 Climate Change

None.

7 Appendices to the Report

None.

Previous Consideration

Treasury Management Report - Increase in Money Market Funds - Cabinet - 14 July 2020.

Background Papers

None