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AUDIT PANEL

Day: Tuesday
Date: 26 July 2022
Time: 2.00 pm
Place: Committee Room 2 - Tameside One

Item No.	AGENDA	Page No
1.	APOLOGIES FOR ABSENCE To receive any apologies for absence.	
2.	DECLARATIONS OF INTEREST To receive any declarations of interest.	
3.	MINUTES The Minutes of the Audit Panel meeting held on 15 March 2022 to be signed by the Chair as a correct record.	1 - 8
4.	EXTERNAL AUDIT PROGRESS REPORT To consider a report of the Director of Finance / Assistant Director of Finance.	9 - 24
5.	TREASURY MANAGEMENT YEAR END To consider a report of the First Deputy (Finance, Resources and Transformation) / Director of Finance.	25 - 38
6.	REVIEW OF INTERNAL AUDIT 2021/22 To consider a report of the Director of Finance.	39 - 48
7.	RISK MANAGEMENT AND AUDIT SERVICES – ANNUAL REPORT 2021/22 To consider a report of the Interim Head of Risk Management and Audit Services.	49 - 68
8.	ANNUAL GOVERNANCE REPORT 2021 To consider a report of the Director of Finance.	69 - 138
9.	AUDIT PANEL FORWARD PLAN AND TRAINING To consider a report of the Director of Finance / Assistant Director for Finance.	139 - 146
10.	CORPORATE RISK REGISTER REVIEW JULY 2022 To consider a report of the Director of Finance / Risk, Insurance and Information Governance Manager.	147 - 154

From: Democratic Services Unit – any further information may be obtained from the reporting officer or from Louis Garrick, Senior Democratic Services Officer, to whom any apologies for absence should be notified.

11. URGENT ITEMS

To consider any additional items the Chair is of the opinion shall be dealt with as a matter of urgency.

12. DATE OF NEXT MEETING

To note the next meeting of the Audit Panel will take place on 27 September 2022.

AUDIT PANEL

15 March 2022

Commenced: 14:00

Terminated: 14:48

Present: Councillors Naylor (Chair), Owen (Deputy Chair), J Fitzpatrick, N Sharif and Kitchen

In Attendance:

Sandra Stewart	Director of Governance and Pensions
Kathy Roe	Director of Finance
Caroline Barlow	Assistant Director of Finance
Heather Green	Finance Business Partner
Wendy Poole	Head of Risk Management and Audit Services
Martin Nixon	Risk, Insurance and Information Governance Manager

Apologies for Absence: Councillors Costello and Boyle

35. DECLARATIONS OF INTEREST

There were no declarations of interest.

36. MINUTES

The minutes of the Audit Panel meeting held on the 9 November 2021 were approved as a correct record.

37. EXTERNAL AUDIT PROGRESS REPORT

The report provided the Audit Panel with an update on External Audit Progress in delivering their responsibilities. It also included a summary of recent national reports and publications.

It was reported that since the last meeting of the Audit Panel, Mazars had continued to work closely with the Council's finance team to resolve the remaining audit queries, in relation to the valuation of Council land & buildings and investment properties. The valuation of land & buildings and investment properties was the most significant area of the audit, and had been an increasing focus for the Council and external audit over the past few years. The Council used two external valuers to produce the valuations. Responses to Mazars initial queries led to the Council's valuers providing revised estimates for inclusion in the financial statements. It was stated that Mazars were in the process of reviewing the revised valuations. Subject to satisfactory clearance of any audit queries on these revised valuations, the Council would update the Statement of Accounts ready for final sign off.

In regards to Value for Money arrangements audit work. The Panel had previously been advised that the revised NAO Code of Audit Practice had changed the work on the Council's value for money arrangements for 2020/21. Mazars had regular discussions with the Council officers to understand the Council's arrangements, and received supporting evidence and information on the Council's arrangements in January. Mazars aimed to complete our work and report at the same time as they would complete and report on financial statements work.

The Audit Panel were advised that CIPFA had published the new Prudential Code for Capital Finance in Local Authorities (Prudential Code) and Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes following a consultation period. These two statutory and professional codes were important regulatory elements of the capital finance

framework within which local authorities operate. Local authorities were required by regulation to 'have regard to' their provisions. Guidance notes would follow shortly in the new year.

Further, Members were advised of the consultation on changes on the capital framework: Minimum Revenue Provision, December 2021. This consultation sought views on proposed changes to regulations to better enforce the duty of local authorities to make prudent Minimum Revenue Provision each year.

RESOLVED

That the report be noted

**38. ANNUAL GOVERNANCE STATEMENT 2020/201- IMPROVEMENT PLAN
PROGRESS UPDATE**

Consideration was given to a report of the Director of Finance. Head of Risk Management and Audit Services. The report set out the Annual Governance Statement 2020/21 Improvement Plan Progress Report for comment.

The Annual Governance Statement was presented to the Audit Panel on 27 July 2021 as a draft document for review and comment and presented as a final document for approval on 9 November 2021.

It was reported that Section 5 of the Annual Governance Statement identified a number of areas for development which were appended to the statement in an improvement plan. Addressing the issues identified would further enhance the governance framework in place for the Council.

It was reported that the table presented at Appendix 1 provided a progress report against each development as at February 2022.

RESOLVED

That the report be noted

39. ACCOUNTING POLICIES 2021/22

Consideration was given to a report of the Director of Finance / Assistant Director of Finance. The report detailed the accounting policies for the 2021/22 Statement of Accounts and the critical judgements made in applying the accounting policies.

Members were advised that the accounting policies adopted by the Council determined the accounting treatment that was applied to transactions during the financial year and in the preparation of the Statement of Accounts at the year end. They determined the specific principles, bases, conventions, rules and practices that would be applied by the Council in preparing and presenting its financial statements. The accounting policies themselves were published within the statement of accounts in accordance with International Financial Reporting Standards (IFRS), as adopted by the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Local Authority Accounting ('the Code').

It was reported that Officers had assessed the accounting policies that were deemed necessary to explain clearly and underpin the accounting treatment of transactions within the Council's Statement of Accounts for 2021/22. In undertaking this assessment a review of all accounting policies previously agreed had been undertaken to check their relevance, clarity, legislative compliance and that they were in accordance with the latest version of 'the Code' and IFRS requirements.

There were no changes to the Code of Practice on Local Authority Accounting which required changes to the Council's Accounting Policies for 2021/22.

The Panel was advised that CIPFA LASAAC had issued an exceptional consultation on time limited changes to the code to help alleviate delays to the publication of audited financial statements. Only 9% of local authority accounts in England met the audit publication deadline of 30 September 2021. The consultation closed on 3 March 2022. If the proposals in this emergency consultation were adopted for 2021/22 then the Council would need to consider whether any changes were required to the financial statements. The proposed changes to valuations were expected to be optional, and therefore changes may not be necessary if the decision was made to continue with the existing valuation programme.

RESOLVED

That the Audit Panel:

- (i) Note that there were no proposed changes to the accounting policies for 2021/22 compared to those adopted for 2020/21; and**
- (ii) Approve the accounting policies detailed at Appendix 1 to this report.**

40. CONSULTATIONS

Consideration was given to a report of the Director of Finance / Assistant Director of Finance. The report provided members of the Audit Panel with detailed of the proposed changes to regulations to better enforce the duty of local authorities to make prudent Minimum Revenue Provision each year. It also set out Emergency proposals for an update of 2021/22 Code of Practice on Local Authorities Accounting in the United Kingdom and the 2022/23 Code.

It was reported that there had been two recent consultations which could impact the Council's revenue budget and/or impact on the accounting treatment that was applied to transactions during the financial year. These two separate consultations related to:

- proposed changes to regulations to better enforce the duty of local authorities to make prudent Minimum Revenue Provision each year; and
- Emergency proposals for an update of the 2021/22 Code of Practice on Local Authority Accounting in the United Kingdom and the 2022/23 Code.

In regards to the consultation on changes to the minimum revenue provision guidance December 2021. This consultation sought views on proposed changes to regulations intended to better enforce the duty of local authorities to make prudent Minimum Revenue Provision each year.

It was explained that the government was proposing to make changes to the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 to address the issue that some authorities were not adequately complying with the duty to make Minimum Revenue Provision. Changes were intended to make explicit that:

- Capital receipts could not be used in place of the revenue charge. The intent was to prevent authorities avoiding, in whole or part, a prudent charge to revenue. It was not the intention to prevent authorities using capital receipts to reduce their overall debt position, which could have the effect of reducing the MRP made with respect to the remaining debt balance.
- Prudent MRP would be determined with respect to the authority's total capital financing requirement. The intent was to stop the intentional exclusion of debt from the MRP determination because it relates to an investment asset or capital loan. Authorities should still be able to charge MRP over the period in which their capital expenditure provides benefits, and begin charging MRP in the year following capital expenditure, in accordance with proper accounting practices set out in the government's statutory guidance on Minimum Revenue Provision.

It was further explained the current MRP guidance included wording which made it clear that it was for the authority to determine an amount of MRP that it considered to be prudent. This proposed change would impact on the ability of the Council to set a policy that it considered prudent.

The Panel were advised that CIPFA LASAAC issued an exceptional consultation on time limited

changes to the code to help alleviate delays to the publication of audited financial statements. Only 9% of local authority accounts in England met the audit publication deadline of 30 September 2021, and only 40% had been signed off at the end of January 2022.

CIPFA had set out their views on the proposed changes in their invitation to comment document and provided some detail on how their proposed changes with impact on the preparation of financial statements. It should be noted that the changes were based on requests from the Department of Levelling Up Housing and Communities to address the crisis with the audit publication deadlines in England. It was made clear that there were no similar issues in Northern Ireland, Scotland or Wales.

RESOLVED

That the Panel note the potential implications of the proposed changes set out in the consultations, if proposals are adopted.

41. DATA PROTECTION/INFORMATION GOVERNANCE UPDATE REPORT

Consideration was given to a report of the Head of Risk Management and Audit Services / Director of Finance. The report provided an update on Data Protection/Information Governance across the Council and presented some key documents for information

It was reported that The Information Governance Group, considered three documents at its meeting on 2 December 2021 and these are presented in Appendices 1, 2 and 3 for information. Consultation has taken place with the Information Governance Champions and feedback has been incorporated into the documents appended to the report.

The Subject Access Request Guidance sets out the various roles and responsibilities within the Council when dealing with a Subject Access Request. The guidance provided the following advice:-

- how to recognise a Subject Access Request,
- the key points to consider; and
- the procedure to be followed to ensure fulfilment of the request in line with the data protection legislation

The document attached at Appendix 1 was an update on the existing policy, which had been refreshed to make the guidance clearer. It updated the SAR process to better reflect the procedures in place within the Information and Improvement Team and wider service areas.

The Redaction Guidance was attached at Appendix 2. This was a new guidance document to draw together the current working practices across the Council in respect of redaction, standardise them and provided one central point of reference for all employees to refer to for guidance when faced with a redaction task.

The guidance had been brought in line with current legislative and regulatory guidance. In light of various ICO enforcement actions and reprimands against other organisations in recent years for redaction errors, the procedure regarding how to redact had been refined to ensure that all redaction was carried out electronically using software approved and supplied by IT Services.

As a result of amendments to the guidance, it was considered that further direction and clarity had been provided to the Council's employees and the guidance better underpins the wider Data Protection/Information Governance Framework.

It was also reported that the Vulnerability Disclosure Procedure outlined the process for reporting an external/internal security vulnerability found in any of the Council's hosted systems and/or services to the Council. It set out expectations of what the reporting individual can expect as part of the reporting process.

RESOLVED

That the Audit Panel note the report and approve:

- (i) The Subject Access Request Guidance attached at Appendix 1**
- (ii) The Redaction Guidance attached at Appendix 2.**
- (iii) The Vulnerability Disclosure Procedure attached at Appendix 3.**

42. PROGRESS REPORT ON RISK MANAGEMENT AND AUDIT ACTIVITIES APRIL 2021 TO JANUARY 2022

Consideration was given to a report of the Head of Risk Management and Audit Services. The report advised members of the work undertaken by the Risk Management and Audit Service from April 2021 to January 2022 and to comment on the results.

It was stated that the Audit Plan approved on 16 March 2021 covered the period April 2021 to March 2022 and totalled 1,666 Days. This was made up of 1,272 days on planned audits and 393 days on reactive counter fraud work/investigations.

The Audit Plan was revised at the end of September and approved by the Audit Panel in November 2021. The Revised Plan totals 1,584 days, with 1,166 days on planned audits and 418 days on reactive counter fraud work/investigations.

It was reported that the status for all audit activities had been updated to reflect the current position, the end of year approached, to take account of available resources for Quarter 4.

In the ten-month period to January 2022, twelve Final Reports were issued in relation to systems and risk based audits. In addition to the Final Reports issued above, six Draft Reports had been issued for management review and responses and these would be reported to the Panel in due course. In addition, Five Final Audit Reports in relation to Schools were issued during April 2021 to January 2022.

In addition to the final reports issued above, two further audits had been completed and the Draft Reports had been issued to the Schools for management review and responses and they would be reported to the Panel in due course.

It was explained that Post Audit Reviews were undertaken approximately six months after the Final Report has been issued, however, where a low level of assurance was issued the Post Audit Review was scheduled for three months to ensure that the issues identified were addressed. Nine Post Audit Reviews had been completed during October 2021 to January 2022. In total twenty-two Post Audit Reviews had now been completed during 2021/22 and the percentage rate of recommendations implemented is currently 85%. Internal Audit was satisfied with the reasons put forward by management where the recommendations had not yet been fully implemented and there were no significant issues outstanding to report to the Panel. A further thirteen Post Audit Reviews were in progress which would be reported to the Panel at a future meeting.

In regards to irregularities and counter fraud work, Members were advised that the fraudulent claims paid totalling £116,670 were being reviewed in conjunction with the Assistant Director of Exchequer and the Head of Legal to ensure a robust and cost effective recovery process was put in place. The challenge added by referring claims to the Fraud Investigators has prevented claims being paid totalling £78,872. As the grants had paid out over two financial years, a final summary would be provided in the Risk Management and Audit Annual Report, which would be presented to the Audit Panel in July 2022.

RESOLVED

That the report and performance of the Service Unit from April 2021 to January 2022 be noted.

43. RISK MANAGEMENT AND AUDIT SERVICES PLANNED WORK 2022/23

Consideration was given to a report of the Head of Risk Management and Audit Services. The report detailed the planned work for the Risk Management and Audit Service for 2022/23.

It was explained that The Internal Audit Service planned its work with a view to achieving the following key objectives:

- Supporting the Council's Vision;
- Providing optimum coverage across all services to ensure the best use of resources;
- Targeting resources towards priority (high-risk) areas;
- Satisfying legislative requirements;
- Providing assurances to Members and Senior Managers as to the effectiveness of the Council's internal controls;
- Responding to the needs of service managers; and
- Maintaining a regular level of audit presence in all areas.

Audits were prioritised based on an assessment of risk and allocated a numerical risk score which equates to either High, Medium/High, Medium, Low/Medium or Low. Consultation involved Executive Members, Directors, Assistant Directors, Heads of Service and in some cases Service Unit Managers. The meetings which were carried out in January/February 2022 helped to inform the risk assessments undertaken on audit activities.

The Annual Audit Plan of 1,595 Days had been balanced to resources available. However, productive days were estimated and any changes to the assumptions used would be reflected during the year and reported to the Audit Panel and the Greater Manchester Pension Fund Local Board. A member of the team resigned in February 2022 to take up a promotion with the DWP and so this had affected resources available. The detailed Annual Audit Plan for 2022/23 was attached to the report at Appendix 1.

Each audit activity in the 2022/23 Plan had been linked to one of the themes within the Corporate Plan. Further, where appropriate each audit had been linked to a risk in the Corporate Risk Register to ensure that the plan was providing audit coverage in the areas deemed to be of significant risk to the Council.

RESOLVED

That the Audit Panel:

- (i) Approve the Draft Internal Audit Plan for 2022/23 shown at Appendix 1 and note the planned work for the Risk, Insurance and Information Governance Team and the National Anti-Fraud Network Data and Intelligence Service.**
- (ii) Approve the Audit Strategy for 2022/23 shown at Appendix 2.**
- (iii) Approve the Audit Charter for 2022/23 shown at Appendix 3.**
- (iv) Approve the Quality Assurance and Improvement Programme for 2022/23 shown at Appendix 4.**
- (v) Support and approve adopting the North West Chief Audit Executive Peer Review system for the External Review due by March 2023.**

44. AUDIT PANEL FORWARD PLAN AND TRAINING

Consideration was given to a report of the Director of Finance / Assistant Director of Finance. The report set out the updated plan and training programme for the Audit Panel for 2022/23 and 2023/24.

To assist the Audit Panel with delivering its terms of reference, officers had prepared the updated work plan for 2022/23 and 2023/24, which set out the areas that should be considered by the Audit Panel. The work plan outlined in Appendix 2 had been updated to remove November 2021 and include July 2023. It also reflected the revised reporting deadlines for the Statement of Accounts

and Annual Governance Statement for 2021/22.

Members of the panel were asked to consider whether any additional items or training were required, with reference to the core functions listed above and the CIPFA Position Statement: Audit Committees in Local Authorities and Police 2018. .

AGREED

That the Audit Panel:

- 1) Approve the updated work programme, including training, as set out in Appendix 2; and**
- 2) Note the core functions outlined in Section 2 of the report and the CIPFA Position Statement: Audit Committees in Local Authorities and Police 2018 and consider whether any further training would be beneficial for the Audit Panel.**

45. CORPORATE RISK REGISTER UPDATE MARCH 2021

Consideration was given to a report of the Director of Finance / Risk, Insurance and Information Governance Manager. The report summarised the Corporate Risk Register that was attached to the report at Appendix 1.

It was reported that Service delivery in some areas of the Council continued to be influenced by high Tameside Covid-19 infection rates. When compared to the risk scores last reported in November 2021 the total of 7 Red risks is unchanged, which was still higher than the 4 Red risks reported prior to the March 2020 pandemic/lockdown.

The Risk, Insurance and Information Governance Manager delivered a summary of the key developments in the risk register following review in November 2021 and February 2022.

This analysis showed that there was currently a total of 7 Red risks across the register. When compared to the 19 Red risks reported in May 2020 it could be seen there was movement towards the pre-Covid level of 4 Red risks reported in October 2019.

AGREED

That the Corporate Risk Register attached at Appendix 1 be approved.



46. URGENT ITEMS

There were no urgent items.

CHAIR

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Agenda Item 4.

Report to:	AUDIT PANEL
Date:	26 July 2022
Reporting Officer:	Kathy Roe – Director of Finance Caroline Barlow – Assistant Director of Finance
Subject:	EXTERNAL AUDIT UPDATE REPORT
Report Summary:	This report provides the Audit Panel with an update on External Audit progress in delivering their responsibilities. It also includes a summary of recent national reports and publications.
Recommendations:	The Panel is asked to note the update report.
Corporate Plan:	The Corporate Plan helps determine the priorities for Council spending, which will be reported in the annual financial statements. The financial statements are subject to external audit.
Policy Implications:	There are no wider policy implications arising from this report.
Financial Implications: (Authorised by the statutory Section 151 Officer & Chief Finance Officer)	There are no direct financial implications arising from the external audit update report.
Legal Implications: (Authorised by the Borough Solicitor)	<p>External auditors are a requirement of the Local Audit and Accountability Act 2014.</p> <p>The aim of the Act is to ensure that there is transparent and accountable local authority financial reporting governance which is key to the delivery of value for money and effective governance.</p> <p>External auditors also have a duty to report on matters of importance such as recent public interest reports (PIRs) that clearly demonstrate the role of external audit in bringing concerns into the public domain.</p> <p>External auditors also provide an assurance mechanism as the audited accounts are submitted to the Department for Levelling Up, Housing & Communities to ensure that the Council has been acting with regularity, propriety and value for money.</p>
Risk Management:	The external auditor provides assurance on the Council's financial reporting and risk management arrangements.
Background Information:	<p>The background papers relating to this report and any further information can be obtained from the report writer, Heather Green, Finance Business Partner</p> <p> Telephone: 0161 342 2929</p> <p> e-mail: heather.green@tameside.gov.uk</p>

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Audit Progress Report

Tameside Metropolitan Borough Council

Audit Panel July 2022

Page 11



1. Audit Progress
2. National publications

Page 12

01

Section 01: **Audit Progress**

Audit progress

Purpose of this report

This report provides the Audit Panel with an update on progress in delivering our responsibilities as your external auditors. It also includes, at Section 2, a summary of recent national reports and publications for your information.

2020/21 Financial Statements work

Since the last meeting of the Audit Panel, we have continued to work closely with the Council's finance team to resolve the remaining audit queries, in relation to the valuation of Council land & buildings and investment properties. Responses to our initial queries led to the Council's valuers providing revised valuations for inclusion in the financial statements. We have reviewed these revised valuations and, subject to clearance of a small number of follow up queries, we are satisfied these valuations are appropriate. The finance team has updated the draft accounts to incorporate the required changes and we are in the process of testing the audit adjustments.

Since issuing our last update report, a national technical issue has arisen in respect of accounting for infrastructure assets. Further detailed information is included on page 8 of this report. CIPFA are currently working to resolve this issue, at which point the Council's financial statements may need further amendment. Audit firms have paused signing audit reports for authorities with significant infrastructure asset balances until this issue is resolved. We aim to complete our audit once new guidance is available and any necessary amendments have been made to the draft accounts.

2020/21 Value for Money arrangements audit work

We have previously reported to Audit Panel that the revised NAO Code of Audit Practice has changed our work on the Council's value for money arrangements for 2020/21. We have had regular discussions with Council officers to understand the Council's arrangements, and received supporting evidence and information on the Council's arrangements in January.

Our value for money work requires us to consider reports from other regulatory bodies. Following our review of Ofsted reports, we have identified a risk of significant weakness in the Council's arrangements in respect of Children's services. Our planned work in response to this identified risk is set out on the following page.

Audit progress

2020/21 Value for Money arrangements audit work continued

	Risk of significant weakness in arrangements	Financial sustainability	Governance	Improving the 3Es	Planned procedures
1	<p>Ofsted Inspection: Children’s Services Over the past 12 months, Ofsted has issued a number of reports following focused visits to the Council and an inspection of the Council’s SEND services. Each report identified areas for improvement and areas for priority action. The SEND inspection required a Written Statement of Action from the Council and Clinical Commissioning Group because of significant areas of weakness in the area’s practice.</p> <p>These matters indicate a risk of significant weaknesses in proper Arrangements.</p>		●	●	Our planned work includes: <ul style="list-style-type: none"> • Discussions with relevant Council Officers • Review of agreed improvement plan and delivery tracker • Review of Improvement Board meeting minutes • Review of any Ofsted follow up inspection reports

Page 15

02

Section 02:

National publications

National publications

	Publication/update	Key points
Chartered Institute of Public Finance and Accountability (CIPFA)		
1	CIPFA LASAAC issues urgent consultation on Code of Practice – Infrastructure Assets	The CIPFA LASAAC Local Authority Code Board has released temporary proposals to update the Code of Practice on Local Authority Accounting in the United Kingdom for infrastructure assets.
2	Updated statement on the deferral of IFRS 16 leases	Following its emergency consultation on proposals for changing the Code of Practice on Local Authority Accounting in the United Kingdom, CIPFA LASAAC issued its preliminary decision and feedback statement.
3	Local Authority Controlled Companies: a good practice guide	A good practice guide due to be published in May 2022; highlighted for potential interest to Panel Members, noting the full guide needs to be purchased.
Department for Levelling Up, Housing and Communities		
4	Creation of the Audit Reporting and Governance Authority	A new regulator, the Audit Reporting and Governance Authority (ARGA), to be established as the system leader for local audit within a new, simplified local audit framework.
National Audit Office (NAO)		
5	Audit and Assurance Committee effectiveness tool	NAO's effectiveness tool provides a way for ARACs to assess their effectiveness
Public Sector Audit Appointments Ltd		
6	Annual Quality Monitoring Report 2019/20	This covers the work of local auditors appointed by PSAA for the 2019/20 financial year. The report provides information from PSAA's quality monitoring arrangements throughout the year, survey results and findings from professional regulation and contractual compliance. The report details how the Financial Reporting Council reviewed four Mazars financial statements audits and all were assessed as meeting the required standard.

Page 17

NATIONAL PUBLICATIONS

CIPFA

1. CIPFA LASAAC issues urgent consultation on Code of Practice – Infrastructure Assets – May 2022

The issue of accounting for infrastructure assets is a technical accounting one, and arises principally because of information availability relating to these assets.

Accounting for infrastructure in local government has not historically been considered to be an area of significant audit risk, due to the inalienable nature of the assets and the use of a historical cost basis of accounting. However, concerns have been raised that some authorities are not applying component accounting requirements appropriately. The issue raised is in relation to the derecognition (removal of the carrying amount) of parts of infrastructure assets when replacement expenditure is undertaken. There are also related issues for the reporting of gross historical cost and accumulated depreciation. Infrastructure assets are one of the few categories of property, plant and equipment assets measured at historical cost rather than at 'current value'. The valuation process for these assets was deemed to be too costly and, therefore, infrastructure assets are held in local authority balance sheets at depreciated historical cost.

Normal custom and practice for (highways) infrastructure assets is that derecognition does not affect asset balances because the assets are expected to have been fully used up before the replacement expenditure takes place; this does require that assets are properly depreciated in line with the requirements of the Accounting Code. This issue arises in part because of limitations on historical information relating to when the assets were first recorded on balance sheets in the early 1990s, and where there have been transfers of assets because of local authority reorganisations. It is also extremely difficult to clearly identify the parts of the assets which are being replaced.

The CIPFA LASAAC Local Authority Code Board has released temporary proposals to update the Code of Practice on Local Authority Accounting in the United Kingdom for infrastructure assets. An urgent consultation on these proposals closed on 14 June 2022.

The temporary proposals address the above issue regarding the derecognition of parts of local authority infrastructure assets as they are replaced. CIPFA LASAAC and CIPFA established a Task and Finish Group to find a solution to this issue and consider the outcome of any proposed changes to the code. Following advice from the Task and Finish Group, CIPFA LASAAC has now issued temporary proposals for changes to the code relating to how these issues are reported. They include:

- confirming the accounting consequences of derecognition, e.g. that the effect on the carrying amount is nil (on a presumption that the replaced parts are fully depreciated);
- temporarily adapting the code to remove the reporting requirements for gross historical cost and accumulated depreciation
- providing extra guidance on how depreciation may be applied for infrastructure assets
- CIPFA LASAAC will consult on a longer-term solution later in the year.

<https://www.cipfa.org/policy-and-guidance/urgent-task-and-finish-group-local-authority-infrastructure-assets>

NATIONAL PUBLICATIONS

CIPFA

2. Updated statement on the deferral of IFRS 16 leases – April 2022

Following its emergency consultation on exploratory proposals for changing the Code of Practice on Local Authority Accounting in the United Kingdom, CIPFA LASAAC issued its preliminary decision and feedback statement. This preliminary decision was subsequently considered by the government's Financial Reporting Advisory Board (FRAB). FRAB advised CIPFA LASAAC that it agreed with the deferral of IFRS 16 Leases until 1 April 2024. FRAB also advised CIPFA LASAAC that the Code had to allow and should encourage local authorities to adopt the standard before this date should they wish to.

CIPFA LASAAC has therefore followed its preliminary decision with its formal decision: to defer the implementation of IFRS 16 until 1 April 2024 (and therefore in the 2024/25 Code). However, both the 2022/23 and the 2023/24 Codes will allow for adoption as of 1 April 2022 or 2023. CIPFA LASAAC would note that the 2022/23 Code has not yet completed its due process so local authorities should follow the CIPFA LASAAC pages of the website for further updates. Formal due process for the Code by LASAAC and by CIPFA's Public Financial Management Board is anticipated to be complete by the third week in April.

<https://www.cipfa.org/about-cipfa/press-office/latest-press-releases/updated-statement-on-the-deferral-of-ifrs-16-leases>

3. CIPFA Local Authority Controlled Companies: a good practice guide, May 2022

In recent years, the potential risk associated with local authority trading companies and joint ventures has increased. Nothing is risk free, but it is important to learn lessons from others and access support.

This guide aims to assist local authorities by setting out and highlighting existing best practice. It focuses on identifying organisational goals, the process to find the right option to achieve that goal and how to structure the organisation for success.

<https://www.cipfa.org/policy-and-guidance/publications//local-authority-owned-companies-a-good-practice-guide>

NATIONAL PUBLICATIONS

Department for Levelling Up, Housing and Communities

4. Creation of the Audit Reporting and Governance Authority – May 2022

Plans to ensure councils and local bodies are delivering value for money for taxpayers, strengthening council finances and reducing risk to public funds have been published by the government.

The government consultation response confirms plans to establish a new regulator, the Audit Reporting and Governance Authority (ARGA), as the system leader for local audit within a new, simplified local audit framework.

Ahead of ARGA's establishment, a shadow system leader arrangement will start at the Financial Reporting Council (FRC) from September 2022. This will be led by Neil Harris, who joins as the FRC's first Director of Local Audit to start up a dedicated local audit unit.

The Department for Levelling Up, Housing and Communities has been acting as interim system leader since July 2021, when it established and took the chair of the Liaison Committee of senior local audit stakeholders.

Work has already begun to address the challenges facing local audit with the government announcing a series of measures to improve local audit delays in December 2021.

The consultation response also announces plans to make audit committees compulsory for all councils, with each audit committee required to include at least one independent member. This will create greater transparency and consistency across local bodies.

The announcement comes as government today set out its wider plans to revamp the UK's corporate reporting and audit regime through a new regulator, greater accountability for big business and by addressing the dominance of the Big Four audit firms.

The government continues to work closely with stakeholders, including local bodies and audit firms, to refine proposals for implementing our commitments around system leadership, as well the range of other commitments we have made in response to the Redmond Review.

<https://www.gov.uk/government/news/greater-transparency-and-value-for-money-for-council-finance-system>

NATIONAL PUBLICATIONS

National Audit Office

5. Audit and Risk Assurance Committee effectiveness tool – May 2022

Audit and Risk Assurance Committees (ARACs) play a crucial role in supporting the effective governance of central government departments, their agencies and arm's-length bodies.

ARACs are operating in a highly challenging context. Government organisations are managing many short- and long-term risks and are required to be resilient to a number of pressures. This has created an environment where ARACs need to be dynamic and responsive to the changing risk profiles and demands of their organisations. ARACs can see this as an opportunity to work out how they can most proactively work with the Board and accounting officer.

Against this background, NAO's effectiveness tool provides a way for ARACs to assess their effectiveness against more than just the basic requirements. It provides aspects of good practice to give ARACs greater confidence and the opportunity to meet the requirements of their role.

The effectiveness tool is a comprehensive way for ARACs in central government to assess their effectiveness on a regular basis.

<https://www.nao.org.uk/report/audit-and-risk-assurance-committee-effectiveness-tool/>

NATIONAL PUBLICATIONS

Public Sector Audit Appointments Ltd

6. Annual Quality Monitoring Report 2019/20 – April 2022

This covers the work of local auditors appointed by PSAA for the 2019/20 financial year, which was undertaken during a difficult time for all concerned. The systemic issues that were highlighted in Sir Tony Redmond's Review continued and were compounded by the pandemic.

In September 2020 Sir Tony Redmond's review of local authority financial reporting and external audit was published. The report highlighted the significant challenges and turbulence within the new system of local audit, emphasising that at present local government audit is under-resourced, undervalued and is not having impact in the right areas. The report made a number of recommendations in relation to external audit regulation, smaller authorities' audit regulation, the financial resilience of local authorities and the transparency of financial reporting.

In December 2020 the Ministry of Housing, Communities and Local Government (MHCLG) delivered its initial response to the Redmond Review setting out proposed actions to implement the majority of the recommendations made in the report. This was followed by a further announcement in May 2021 which proposed that the Audit, Reporting and Governance Authority (ARGA) would carry out the hugely important role of the local audit systems leader. ARGA is the new regulator being established to replace the FRC and will contain a dedicated local audit unit which will play a key leadership and coordination role in the local audit framework. MHCLG consulted in Summer 2021 on how the new arrangements would function.

The next year is likely to continue to be very challenging for all involved in local audit, but DLUHC (formerly MHCLG) will take forward and refine its proposals in its role as interim systems leader until ARGA is created, and the FRC will create a local audit unit in shadow form.

The problems that Sir Tony Redmond reported on continue to impact significantly on the timely completion of local government audits. Only 45% of audit opinions were completed by the publishing date of 30 November 2020, compared with 58% in the previous year. This has now fallen even further with only 9% for 2020/21 audits of financial statement opinions completed (noting the reversion to a 30 September publishing date). Delayed audit opinions have a real public-facing impact, undermining the ability of local bodies to account effectively for their stewardship of public money to taxpayers. It is imperative that the whole system works together to restore timely completion of audits in order to rebuild public confidence and trust, especially as the lack of a statutory deadline for the audit opinion means that co-operation is essential to make the system work as the public has the right to expect it to.

<https://www.psa.co.uk/managing-audit-quality/annual-audit-quality-reports-from-2018-19/annual-reports/audit-quality-monitoring-report-2019-20/>

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Agenda Item 5.

Report To:	AUDIT PANEL
Date:	26 July 2022
Executive Member/Reporting Officer:	Councillor North – Executive Member – Finance, Resources and Transformation Kathy Roe – Director of Finance
Subject:	TREASURY MANAGEMENT ACTIVITIES
Report Summary:	<p>The report sets out the Treasury Management activities for the financial year 2021/22.</p> <p>Treasury Management is a critical activity to ensure Value for Money in the use of public funds. It is concerned with safely managing the working capital of an organisation, managing its cash flows, investments, money markets and banking.</p> <p>It ensures that public funds work for us, and are safely maximised, without undertaking high-risk investments. It is unrelated to the Revenue Budget of the Council.</p> <p>This report provides an overview of the Treasury Management activities of the organisation over the last 12 months. At year end, the total investment balance was £144m and total long term borrowing was £141m.</p> <p>The current strategy is designed to ensure that borrowing costs are kept low over the longer term, rather than subject to volatility that a high risk strategy might deliver. Where investments are involved, the policy is to ensure the security of the asset rather than pursue the highest returns available.</p> <p>In summary, due to a combination of strong investment returns and borrowing being taken up at a time of favourable interest rates, there has been an overall saving on the Council's borrowing costs of £699,000 and interest earned on day-to-day investments of £667,000. This exceeds the benchmark LIBOR / LIBID indicators by £334,000.</p> <p>As a result of successful and prudent Treasury Management activity, additional funds are now available to be invested in Council services.</p>
Recommendations:	<p>Members are recommended to:</p> <ol style="list-style-type: none">1. Note the treasury management activities undertaken on behalf of both Tameside MBC and the Greater Manchester Metropolitan Debt Administration Fund (GMMDAF).2. Note the outturn position for the prudential indicators in Appendix A.
Links to Community Strategy:	The Treasury Management function of the Council underpins the ability to finance the Council's priorities.
Policy Implications:	In line with Council Policies
Financial Implications:	The minimisation of the cost of financing the Council's debt through repayment, conversion and rescheduling, together with interest

**(Authorised by the
Section 151 Officer)**

earned by investing short term cash surpluses, is a crucial part of the Council's medium term financial strategy. This has to be carefully balanced against the level of risk incurred.

The financial implications are determined by:

1. The value and timing of any borrowing undertaken (if any)
2. The amount of cash available for investment and the return achieved on this investment

A saving on interest paid of £0.360m was achieved against the 2021/22 budget. Borrowing and investment rates will continue to be monitored in order to ensure any borrowing is taken up at the optimum time.

The investment returns for 2021/22 were £0.334m greater than benchmarked, reflecting a proactive approach to cash forecasting, balancing liquidity with the marginal increase in interest rates available on fixed term investments.

Legal Implications:

**(Authorised by the
Borough Solicitor)**

There is a statutory duty for the Council to set, monitor and comply with its requirements to ensure a balanced budget, and sound treasury management is a key tool in managing this process. Demonstration of sound treasury management will in turn provide confidence to the Council that it is complying with its fiduciary duty to the public purse, and allows the Council to better plan and fulfil its key priorities for the coming year. Members should ensure they understand the meaning of **Appendix A** and the outturn of prudential indicators they are being asked to approve, and the reasons for the same, before making their decision.

Risk Management:

Financial investments are inherently risky and a number of Local Authorities lost significant investments as part of the financial crisis in 2009. Through the Council's Treasury Management Advisers, Link Group, a robust investment framework is used which aims to limit counterparty risk by only investing with high rated, institutions, placing limits on the size of investments with any one institution, and restricting the length of time that investments can be held with any one institution. Advice is also provided on the timing of any borrowings to try to minimise the rates paid. Failure to properly manage and monitor the Council's loans and investments could lead to service failure and loss of public confidence.

Access to Information:

The background papers relating to this report can be inspected by contacting Tom Austin, Financial Management, by:



phone: 0161 342 3857



e-mail: Thomas.austin@tameside.gov.uk

1. INTRODUCTION

- 1.1 This is the Annual Report on Treasury Management for the financial year 2021/22. The report is ultimately required to be submitted to the Audit Panel, in accordance with CIPFA's Code of Practice on Treasury Management, the Council's Financial Regulations and the CIPFA Prudential Code.
- 1.2 The report is in respect of both Tameside and the Greater Manchester Metropolitan Debt Administration Fund (GMMDAF), which is the former Greater Manchester County Council Debt of which Tameside is the responsible Authority on behalf of the ten Greater Manchester Councils.

The objective of the report is:

- a) To outline how the treasury function was managed during the year and how this compares to the agreed strategy
- b) To set out the transactions made in the year
- c) To summarise the positions with regard to loans and investments at 31 March 2022
- d) To set out the outturn position of the Council's prudential indicators

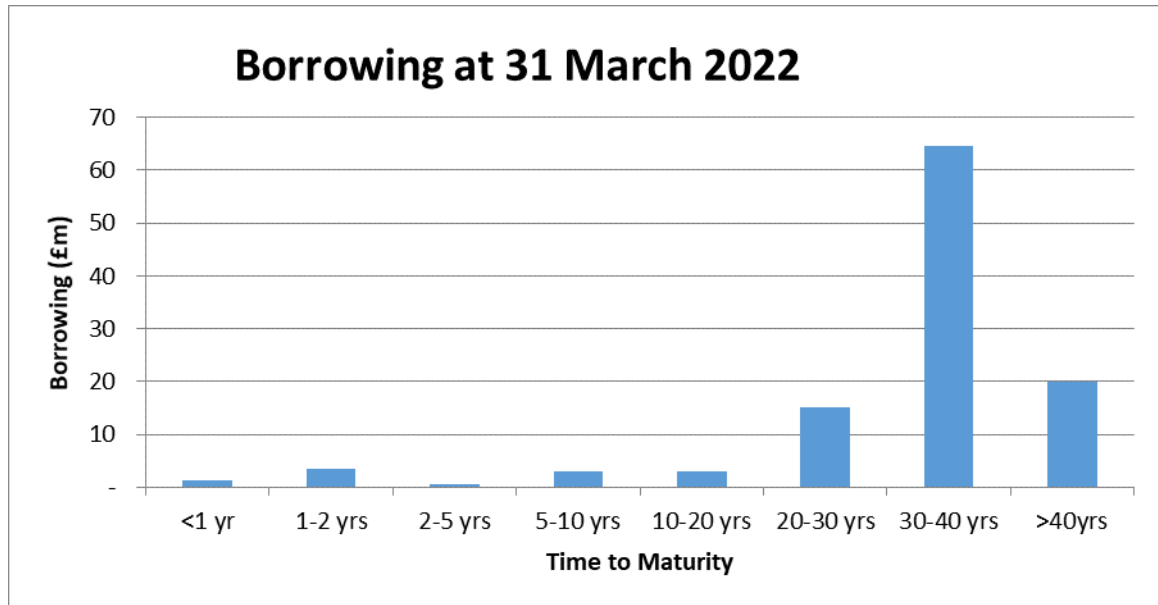
2. TREASURY MANAGEMENT

- 2.1 The definition of Treasury Management is: *"The management of the local authority's cash flows, its borrowings and its investments, the management of associated risks, and the pursuit of the optimum performance or return associated with these risks"*.
- 2.2 Every day, the Local Authority has cash worth millions of pounds going in and out of its bank account. Due to cash flows and timing issues, there is often a period of time between the cash being received in its bank account and it being needed to deliver services. Rather than leave these funds in the bank account earning little or no interest, the Local Authority invests these funds to maximise returns which then generates interest payments that can be invested in services.
- 2.3 Conversely large scale capital schemes require up-front funding that will be repaid over a number of years; in this instance the local authority will make a judgement on whether it needs to borrow to provide the upfront costs or whether internal borrowing will provide improved Value for Money.
- 2.4 In this way the local authority ensures that the money works for us, and public funds are maximised.
- 2.5 Some examples of when Treasury Management activity may take place are set out below:
- When a capital grant is received but the costs of the scheme are not expected to occur for several months later;
 - When the monthly direct debits for Council Tax payments are processed but associated revenue spend occurs later in the month;
 - To invest balance sheet reserves, balances and provisions.
- 2.6 The Council has traditionally operated a relatively low risk Treasury Management strategy. This in effect means that controls and strategy are designed to ensure that borrowing costs are kept reasonably low over the longer term, rather than subject to volatility that a high risk strategy might deliver. Where investments are involved, the policy is to ensure the security of the asset rather than pursue the highest returns available. These objectives are in line with the Code of Practice.
- 2.7 The global financial crisis has raised the overall possibility of default. The Council continues to maintain strict credit criteria for investment counterparties to manage this risk. A system

of counterparty selection was agreed by the Council in the Treasury Management Strategy, as part of the budget setting process.

3. LONG TERM BORROWING

3.1 The long-term debt of the Council reflects capital expenditure financed by loans, which are yet to be repaid. Total borrowing at the start of the year was £151m. This decreased to £141m by the end of the year following £10m of short-term borrowing being repaid in November 2021. The maturity profile as at 31st March 2022 is as follows:



3.2 The amount of long-term debt that the Council may have is governed by the Prudential Limits set by the Council at the start of the financial year. This is based on the amount of borrowing which the Council has deemed to be prudent. It also allows for advance borrowing for future years' capital expenditure.

3.3 The Council must also allow for repayment of the debt, by way of the Minimum Revenue Provision (MRP). This is the minimum amount that the Council must set aside annually. The Local Authority (Capital Finance and Accounting) Regulations 2008 revised the previous detailed regulations and introduced a duty that an Authority calculates an amount of MRP that it considers prudent. Although the 2008 Regulations do not define "prudent provision", they provide guidance to authorities on how they should interpret this.

3.4 The Council's MRP policy for 2021/22 was set out in the Treasury Management Strategy as part of the Budget Report. The MRP charge for the 2021/22 year was £3.679m (excluding PFI).

3.5 The majority of the Council's debt has been borrowed from the Public Works Loan Board (PWL), and is solely made up of long term fixed interest loans. In previous years, use has also been made of loans from banks. The main type of loan used is called a LOBO (Lender's Option - Borrower's Option) where after a pre-set time the lending bank has the option of changing the original interest rate. These loans are classified as variable interest rate loans when they reach option date. If the Council does not agree with the new interest rate, it has the option of repaying the loan. One of the Council's LOBO providers, Barclays, has waived their right to change the rate on their LOBO. This essentially converted that loan into a standard fixed rate loan with no risk of any increase in rate. The Council's current LOBO and bank loan portfolio is as follows:

Principal (£m)	Lender	Current Rate (%)	Start Date	Maturity Date	Loan Type
5	Just Retirement Ltd	4.65	27/01/2003	27/01/2043	LOBO
10	KBC	4.375	09/04/2003	09/04/2043	LOBO
5	Dexia	4.5	16/12/2004	16/12/2054	LOBO
10	Barclays	3.8	23/11/2005	23/11/2065	Fixed
10	Dexia	4.31	03/08/2007	03/08/2077	LOBO

3.6 The mixture of fixed and variable rates means that, although the Council can take some advantage when base rates are considered attractive, interest charges are not subject to high volatility, which might occur if all debt was variable. However, longer term fixed rates are normally higher than variable rates.

3.7 Short term borrowing and lending are used to support cash flow fluctuations caused by uneven income and expenditure, and to temporarily finance capital expenditure when long term rates are high and expected to fall. It is an extremely important aspect of Treasury Management to ensure that funds are available to meet the Council's commitments, and that temporary surplus funds attract the best available rates of interest.

4. INTEREST RATES

4.1 Interest rates (both long term and short term) vary constantly, even though headline rates (e.g. base rate, mortgage rate) may remain the same for months at a time.

4.2 In addition, different banks may pay different rates depending on their need for funds, and more particularly their credit status. Rates for borrowing are significantly higher than lending for the same period.

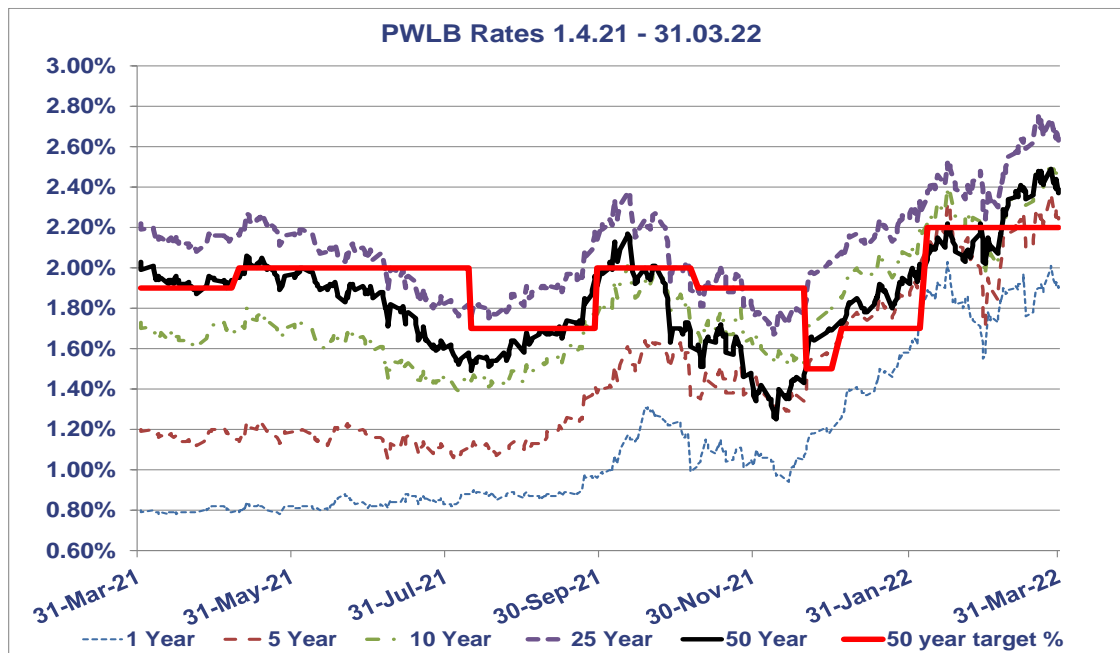
4.3 Long term interest rates are based on Government securities (Gilts), which are potentially volatile, with rates changing every day, throughout the day. PWLB fixed loan rates change on a daily basis. In view of this, gilts and all matters that affect their prices are continually reviewed.

4.4 Investment returns remained close to zero for much of 2021/22. Most local authority lending managed to avoid negative rates and one feature of the year was the continued growth of inter local authority lending. The expectation for interest rates within the treasury management strategy for 2021/22 was that Bank Rate would remain at 0.1% until it was clear to the Bank of England that the emergency level of rates introduced at the start of the Covid-19 pandemic were no longer necessitated.

4.5 While the Council has taken a cautious approach to investing, it is also fully appreciative of changes to regulatory requirements for financial institutions in terms of additional capital and liquidity that came about in the aftermath of the financial crisis. These requirements have provided a far stronger basis for financial institutions, with annual stress tests by regulators evidencing how institutions are now far more able to cope with extreme stressed market and economic conditions.

4.6 Investment balances have been kept to a minimum through the agreed strategy of using reserves and balances to support internal borrowing, rather than borrowing externally from the financial markets. External borrowing would have incurred an additional cost, due to the differential between borrowing and investment rates.

4.7 The table shown below (published by Link Group) shows the comparative Public Works Loan Board interest rates available during 2021/22, for a range of maturity periods.



5. ACTIVITIES 2021/22

Borrowing

- 5.1 The Council is able to borrow in order to finance capital expenditure that is not funded by other means such as grants and contributions.
- 5.2 Due to the unfavourable differences between borrowing rates and investment rates, and to reduce the risk to the Council from investment security concerns, the Council's recent policy has been to meet the borrowing requirement from internal borrowing (i.e. reducing the cash balances rather than taking up additional external borrowing). This has reduced the level of investment balances placed with banks and financial institutions, therefore reducing the Council's exposure to credit risk.
- 5.3 The outstanding borrowing requirement of £60.720m will be taken up when both interest rates and investment security are deemed to be favourable, in consultation with the Council's treasury management advisors, Link Group.
- 5.4 The need to borrow could be accelerated by the reduction of the Council's reserves due to cost pressures and other planned use. This situation, along with the interest rate environment, will be monitored closely to ensure borrowing is taken up at the optimum time.

Rescheduling

- 5.5 Rescheduling involves the early repayment and re-borrowing of longer term PWLB loans, or converting fixed rate loans to variable and vice versa. This may involve paying a premium or receiving a discount, but is intended to reduce the overall interest burden as the replacement loan (or reduction of investment) is normally borrowed at a lower interest rate.
- 5.6 The use of rescheduling is a valuable tool for the Council, but its success depends on the frequent movement of interest rates, and therefore it cannot be estimated for. It will continue to be used when suitable opportunities arise, in consultation with our treasury management advisors, although such opportunities may not occur.
- 5.7 No rescheduling was done during this year as the average 1% differential between PWLB new borrowing rates and premature repayment rates made rescheduling unviable.

- 5.8 The Section 151 Officer and the Council's treasury management advisors will continue to monitor prevailing rates for any opportunities to reschedule debt during the year.

Year end position

- 5.9 The following table sets out the position of the Council's debt at 1 April 2021, the net movement for the year, and the final position at 31 March 2022.

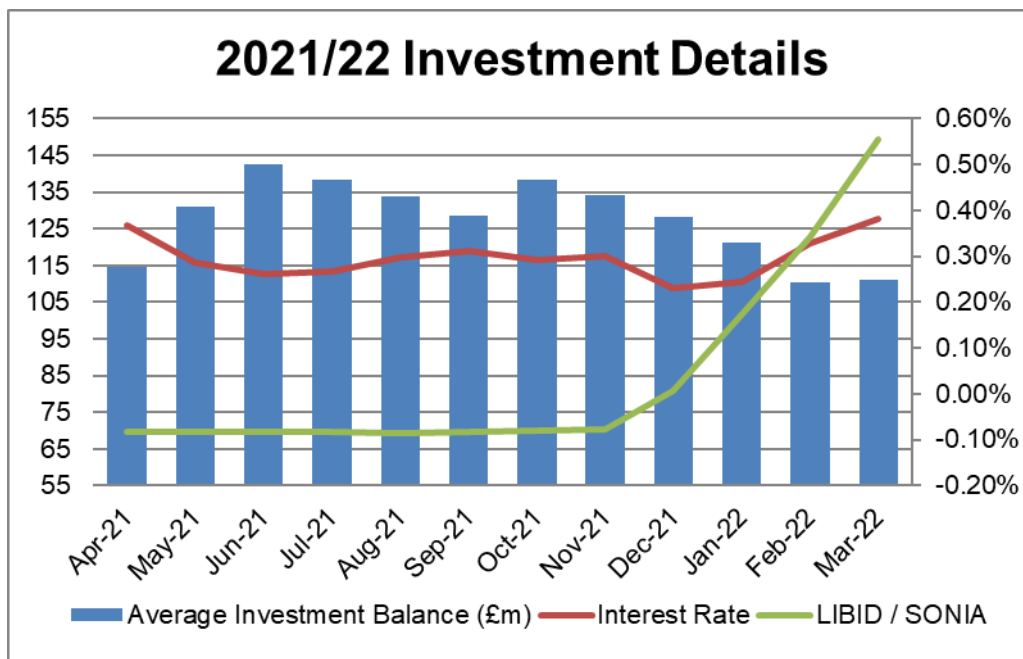
	Debt Outstanding 01/04/21	Cash Movement in Year	Debt O/S 31/03/22
Principal Amounts	£000	£000	£000
PWLB - fixed interest	100,459	(369)	100,090
PWLB - variable interest	0		0
Market Loans	50,000	(10,000)	40,000
Manchester Airport *	550	0	550
Temp Loans / (Investments)	(86,220)	(53,433)	(139,653)
Trust Funds, Contractor Deposits etc.	153	2	155
Net loans outstanding	64,942	(63,800)	1,142

* Manchester Airport reflects debt taken over from Manchester City Council on 31 March 1994, which had been lent on to Manchester Airport. In 2009/10, the Airport re-negotiated the terms of this arrangement with the 10 Greater Manchester Authorities; previously the Airport reimbursed all costs, however, from 9 February 2010 the Council receives fixed annual interest of 12% of the amount outstanding at that date (£8.667m). This is on a maturity basis and is due to be repaid in 2055. The underlying debt, shown above, is due to mature in 2027.

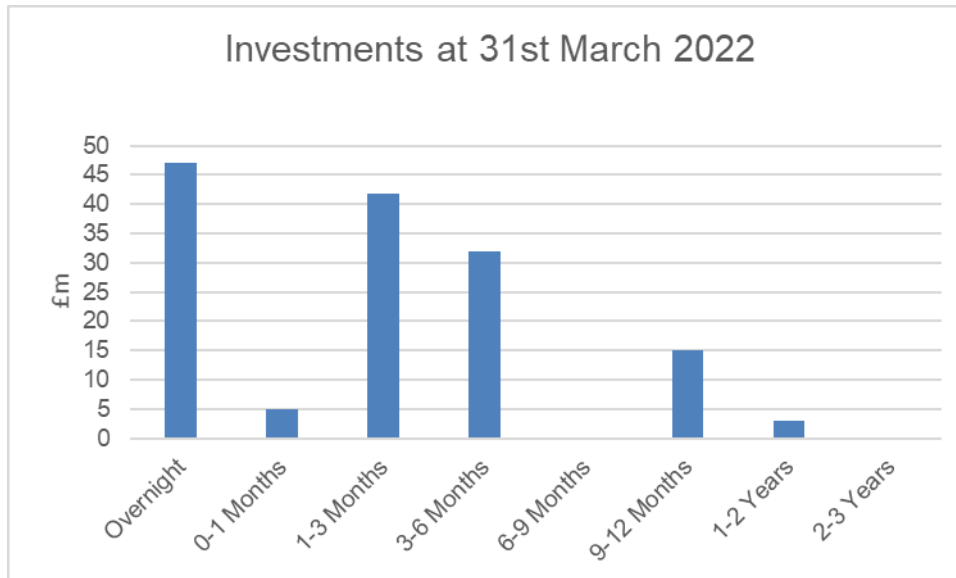
Investments – managing cash flow

- 5.10 Short term cash flow activity was such that throughout the year the Council was always in a positive investment position. Since interest earned on credit balances with our own bankers is low, and overdraft rates are high, investment and borrowing is carried out through the London Money Markets.
- 5.11 The Local Government Act 2003 governs investments made by local authorities. The types of investments that may be made are controlled by guidance from the Department for Levelling Up, Housing and Communities. This guidance has split investments into two main categories – specified and non-specified investments.
- 5.12 Specified investments consist mainly of deposits with very highly rated financial institutions and other local authorities for periods of less than one year. The Council's approved "Annual Investment Strategy" for 2021/22 stated that at least 50% of investments would be "specified".
- 5.13 The Council's counterparty list mirrors that of the Council's advisors, Link Group. The Link Group creditworthiness service uses a wider array of information than just primary ratings. Furthermore, by using a risk weighted scoring system it does not give undue preponderance to just one agency's ratings.
- 5.14 Typically, the minimum credit ratings criteria the Council use will be a Short Term rating (Fitch or equivalents) of F1 and a Long Term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances, consideration is given to the whole range of ratings available, or other topical market information, to support their use.

- 5.15 All investments placed in the year were in line with the approved strategy. Within this low risk strategy, the aim is to maximise the rate of return for the investments. In order to gauge whether the performance is satisfactory, it is necessary to compare it with a suitable benchmark. The normal benchmarks used to measure market rates are 7 day London Interbank Offer Rate (LIBOR) for loans, and 7 day London Interbank Bid Rate (LIBID) for investments. The actual returns for loans and investments were therefore measured against the theoretical performance of the above rates, using actual cash flow figures.
- 5.16 The following chart shows the average investment balances by month, along with the interest rate earned and the LIBID/SONIA benchmark for comparison.



- 5.17 Tameside achieved an average investment rate of 0.30% on the average weekly investment of £127.7m. Traditionally this has been benchmarked against LIBID (London Interbank Bid Rate); however, LIBID was discontinued in year and replaced with SONIA, the Sterling Overnight Index Average rate. Against a blend of these rates, this equated to a gain of £0.334m. Gains such as this can only be made by strategic investment, where interest rates do not follow the general "market" expectations. In effect, some investments were made for longer durations, attracting higher interest rates, while the shorter dated rates did not increase in line with market pricing.
- 5.18 The annual turnover for investments was £508m. A total of 133 individual investments were made, 25 of which were fixed term deals with banks and other Local Authorities.
- 5.19 As at 31 March 2022 the total investment portfolio was £143.9m. This consisted of £47.2m of Money Market Fund investments and £96.7m of fixed investments. The weighted average rate of the entire portfolio at 31st March 2022 was 0.54%. (A weighted average interest rate is an average that is adjusted to reflect the contribution of each investment to the total balance). The maturity profile of the investments was as follows:



5.20 The overall result of the various activities undertaken during the year was that net interest charge was £0.699m less than the original estimate.

5.21 Interest payments associated with the above activities were:

	Budget	Actual	Variation
	£m	£m	£m
External Interest			
Paid on Loans etc	6.116	5.756	(0.360)
Interest on day to day investments	(0.361)	(0.667)	(0.306)
Other Interest and Investment Income (including MAG)	(3.263)	(3.295)	(0.032)
Net external Interest paid	2.492	1.793	(0.699)

- 5.22 Accounting rules do not allow interest to be paid on internal funds and revenue balances. Payments however are made in respect of such funds as insurance and trust funds etc. held by the Council on behalf of external bodies. The net effect on the Council is neutral.

6. CURRENT ACTIVITIES

- 6.1 Since the start of the 2021/22 financial year, no new rescheduling opportunities have been identified. The portfolio of loans held by the Council is reviewed on a regular basis by both the Treasury Management Section and by the Council's treasury management advisors (Link Group).

- 6.2 In the 2017/18 Strategy, the Council expanded its counterparty list to include asset backed investments. No investments of this nature have been made to date.

Manchester Airport

- 6.3 The Council has an historic 3.22% shareholding in Manchester Airport Group. This shareholding has been valued at £33.4m as at 31 March 2022. Prior to the COVID-19 pandemic, the Council was receiving significant dividend income from this investment (£6.4m in 2019) which was a key item in the Council's Medium Term Financial Strategy. No dividends were received in 2020/21 or 2021/22.

- 6.4 In recent years, further additional investment in Manchester Airport has been approved:

- A capital investment of £11.3m in Manchester Airport was approved by Executive Cabinet in February 2018. The investment takes the form of a shareholder loan which was funded from reserves. Interest will be paid at a rate of 10% per annum, which will generate a revenue stream for the Council of approximately £1m (after allowing for the loss of interest earned on cash used to fund the investment) which will support the revenue budget.
- In February 2019, Executive Cabinet approved an equity investment of £5.6m in Manchester Airport funded by prudential borrowing. The investment is expected to generate revenue income through returns of around 3.25% (after taking account of borrowing costs and debt repayment). It was originally envisaged that this income would begin to be received from 2021/22 onwards, although no amounts are yet assumed in the Medium Term Financial Plan (MTFP). The economic impact of COVID-19 is likely to mean that income from this investment will not be generated for a number of years and will be dependent on the speed and scale of recovery in the Aviation Sector. This additional shareholding has been valued at £4.8m as at 31 March 2022.
- In April 2020, Executive Cabinet approved a further investment of £9.7m in Manchester Airport in the form of an equity loan, funded by prudential borrowing. The loan is intended to provide financial stability to Manchester Airport Group and ensure it is best placed to react and rebuild business operations as Covid restrictions are lifted. The investment completed in June 2020 and will generate revenue income through interest earned of 10% per annum.

- 6.5 The COVID-19 pandemic has had a significant impact on the Aviation Industry. Whilst the interest on all loans and investments will continue to be accrued, the annual dividend is not expected to be payable for a number of years, placing a £6.4m pressure on the revenue budget.

7. GREATER MANCHETSER METROPOLITAN DEBT ADMINISTRATION FUND (GMMDAF) ACTIVITIES

- 7.1 Tameside Council is the lead council responsible for the administration of the debt of the former Greater Manchester County Council, on behalf of all ten Greater Manchester Metropolitan Authorities. All expenditure of the fund is shared by the authorities, on a population basis.

- 7.2 The GMMDAF incurs no capital expenditure, and therefore the total debt outstanding reduces annually by the amount of debt repaid by the constituent authorities. However, further loans are taken out to replace loans that mature during the year. In addition, short term loans and investments are required to optimise the cashflow position, due to the difference in timing between receiving payments from the ten district councils and making loan and interest payments to the PWLB etc. Like the Council, rescheduling opportunities are taken if the right conditions exist.
- 7.3 2021/22 was the final year of the GMMDAF and the GM authorities have now fully repaid their outstanding balances.
- 7.4 There are two outstanding PWLB loans with a total value of £7.109m that mature beyond the life of the fund. A provision has been built up to enable the repayment of these loans and related interest charges
- 7.5 During the year, the fund made overall interest payments of £1.385m. This equated to an average "pool rate" of 6.67%, against the original estimate of 6.69%, and compares with 6.47% in 2020/21.

8. PRUDENTIAL LIMITS

- 8.1 At the start of the financial year, the Council sets Prudential Indicators and limits in respect of Capital expenditure and borrowing. The outturn position for the Prudential Indicators are shown at **Appendix A**. Prudential indicators do not provide an effective comparative tool between Local Authorities, and therefore should not be used for this purpose.

9. RECOMMENDATIONS

- 9.1 As set out on the front of the report.

APPENDIX A

Prudential Indicators – Actual outturn 2021/22

1. Ratio of Financing Costs to Net Revenue Stream

Limit/Indicator	Limit	Actual
	%	%
Ratio of financing costs to net revenue stream	5.2	4

- This ratio represents the total of all financing costs e.g. interest payable and minimum revenue provision (MRP) that are charged to the revenue budget as a percentage of the amount to be met from Government grants and taxpayers (net revenue stream).

2. Capital Financing Requirement (CFR)

Limit/Indicator	Limit	Actual
	£000	£000
Capital Financing Requirement	199,373	199,373

- The Capital Financing Requirement is aimed to represent the underlying need to borrow for a capital purpose and is calculated from the aggregate of specified items on the balance sheet.
- The CFR increases by the value of capital expenditure not immediately financed (i.e. borrowing) and is reduced by the annual MRP repayment.

3. Capital Expenditure

Limit/Indicator	Limit	Actual
	£000	£000
Capital expenditure	109,634	24,651

- This is the total capital expenditure incurred (from all funding sources).

4. Incremental Impact of Capital Investment Decisions

Limit/Indicator	Limit	Actual
	£	£
For the Band D Council Tax	13	0.35

- This is the estimate of the net incremental impact of the capital investment decisions, based on the level of borrowing set out in the report and reflects the total cost of this additional borrowing (interest payments and minimum revenue provision), as a cost on Council Tax.
- The actual cost will depend on final funding. For every £1 increase on Band D properties, approximately £0.065m would be raised.

5. Operational Boundary and Authorised Limit on External Debt and Other Long Term Liabilities

Limit/Indicator	Limit	Actual
	£000	£000
Operational Boundary for external debt	220,710	140,795
Authorised Limit for external debt	240,710	140,795

- The Authorised Limit for External Debt sets the maximum level of external borrowing on a gross basis (i.e. excluding investments) for the Council.
- The operational boundary for External Debt comprises the Council's existing debt plus the most likely estimate of capital expenditure/financing for the year. It excludes any projections for cash flow movements. Unlike the authorised limit, breaches of the operational boundary (due to cash flow movements) are allowed during the year as long as they are not sustained over a period of time.
- These limits include provision for borrowing in advance of the Council's requirement for future capital expenditure. This may be carried out if it is thought to be financially advantageous to the Council.

6. Upper and lower limits on Interest Rate Exposures

Limit/Indicator	Limit	Actual
	£000	£000
Upper limit for fixed interest rate exposure	199,373	13,415
Upper limit for variable interest rate exposure	66,458	(17,002)

- These limits are in respect of our exposure to the effects of changes in interest rates.
- The limits reflect the net amounts of fixed/variable rate debt (i.e. fixed/variable loans less fixed/variable investments).

7. Upper Limit for Total Principal Sums Invested for Over 364 Days

Limit/Indicator	Limit	Actual
	£000	£000
Upper limit for sums invested over 364 days	30,000	3,000

- This limit is in respect of treasury investments made for a duration longer than one year.


8. Maturity structure for fixed rate borrowing

Indicator	Limit	Outturn
Under 12 months	0% to 15%	0.87%
12 months and within 24 months	0% to 15%	2.41%
24 months and within 5 years	0% to 30%	0.39%
5 years and within 10 years	0% to 40%	2.13%
10 years and above	50% to 100%	94.19%

- This indicator is in respect of all of the Council's fixed rate borrowing with PWLB or other market lenders.

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Agenda Item 6.

Report To:	AUDIT PANEL
Date:	26 July 2022
Reporting Officer:	Kathy Roe – Director of Finance
Subject:	REVIEW OF INTERNAL AUDIT 2021/22
Report Summary:	The report reviews Internal Audit and measures practices and performance of the Internal Audit function against the standards set out in the Public Sector Internal Audit Standards (PSIAS). The Internal Audit service does comply with PSIAS, with a few improvement recommendations. This compliance contributes to the overall effectiveness of the system of internal control within the Council.
Recommendations:	That the report be noted.
Corporate Plan:	Internal Audit supports the individual operations, which deliver the objectives within the Corporate Plan.
Policy Implications:	Effective Internal Audit supports the achievement of Council objectives and demonstrates a commitment to high standards of corporate governance.
Financial Implications: (Authorised by the statutory Section 151 Officer and Chief Finance Officer)	Effective Internal Audit assists in safeguarding assets, ensuring the best use of resources and the effective delivery of services.
Legal Implications: (Authorised by Borough Solicitor)	<p>The council is required comply with the Accounts and Audit Regulations 2021 as set out in the main body of the report.</p> <p>The aim of the regulations is to ensure that the Council undertakes an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account the public sector internal auditing standards or guidance.</p> <p>The Regulations also require the council to conduct a review of the effectiveness of the system of internal control annually again as set out in the main body of the report.</p>
Risk Management:	Assists in providing the necessary levels of assurance that the significant risks relating to Council operations are being effectively managed.
Access to Information:	<p>The background papers relating to this report can be inspected by contacting the report author, Caroline Barlow, Assistant Director of Finance by contacting:</p> <p> Telephone: 0161 342 5584</p> <p>e-mail: caroline.barlow@tameside.gov.uk</p>

1. INTRODUCTION

1.1 The purpose of this report is to provide the Audit Panel with the background to the review of Internal Audit, the requirements of the Public Sector Internal Audit Standards 2017, the CIPFA Local Government Application Note 2019 and the process that has been adopted, along with details of the review itself.

1.2 It is the responsibility of the Council to conduct the annual review of the effectiveness of the system of internal control in accordance with the Accounts and Audit Regulations 2015 as detailed below and the review of internal audit is one element of the assurance process in place that culminates in the production of the Annual Governance Statement referred to in section 1.5.

1.3 Accounts and Audit Regulations Part 2, Section 3 – Responsibility for Internal Control

A relevant authority 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.

1.4 Accounts and Audit Regulations Part 2, Section 5 – Internal Audit

- (1) 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 Auditing Standards or guidance.
- (2) Any officer or member of a relevant body must, if required to do so for the purpose of the internal audit:
 - (a) Make available such documents and records; and
 - (b) Supply such information and explanation;as are considered necessary by those conducting the internal audit.
- (3) In this regulation “documents and records” includes information recorded in an electronic form.

This is supported by the Council’s Financial Regulations, which reflect Internal Audit’s statutory authority to review and investigate all areas of the Council’s activities in order to ensure that the Council’s interests are protected.

1.5 Accounts and Audit Regulations Part 2 Section 6 – Review of Internal Control System

- (1) A relevant authority 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) If the relevant authority referred to in paragraph (1) is a Category 1 authority (Tameside MBC falls into this category), following the review, it must:
 - (a) consider the findings of the review required by paragraph (1)(a):
 - (i) by a committee; or
 - (ii) by members of the authority meeting as a whole; and
 - (b) approve the Annual Governance Statement prepared in accordance with paragraph (1)(b) by resolution of:
 - (i) a committee; or
 - (ii) members of the authority meeting as a whole.

- (3) (Excluded as this clause relates to Category 2 authorities and the Council is a Category 1.)
- (4) The Annual Governance Statement, referred to in paragraph (1)(b) must be:
 - (a) approved in advance of the relevant authority approving the statement of accounts in accordance with regulations 9(2)(b) or 12(2)(b) (as the case may be); and
 - (b) prepared in accordance with proper practices in relation to accounts.

2. INTERNAL AUDIT IN TAMESIDE

- 2.1 The function was managed by the Head of Risk Management and Audit Services who during 2021/22 reported directly to the Assistant Director of Finance (Deputy Section 151 Officer).
- 2.2 Internal Audit team consists of the Risk Management and Audit Services Manager, two Principal Auditor posts, three Senior Auditor posts and two Auditor posts. Staff have a range of experience and relevant qualifications, and we also have two dedicated Fraud Investigators/Counter Fraud Specialists.
- 2.3 The Internal Audit Service is provided to all Directorates/Service Areas together with schools and a comprehensive list of all auditable areas is maintained within the Audit Management System "Galileo". A detailed Annual Audit Plan is produced at the start of each financial year after consultation with both officers and members. Internal Audit also provides their services to the Greater Manchester Pension Fund.

3. PUBLIC SECTOR INTERNAL AUDIT STANDARDS

- 3.1 The Public Sector Internal Audit Standards (PSIAS) 2017 and the Chartered Institute of Public Finance and Accountancy (CIPFA) Application Note for Local Government provide the standards for the review.
- 3.2 The standards provide; the Mission of Internal Audit, a definition of Internal Auditing, Core Principles for the Professional Practice of Internal Auditing, a Code of Ethics for Internal Auditors working in the Public Sector and the requirements themselves. The Standards are mandatory for all internal auditors working in the UK public sector.
- 3.2 The mission for Internal Audit is:-
"To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight".
- 3.3 The definition of Internal Audit is:-
"Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes".
- 3.4 The definition recognises the consultancy work undertaken and emphasises the need to ensure that the audit function is adding value to and improving the organisations operations.
- 3.5 It is recognised in the standards that the provision of assurance work is the primary role for Internal Audit in the UK public sector. The role requires the Chief Audit Executive (Head of Risk Management and Audit) to provide an annual internal audit opinion based on an objective assessment of the framework of governance, risk management and control. Consulting services are advisory in nature and are generally performed at the specific request of the organisation with the aim of improving governance, risk management and control and contributing to the overall opinion.

3.6 The Core Principles for the Professional Practice of Internal Auditing taken as a whole articulate internal audit effectiveness and confirm that it is achieving the mission of internal audit above. The principles are listed below:-

- Demonstrates integrity;
- Demonstrates competence and due professional care;
- Is objective and free from undue influence (independent);
- Aligns with the strategies, objectives and risks of the organisation;
- Is appropriately positioned and adequately resourced;
- Demonstrates quality and continuous improvement;
- Communicates effectively;
- Provides risk-based assurance;
- Is insightful, proactive and future focused; and
- Promotes organisational improvement.

3.7 The purpose of the Code of Ethics is to promote an ethical culture in the profession of internal auditing. It extends beyond the definition of internal auditing to include two essential components:-

- Principles that are relevant to the profession and practice of internal auditing.
- Rules of conduct that describe behaviour norms expected of internal auditors. These rules are an aid to interpreting the Principles into practical applications and are intended to guide the ethical conduct of internal auditors.
- There are four principles:-
 - **Integrity** – the integrity of internal auditors establishes trust and thus provides the basis of reliance on their judgement.
 - **Objectivity** – internal auditors exhibit the highest level of professional objectivity in gathering, evaluating and communicating information about the activity or process being examined. They make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests or by others in forming judgements.
 - **Confidentiality** – internal auditors respect the value and ownership of information they receive and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so.
 - **Competency** – internal auditors apply the knowledge, skills and experience needed in the performance of internal auditing services.

3.8 The standards themselves are divided into two categories and they provide confirmation that both the Core Principles and the Code of Ethics are adhered to by both individuals and entities that deliver internal auditing services:-

- Attribute Standards
- Performance Standards

3.9 Table 1 shows the individual standards within the above two categories.

Table 1 – Public Sector Internal Audit Standards

Standards
Attribute
1000 – Purpose, Authority and Responsibility
1100 – Independence and Objectivity
1200 – Proficiency and Due Professional Care
1300 – Quality Assurance and Improvement Programme
Performance
2000 – Managing the Internal Audit Activity

Standards
2100 – Nature of Work
2200 – Engagement Planning
2300 – Performing the Engagement
2400 – Communicating the Results
2500 – Monitoring Progress
2600 – Communicating the Acceptance of Risks

4. EXTERNAL PEER REVIEW OF INTERNAL AUDIT

- 4.1 The Standards require that an external assessment of an organisation’s internal audit function is carried out once every five years by a qualified, independent assessor or assessment team from outside of the organisation. External assessments can be in the form of a full external assessment, or a self-assessment with independent external validation.
- 4.2 In collaboration the North West Chief Audit Executives’ Group (NWCAE) established a ‘peer-review’ process that was managed and operated by the constituent authorities. The process addressed the requirement of external assessment by ‘self-assessment with independent external validation’.
- 4.3 The Peer Review for Tameside was carried out by Blackpool Council and Bolton Council in March 2018 and confirmed that the Internal Audit Service conformed to the 2013 standards. The next review will be conducted during 2022/23.

5. SELF-ASSESSMENT AGAINST THE STANDARDS 2021/22

- 5.1 Table 2 shows the assessment against each of the individual standards within the two categories of Attribute and Performance.

Table 2 - Assessment against the Public Sector Internal Audit Standards

Standard	2021/2022
Attribute	Fully Compliant
1000 – Purpose, Authority and Responsibility	✓
1100 – Independence and Objectivity	✓
1200 – Proficiency and Due Professional Care	✓
1300 – Quality Assurance and Improvement Programme	✓
Performance	
2000 – Managing the Internal Audit Activity	✓
2100 – Nature of Work	✓
2200 – Engagement Planning	✓
2300 – Performing the Engagement	✓
2400 – Communicating the Results	✓
2500 – Monitoring Progress	✓
2600 – Communicating the Acceptance of Risks	✓

- 5.2 Internal Audit comply with the requirements of the standards, however, there are three areas to note that have affected the independence of the Team in 2021/2022:-
- The Head of Risk Management and Audit (CAE) was the Senior Information Risk Owner (SIRO); and
 - One member of the Team was involved in the actual processing of COVID-19 Business Support Grants in the early part of 2021/22.
 - One of the Auditors in the Team has also been providing some support to the Financial Management Team due to their capacity issues in relation to reconciliations, which means going forward he cannot audit that area. However, it has been beneficial for two reasons; it has expanded his financial systems knowledge/experience and provided critical evidence for his Association of Accounting Technicians Study Portfolio.
- 5.3 Controls are in place to ensure that Internal Audit's independence is managed and maintained, in that the Head of Risk Management and Audit would not be involved in any audits relating to her other areas of responsibility and those staff involved in processing grants/reconciliation work will not be involved in any audits relating to the work they have undertaken.
- 5.4 The PSIAS Developments are detailed in Table 3 and are categorised as follows:-
- Development highlighted from the 2018 External Peer Review;
- Developments identified as part of the subsequent Self-Assessments;

Table 3 – PSIAS Developments

Developments	Responsible	Position Statement – May 2022
PSIAS External Peer Review 2018		
Consider allocating the formal SIRO designation to a chief officer, even if the internal audit team continues to support the SIRO function.	Director of Finance Director of Governance and Pensions	A review of the roles relating to Information Governance has been included in the 2021/22 Annual Governance Statement Guidance identifies that the SIRO should be an Executive Director or other senior member of the Board. Due to the retirement of the Head of Risk Management and Audit at the end of June 2022, discussions are underway with the Assistant Director of Finance (Deputy Section 151 Officer) and the Director of Governance and Pensions to review the role of SIRO and the management of Data Protection/Information Governance work. Revised Deadline: September 2022
Developments from Self-Assessment		
A formal assurance mapping exercise needs to be undertaken and documented.	Head of Risk Management and Audit and Principal Auditors Dec 2021	An Assurance Framework is being developed in conjunction with the North West Chief Audit Executive Group. Revised Deadline: September 2022
An independent review needs to be undertaken to evaluate the	Principal Auditors	Whilst an audit had been included in the Internal Audit Plan for 2021/22,

Developments	Responsible	Position Statement – May 2022
effectiveness of the organisation's risk management processes.	March 2022	the Risk, Insurance and Information Governance Team, had significant capacity issues due to two vacancies. Progress was therefore behind schedule and developments/improvements still underway. The audit has been included in the Internal Audit Plan for 2022/23. Revised Deadline: March 2023
The audit process needs to be reviewed to ensure that reports are issued in a timely manner.	Head of Risk Management and Audit and Principal Auditors Dec 2021	Work still outstanding. Revised Deadline: Dec 2022

6 Performance Indicators, Value Added and Feedback

6.1 Internal Audit has three key performance indicators and for 2021/22:

- 91% of Plan Complete (Target 90%)
- 86% of Recommendations Implemented (Target 90%)
- 100% Customer Satisfaction (Target 90%)

6.2 The Percentage of Recommendations Implemented has been affected by COVID-19 and capacity within teams to address improvements identified.

6.3 With regards to Added Value in the annual plan we endeavour to incorporate a mixture of assurance audits and consultancy reviews requested by management to ensure that the service meets the needs and expectations of the Council. Part of our work involves providing independent assurance regarding the implementation of new systems to ensure that the data is migrated correctly and that the control environment is satisfactory from the outset and this work is valued by managers. During 2022/2022 we provided assurance on the following projects:-

System Sign Offs

- Pension Fund – Smarter Scan
- Place – Taxi Compliance Booking System

Verification and Assurance Work

- Mossley Hollins High – Grant Assurance
- George Byrom Trust – Final Accounts Audit
- COVID-19 Business Support Grants
- HR/Payroll iTrent Self Service
- Agresso Developments
- Annual Car Allowance Review
- Bank Holiday Pay Review
- Pension Fund – My Pension Upgrades
- Pension Fund – iConnect
- Changes to the Term Time Only Calculation
- Members Allowances Publication
- Softbox Upgrade

- Control reports resulting from frauds

6.4 Furthermore, the Team gets involved in service redesigns and providing advice and support during the process, as it is more efficient and effective if we can ensure that controls are in place at the outset rather than auditing after the event and then finding issues and concerns.

6.5 Customer feedback is very positive and can be demonstrated in many ways:-

- Customer satisfaction is very high at 100%, which signifies that auditees appreciate the process, albeit, sometimes they do not like the outcome, especially if a low level of assurance is given;
- At the planning stage requests for work always outweigh resources available;
- In year we receive a significant number of requests for advice and support; and
In year we receive requests to get involved in new projects and changes to system and processes to ensure the control environment is robust and not undermined by the proposed changes.

6.6 The performance of the wider organisation is monitored by the team as we keep a watching brief over the changing profile of risks affecting service delivery from a variety of sources. Through consultation with Executive Members/Senior Managers, facilitating the Information Governance Group, fraud briefings/bulletins and attending Greater Manchester Groups a wealth of intelligence is amassed which enables the internal audit plan and approach to be adapted to keep pace with the changing complexities of the Council.

6.7 Clearly, an important input into the review of Internal Audit is the view of our External Auditors and a good working relationship is in place and positive feedback has been received during review meetings.

7. MANAGING THE RISK OF FRAUD AND CORRUPTION

7.1 The Chartered Institute of Public Finance and Accountancy issued, via its Counter Fraud Centre, a Code of Practice in 2014 entitled "Code of Practice on Managing the Risk of Fraud and Corruption". The Fighting Fraud and Corruption Locally 2020 is the updated Counter Fraud and Corruption Strategy for Local Government. It provides a blueprint for a coordinated response to fraud and corruption perpetrated against local authorities.

7.2 Work to assess the team against the requirements is underway, however progress has been delayed due to the COVID-19 pandemic and the increased number of fraud referrals received in relation to business support grants during 2020/21 and 2021/22.

8. CIPFA STATEMENT ON THE ROLE OF THE HEAD OF INTERNAL AUDIT (HIA)

8.1 The Statement sets out the five principles that define the core activities and behaviours that belong to the role of the HIA (Head of Risk Management and Audit) in public service organisations and the organisational arrangements needed to support them. Successful implementation of each of the principles requires the right ingredients in terms of:-

- the organisation;
- the role; and
- the individual.

For each principle, the Statement sets out the organisational requirements to ensure that HIA's are able to operate effectively and perform their core duties. The Statement also sets out the core responsibilities of the HIA. Summaries of personal skills and professional standards then detail the leadership skills and technical expertise organisations can expect from their HIA.

8.2 The five principles are as follows:-

- The HIA plays a critical role in delivering the organisation's strategic objectives by objectively assessing the adequacy of governance and management of risks, giving an evidence-based opinion on all aspects of governance, risk management and internal control;
- The HIA in a public service organisation plays a critical role in delivering the organisation's strategic objectives by championing best practice in governance and commenting on responses to emerging risks and proposed developments;
- The HIA must be a senior manager with regular and open engagement across the organisation, particularly with the Leadership Team and with the Audit Committee;
- The HIA must lead and direct an internal audit service that is resourced appropriately, sufficiently and effectively; and
- The HIA must be professionally qualified and suitably experienced.

8.3 A self-assessment has been undertaken against the checklist published in the report by the Chartered Institute of Public Finance and Accountancy on the role of the Head of Internal Audit as part of the review of the system of internal audit and the Head of Internal Audit (Head of Risk Management and Audit) is in full compliance with the five principles and the supporting standards.

9. AUDIT PANEL

9.1 The system of internal control includes the role of the Audit Panel and, in particular, it's role in the receipt and evaluation of reports from the Head of Risk Management and Audit Services, both in terms of assurance opinions and in ensuring that appropriate arrangements are in place to evaluate and improve the effectiveness of risk management, control and governance processes across the Council. The Audit Panel has operated in accordance with the Chartered Institute of Public Finance and Accountancy guidance for 2021/22.

10. CONCLUSIONS

10.1 The Self-Assessment conducted in May 2022 confirms that Internal Audit conforms to the requirements of the Public Sector Internal Audit Standards and the CIPFA Local Government Application Note 2019.

10.2 From the review of Internal Audit, it can be concluded that Internal Audit helps the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes in accordance with the Public Sector Internal Auditing Standard's definition. Taking on board the positive comments received from Senior Management Teams, Executive Members and the Audit Panel, assurance can be given that the Council has an adequate and effective Internal Audit function which contributes to the overall effectiveness of the system of Internal Control.

11. RECOMMENDATION

11.1 As set out on the front of the report.

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Agenda Item 7.

Report To:	AUDIT PANEL
Date:	26 July 2022
Reporting Officer:	Christine Weston– Interim Head of Risk Management and Audit Services
Subject:	RISK MANAGEMENT AND AUDIT SERVICES – ANNUAL REPORT 2021/22
Report Summary:	The report summarises the work performed by the Service Unit and provides assurances as to the adequacy of the Council's System of Internal Control.
Recommendations:	Members note the report and the performance of the Service during 2021/22.
Corporate Plan:	Risk Management and Internal Audit support the individual operations, which deliver the objectives within the Corporate Plan.
Policy Implications:	Effective Risk Management and Internal Audit supports the achievement of Council objectives and demonstrates a commitment to high standards of corporate governance.
Financial Implications: (Authorised by the statutory Section 151 Officer and Chief Finance Officer)	Effective Risk Management and Internal Audit assists in safeguarding assets, ensuring the best use of resources and the effective delivery of services. It also helps to keep insurance premiums and compensation payments to a minimum.
Legal Implications: (Authorised by the Borough Solicitor)	<p>The various pieces of legislation governing how the Council operates its risk and audit function are set out in the main body of the report.</p> <p>The purpose of this legislation is to ensure that the Council delivers its strategic aim and operates its business, under general principles of good governance.</p> <p>In particular Members need to be aware that the Council has a statutory responsibility to have in place arrangements for managing risks, as stated in the Accounts and Audit Regulations 2015 (as amended): <i>A relevant authority must ensure that it has a sound system of internal control which includes effective arrangements for the management of risk.</i></p> <p>Such good governance is all the more critical in times when the council is operating in a particularly challenging financial climate.</p>
Risk Management:	The services of the Risk Management and Audit Service Unit assists in providing the necessary levels of assurance that the significant risks relating to the Council's operations are being effectively managed and controlled and that a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes is in place.

Access to Information:

The background papers can be obtained from the author of the report, Christine Weston, Interim Head of Risk Management and Audit Services by contacting:



Telephone: 0161 342 2356



e-mail: christine.weston@tameside.gov.uk

1 INTRODUCTION

1.1 The purpose of the report is to present a review of the Risk Management and Audit Service for 2021/22, including the provision of an opinion on how the Council secures governance, risk management and internal control.

1.2 The service covers:-

- Internal Audit (including Irregularity Investigations and Counter Fraud work);
- Risk, Insurance and Information Governance; and
- National Anti-Fraud Network (NAFN) Data and Intelligence Services.

2 KEY SERVICE ACHIEVEMENTS DURING 2021/22

2.1 The major achievements of the Service Unit for 2021/22 are shown below.

<ul style="list-style-type: none">• The implementation rate for audit recommendations was 86%.
<ul style="list-style-type: none">• The percentage of Planned Audits completed was 91%.
<ul style="list-style-type: none">• Customer feedback is very positive with continued high levels of satisfaction demonstrated on customer questionnaires and feedback from managers.
<ul style="list-style-type: none">• Annual reports, plans and regular progress reports presented to Members via the Audit Panel and the Greater Manchester Pension Fund Local Board.
<ul style="list-style-type: none">• The Annual Governance Statement 2020/21 was produced in accordance with best practice and agreed timescales and no adverse comments were received when our External Auditors (Mazars) reviewed it.
<ul style="list-style-type: none">• Advice and support has continued to be provided to both the Place Directorate and Exchequer Services to ensure the COVID-19 grants to support businesses, individuals and Energy Costs were assessed and paid following a robust process to minimise the likelihood of fraud.
<ul style="list-style-type: none">• Grant claims reviewed by Internal Audit during 2021/22 have resulted in grants totalling £82,871 being withheld and Fraudulent claims totalling £150,119 being investigated and pursued through to recovery.
<ul style="list-style-type: none">• The National Anti-Fraud Network (NAFN) has worked closely with Central Government including the Cabinet Office and the Department for Business, Energy and Industrial Strategy to continue to provide data and intelligence regarding the number and value of frauds from members.
<ul style="list-style-type: none">• Following an inspection in November 2021, NAFN received a very successful inspection outcome from the Investigatory Powers Commissioners Officer (IPCO), receiving no recommendations, three minor observations and recognition for three areas of good practice.
<ul style="list-style-type: none">• NAFN were finalists in two iNetwork Innovation Awards and were successful in winning the iStandUK Award in recognition of the NR3 National Register of Licensing Refusals and Revocations.
<ul style="list-style-type: none">• The insurance renewal process was completed on time and all policies were updated and effective from April 2022 and within budget.
<ul style="list-style-type: none">• Information Governance support has been provided across the Council to support numerous projects both local and GM wide to ensure data/information is managed in accordance with UK GDPR and the Data Protection Act 2018.

3 INTERNAL AUDIT

3.1 The definition of Internal Audit is outlined by the Public Sector Internal Audit Standards as follows:

“Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its

objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes”.

3.2 The key elements of the definition are:-

- **Risk Management** – A process to identify, assess, manage and control potential events or situations to provide reasonable assurance regarding the achievement of the organisation’s objectives.
- **Control** – Any action taken by management, the board and other parties to manage risk and increase the likelihood that established objectives and goals will be achieved. Management plans, organises and directs the performance of sufficient actions to provide reasonable assurance that objectives and goals will be achieved.
- **Governance** – The combination of processes and structures implemented by the Board to inform, direct, manage and monitor the activities of the organisation toward the achievement of its objectives.

3.3 The provision of Internal Audit is defined by the following legislation

- **Local Government Act 1972 Section 151**

“Every Local Authority shall make arrangements for the proper administration of its financial affairs and shall secure that one of its officers has responsibility for the administration of those affairs”

The Council’s Constitution formally nominates the Director of Finance as the Council’s Section 151 Officer who will rely on the work of the Internal Audit Service for assurance that the Council’s financial systems are operating satisfactorily.

- **Accounts and Audit Regulations 2015 (as amended) Part 2, Section 3 – Responsibility for Internal Control**

A relevant Authority 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.

- **Accounts and Audit Regulations 2015 (as amended) Part 2, Section 5 – Internal Audit**

(1) 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 auditing standards or guidance.

(2) Any officer or member of a relevant body must, if required to do so for the purpose of the internal audit:

- a) Make available such documents and records; and
- b) Supply such information and explanations;

as are considered necessary by those conducting the internal audit.

(3) In this regulation “documents and records” includes information recorded in an electronic form.

This is supported by the Council’s Financial Regulations, which reflect Internal Audit’s statutory authority to review and investigate all areas of the Council’s activities in order to ensure that the Council’s interests are protected.

- **Accounts and Audit Regulations 2015 (as amended) Section 6 – Review of Internal Control System**

(1) A relevant Authority 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) If the relevant Authority referred to in paragraph (1) is a Category 1 Authority, following the review, it must:
 - a) consider the findings of the review required by paragraph (1)(a):
 - i) by a committee; or
 - ii) by members of the Authority meeting as a whole; and
 - b) approve the annual governance statement prepared in accordance with paragraph (1)(b) by resolution of:
 - i) a committee; or
 - ii) members of the Authority meeting as a whole.
- (3) Relates to Category 2 Authorities and not applicable to the Council.
- (4) The annual governance statement, referred to in paragraph (1)(b) must be:
 - a) approved in advance of the relevant authority approving the statement of accounts in accordance with regulations 9(2)(b) or 12(2)(b) (as the case may be); and
 - b) prepared in accordance with proper practices in relation to accounts (a).

3.4 The Terms of Reference for the Audit Panel adequately meet the requirements of the Accounts and Audit Regulations 2015 (as amended) and the Chartered Institute of Public Finance and Accountancy Position Statement: Audit Committees in Local Authorities and Police 2022.

3.5 The review of the effectiveness of the system of internal control referred to in paragraph 3.3 has been conducted and a separate report is on the agenda. The Annual Governance Statement is also on the agenda.

4 AUDIT COVERAGE FOR 2021/22

4.1 The report presented to the Audit Panel on 16 March 2021 provided an overview of the work planned for 2021/22 for the Service Unit. The Original Annual Audit Plan of 1,666 Days was detailed in the report and approved by the Audit Panel. The Audit Plan, however, as reported during the year has been revised on a regular basis to ensure that it was aligned to changes in service priorities, risks, directorate structures and resources available.

4.2 The Team has continued to work from home for the majority of the year. A hybrid approach is now being trialled and a Team Charter created to document the working arrangements going forward.

4.3 **Table 1** below shows the full year position of the Audit Plan by Directorate/Service Area. It details the Approved Plan, the Revised Plan, the Actual Days delivered as at 31 March 2022 and the percentage completed.

4.4 The Actual Days delivered to 31 March 2022 of 1,508 were 76 less than the Revised Plan of 1,584 days. The shortfall is a result of the unanticipated loss of an Auditor in March 2022, additional professional training as a member of the team commenced the Association of Accounting Technicians Qualification (AAT) part way through the year and further intensive on the job training for the developing Auditors/Senior Auditor.

Table 1 – Audit Plan Activity 2021/22

Directorate/Service Area	Approved Plan Days 2021/22	Revised Plan Nov 2021	Actual Days March 2022	% Plan Complete
Children's	90	123	96	78
Children's Schools/Learning	128	131	121	92

Adults	87	80	91	114
Population Health	21	4	2	50
Place	163	127	98	77
Governance	206	187	196	105
Finance	194	163	152	93
Greater Manchester Pension Fund	300	300	321	107
Cross Cutting	84	51	17	33
Total Planned Days 2021/22	1,273	1,166	1,094	94
Counter Fraud Work/Investigations	393	418	414	99
Total Days for 2021/22	1,666	1,584	1,508	95

4.5 The charts below detail the Revised Plan Days and Actual Days Delivered per Directorate/Service Area for 2021/22.

Chart 1 – Revised Plan Days 2021/22

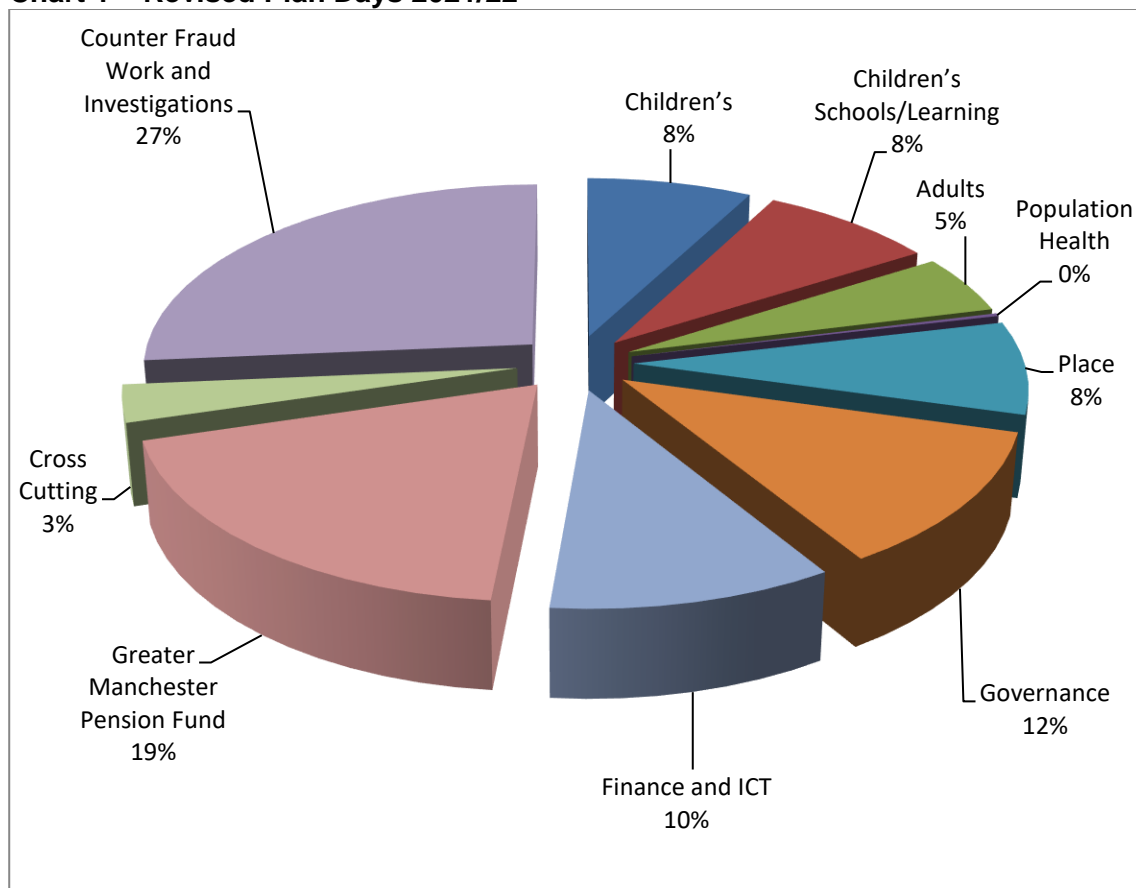


Chart 2 – Audit Days Delivered 2021/22

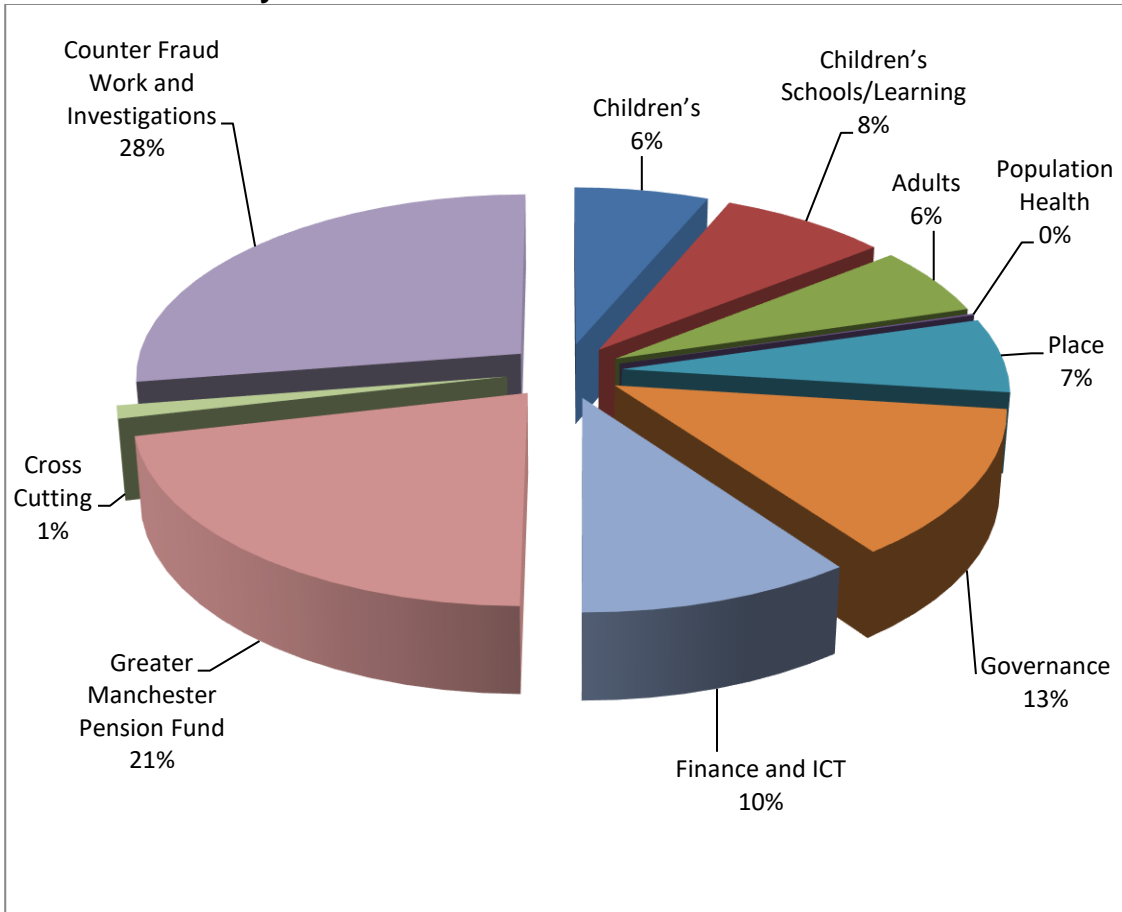
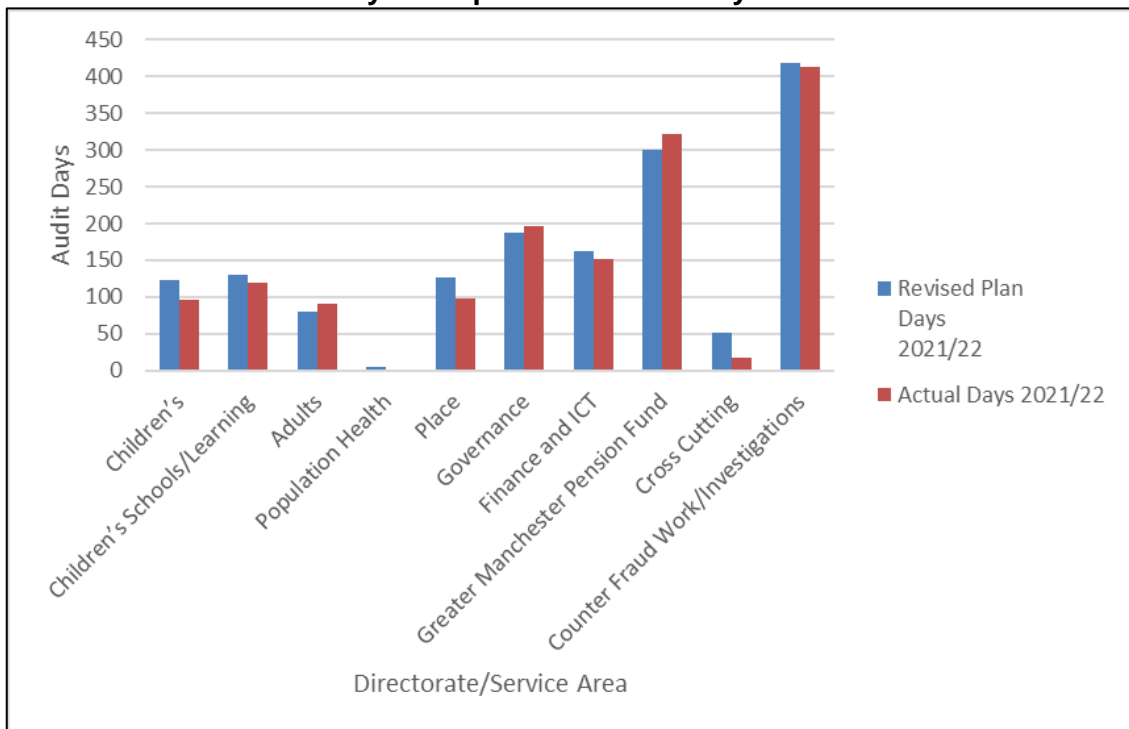


Chart 3 – Revised Plan Days Compared to Actual Days Delivered 2021/22



- 4.6 The successful delivery of the plan can be measured in three ways:-
- Actual Productive Audit Days Delivered against the Revised Plan
The days delivered against the plan, including Fraud Work totalled 1,508 compared to the revised plan of 1,584, which represents 95%.
 - Actual Productive Audit Days Delivered against the Original Plan
The days delivered against the plan, including Fraud Work totalled 1,508 compared to the original plan of 1,666, which represents 91%.
 - Percentage of Planned Audits Completed
This measure focuses on the planned audits, calculates the actual rate of completion per audit, and then consolidates the individual outcomes into one single percentage figure. The figure for 2021/22 is 91% compared to 94% achieved in the previous year 2020/21.
- 4.7 The following sections of the report provide details of the key areas covered during the period April 2021 to March 2022.
- 4.8 During 2021/22 work has been undertaken on the financial systems detailed in **Table 2** below to ensure they were operating securely, fit for purpose and that the information generated from them into the general ledger was reliable. Where issues were identified as part of the systems audit work, action plans were agreed with management and these will be followed up in due course.

Table 2 – Financial Systems Work 2021/22

Final Reports Issued	Level of Assurance
Procurement of Placements for Children	Medium
Children’s Homes – Review of Expenditure	N/A
Procure to Pay	Medium
Treasury Management	High
New Custodian Arrangements	High
Ill Health Insurance Arrangement	High
Local Investments - GMPVF	High
Draft Report Issued	
Council Tax	

- 4.9 Table 3 shows the work that was still in progress at the year end.

Table 3 – Work In Progress as at 31 March 2022

Work in Progress
Contract Monitoring – Care Homes
Budgetary Control and Financial Management - Adult Services
New BACS System Sign Off
Treasury Management Workflow Sign Off
AVC’s – Arrangements with Prudential
Fund Manager – Sci Beta
Northern Private Equity Partnership
PAR – Determination and Recovery of Adult Service Care and Support Charges
PAR – Procure to Pay
PAR – Pension Benefits Payable
PAR – Ill Health and Early Retirement

4.10 Sections 4.11 to 4.18 provide details of the audit work undertaken in each directorate.

4.11 **Adults**

Areas reviewed during the year have included:-

- Contract Monitoring – Care Homes
- Safeguarding
- Learning Disability Client Accounts
- Budgetary Control and Financial Management

4.12 **Children's/Learning**

Areas reviewed during the year have included:-

- Supporting Families
- Fostering
- Agency Workers Timesheets
- Procurement of Placements for Children
- Children's Homes – Review of Expenditure

The audit work carried out on Schools in 2021/22 is detailed below in paragraph 4.21.

4.13 **Population Health**

No audits were delivered in this area as the Team continued to manage the Council's response to Coronavirus/COVID-19.

4.14 **Place**

Areas reviewed during the year have included:-

- Support in setting up the Grant payment process
- Post Payment Assurance - Discretionary Business Grants
- Processing of Grants paid to support Businesses
- Hattersley Collaboration Agreement
- Capital Project Control Report
- Homelessness and Advice
- Local Authority Bus Subsidy Grant
- System Sign Off – Taxi Compliance Booking System
- Household Support Fund

4.15 **Governance**

Areas reviewed during the year have included:-

- Advice and Support – Omicron Hospitality and Leisure Grants
- Post Payment Assurance – Business Grants
- Capita System Review
- Council Tax
- Assurance Work – Term Time Only Calculations/Payments
- Registrars Financial Audit
- Advice and Support – iTrent Self-Service
- Softbox Upgrade
- Car Allowance Assurance Work
- Advice re Agresso developments
- Review of the changes to the Term Time Only Calculation
- Review of members Allowances publication

4.16 **Finance**

Areas reviewed during the year have included:-

- Treasury Management
- Audit of Accounts – George Byrom Trust
- Support to Financial Management
- Control Report – Covid Grant

- Network Management/Security
- Access Control Management
- Vulnerability Management
- Cooperative Network Infrastructure (CNI)
- Physical and Environmental Controls

4.17 Crosscutting

Areas reviewed during the year have included:-

- Domestic Abuse – Contact Monitoring

4.18 Greater Manchester Pension Fund:-

Areas reviewed during the year have included:-

- Treasury Management
- Smarter Scan Sign off
- Debtors
- Website Security and Cyber Security
- I Connect Post Implementation Review
- Fund Managers – Stone Harbor and Sci Beta
- Northern Private Equity Partnership
- Advice and Support – My Pension and MS365
- Visits to Contributing Bodies
- Additional Voluntary Contributions (AVCs) – Arrangements with Prudential
- Ill Health Insurance Arrangements
- Advice, Support and Assurance Work – iConnect
- Local Investments
- Advice in relation to system changes and updates

4.19 A summary of the audit opinions issued in relation to risk/system based audit work for 2021/22, compared to 2020/21 and 2019/20 is shown in Table 4 below: -

Table 4 – Final Reports System Based Audits

Opinion	Total 2021/22	%	Total 2020/21	%	Total 2019/20	%
High	9 (7)	62	5 (3)	31	7 (6)	27
Medium	4 (1)	31	7 (4)	44	14 (3)	54
Low	1 (1)	7	4	25	5 (1)	19
Sub Total	14 (9)	100	16 (7)	100	26 (10)	100
Control Reports	5		3		10	
Consultancy Reviews	1 (1)		0			
Totals	20 (10)		19 (7)	100	36 (10)	100

Note: The figures in brackets in the above table relate to the Pension Fund

4.20 Six schools have been audited and final reports issued as part of our cyclical review programme during 2021/22. A summary of the opinions issued for schools during 2021/22 compared to 2020/21 and 2019/20 is shown in Table 5 below: -

Table 5 – Audit Opinions – Schools

Opinion	Total 2021/22	%	Total 2020/21	%	Total 2019/20	%
High	2	33	3	30	1	8
Medium	4	67	5	50	12	92
Low	0	0	2	20	0	0
Totals	6	100	10	100	13	100

- 4.21 Three further draft reports have been issued for comments and management responses and these will be reported to the Panel in due course.
- 4.22 In addition to the audit reports issued 6, a significant number of days were allocated throughout the year to work that did not generate a report with a level of assurance. The areas listed below are examples of this work:-
- Grant Certification;
 - Advice, consultancy and assurance work provided to support service redesigns and the implementation of new or updated processes/systems;
 - Investigations into allegations of Fraud/Irregularities;
 - Continued advice and support to both the Place Directorate and Exchequer Services in relation to the procedures introduced to process grants provided by Central Government to support businesses in relation to COVID-19;
 - Processing COVID-19 grant applications; and
 - Control Reports – as a result of frauds.
- 4.23 It is important to note, however, that whilst the above work does not generate an audit opinion it still provides assurance to the Head of Risk Management and Audit Services in terms of the overall audit opinion and undoubtedly adds value to the Council. It ensures that expenditure is in accordance with grant conditions, that new/amended systems are introduced with satisfactory controls in place and that control issues identified as part of fraud/irregularity investigations are resolved to improve the control environment.
- 4.24 Post Audit Reviews are undertaken approximately six months after the Final Report has been issued, however, where a report with a low level of assurance has been issued, the Post Audit Review is scheduled for three months to ensure that the issues identified are addressed.
- 4.25 Twenty seven Post Audit Reviews have been completed in total during 2021/22.
- 4.26 The percentage rate of all recommendations implemented for 2021/22 is 86% compared to 88% in 2020/21 as detailed in Table 6 below. Recovery from Covid 19 and capacity issues in some Directorates/Service Areas has affected the implementation of recommendations. Where significant recommendations are outstanding a second post audit review will be scheduled to ensure adequate progress is made.

Table 6 – Summary of Post Audit Reviews Completed 2021/22

Post Audit Reviews		Recommendations		
		Agreed	Implemented	
Quarter 2021/22	Number Completed	No.	No.	%
1	11	156	133	85
2	2	17	4	24
3	9	106	100	94
4	5	43	39	91
Totals	27	322	276	86

5 ANTI-FRAUD WORK

Irregularity Investigations

- 5.1 Investigations are conducted by two members of the Internal Audit Team under the direction of a Principal Auditor and the Head of Risk Management and Audit Services to ensure consistency of approach. All cases were investigated using the approved standard protocol and procedure, which complies with best practice. A control report is produced in the majority of cases for management to ensure that corrective action is taken where possible to ensure

that the control environment is improved therefore minimising the risk of similar irregularities occurring in the future.

- 5.2 All investigations/assistance cases are reviewed by the Monitoring Officer and Section 151 Officer and, where appropriate, they challenge and comment on the cases. Assistance cases can range from obtaining information for an investigating officer to actually undertaking a large proportion of the analysis work to provide evidence for the investigatory process.
- 5.3 The number of cases investigated during the period April 2021 to March 2022 are summarised in Table 7 below.

Table 7 – Investigations Undertaken from April 2021 to March 2022

Detail	No of Cases April 2021 – March 2022
Cases B/Forward from 2021/22	34
Current Year Referrals	47
Total	81
Cases Closed	52
Cases Still under Investigation	29
Total	81
Assistance Cases	30

- 5.4 The above investigations can be categorised by fraud type as shown in Table 8 below.

Table 8 – Investigations by Fraud Type

Fraud Type	No. of Cases	Estimated Value £
Adult Social Care	7	52,323
COVID-19 Business Support Grants	56	271,231
Children’s Social Care	4	5,285
Council Tax	6	-
Blue Badge	3	-
Pensions	2	8,486
Procurement	1	-
Theft	0	-
Other	2	-
Total	81	337,325

- 5.5 The Estimated Value shows the value of the fraud and every effort is made to recover these monies.
- 5.6 During 2021/22, fifty six COVID-19 Business Support Grants have been investigated by the Corporate Fraud Team for both Exchequer Services and the Place Directorate. Table 9 below summarises the outcome of the work undertaken by the Fraud Team as at 31 March 2022. It shows that grant applications totalling £82,871 were stopped before payment due to inconsistencies in the application. After review grants totalling £150,119 are being recovered via invoice and grants to the value of £38,241 are still being investigated.

Table 9 – Investigations – Grants to Businesses

Grant Type	No. of Cases	Value £	Value of Fraudulent Claims Still under Investigation £	Payments Stopped To Date £	Value of Grants being Recovered via Invoice £
Business Grants	36	193,810	38,241	14,000	141,569
Discretionary Grants	20	77,421	0	68,871	8,550
Total	56	271,231	38,241	82,871	150,119

National Fraud Initiative

5.7 The data sets for the National Fraud Initiative (NFI) 2020 Exercise were uploaded to the Cabinet Office' Secure System in October 2020 and the initial matches identified for Tameside were received in February 2021, although the website is refreshed on an ongoing basis as matches are added. Table 10 below provides a summary of the key matches identified for investigation, those listed with a High Report Match Rating indicate that records have match on several data fields, making them the priority for review and investigation.

5.8 Table 10 – National Fraud Initiative (NFI) Findings to March 2022

NFI Data Set	NFI Report Ref.	Number of Matches	Report Match Rating	Comments		
				Processed	In Progress	No. of Error/Fraud and Value
Pensions to DWP Deceased Persons	52	936	High	936		29 Frauds 7 Errors £35,947
Pensions to Payroll	54 55	1256	High	1247	9	-
Deferred Pensions to DWP Deceased	53	158	High	152	6	96 Errors
Housing Benefits to Student Loans	2	31	High	12	19	2 Errors £3,129
Housing Benefits Claimants to DWP Deceased	49.1	32	High	32	-	-
Council Tax Reduction Scheme to Pensions	435.1 436.1 439.1	844	High	354	490	84 Errors £60,170
Council Tax Reduction Scheme to Payroll	435 436	50	High	27	23	2 Errors £2,055
Council Tax Reduction Scheme to Council Tax Reduction Scheme	446	17	High	5	12	1 Error £2,338
Council Tax Reduction Scheme to Taxi Drivers	459.2	32	High	7	25	1 Error £1,069
Council Tax Reduction Scheme to DWP Deceased	482	77	High	77	-	-
Blue Badge to DWP Deceased	172.1	297	High	297		6 Errors

NFI Data Set	NFI Report Ref.	Number of Matches	Report Match Rating	Comments		
				Processed	In Progress	No. of Error/Fraud and Value
Payroll to Payroll	66	22	High	6	16	1 Fraud £20,113
Housing Benefit Claimants to Taxi Drivers	47.1 47.2	58	High	11	47	-
Within Council Tax Rising 18s	802	41	High	15	26	10 Errors £534
COVID-19 Grants	1700 - 1710	91	High	39	52	2 Frauds £11,230 2 Errors £20,000
Totals		3,942		3,217	725	32 Frauds 211 Errors £156,585

- 5.9 The majority of High Rated Matches have now been investigated and 32 Frauds and 211 Errors totalling £156,585, have been identified from the Exercise. NFI 2020 will be closed down by the Cabinet office shortly, to enable the NFI 2020 Summary Report to be produced and the site prepared for the uploads for the 2022 exercise in October 2022.

6 NATIONAL ANTI FRAUD NETWORK DATA AND INTELLIGENCE SERVICES

- 6.1 NAFN exists to support members in their protection of the public purse and acts as an Intelligence Hub providing a single point of contact for members to acquire data and intelligence in support of investigations, enforcement action and debt collection. A breakdown of the membership is provided in Table 11.

Table 11 – NAFN Membership

Member Type	March 2022	Dec 2021	Sept 2021	June 2021
Local Authorities	367	367	362	364
Housing Associations	69	68	67	68
Other Public Bodies	33	33	32	29
Totals	469	468	461	461
Registered Users	14,975	14,763	14,064	14,089

- 6.2 Recruitment has exceeded target for all three sectors. Local authority membership has, to a large extent, been driven by the existing NR3 Database and the new Taxi and Private Hire Vehicle (Safety and Safeguarding) Act 2022. The NAFN SPOC service has continued to prove a significant draw for WPAs as they increasingly realise the benefits and added value that membership offers.
- 6.3 The forecast intake for 2021-22 was very cautious given the impact of Covid-19 and the uncertainties surrounding the availability of staffing resources within member organisations. However, overall intake of requests for 2021/22 (see Table 11) is up on the previous year as members returned to 'business as usual'.
- 6.4 Of particular note, IPA Communication Data requests were up significantly on the previous year reflecting the growth in membership, particularly Wider Public Authorities. Overall, the number of IPA enquiries was 60% above the forecast level.

- 6.5 The annual IPCO inspection of NAFN in December 2021 was very positive with no areas of non-compliance identified, three observations related to minor operational areas for possible improvement and three observations of good practice.

Table 12 – NAFN Requests Received

Type of Request	2021/22 Q1	2021/22 Q2	2021/22 Q3	2021/22 Q4	Totals 2021/22	Totals 2020/21
General Data Protection	5,505	5,950	6,249	6,685	24,389	23,648
Driver and Vehicle Licensing Agency	2,993	3,100	2,854	3,270	12,217	10,082
Investigatory Powers Act – Communications Data	889	1,072	695	832	3,488	2,312
Prevention of Social Housing Fraud Act/Council Tax Reduction Scheme	2,539	2,608	2,773	2,858	10,778	10,001
Type B (Online)	43,038	43,688	42,141	43,443	172,310	150,858
Grand Total	54,964	56,418	54,712	57,088	223,182	196,901

- 6.6 NAFN continued to work closely with Central Government including the Cabinet Office and the Business Energy and Industrial Strategy in response to COVID-19 business support grant fraud. Overall, almost 4,000 fraud incidents totalling £37.5m were recorded, of which, £28.5m was recovered or prevented. NAFN issued regular intelligence alerts supporting the local authority community.
- 6.7 Also, NAFN has been working closely with the Local Government Association, Institute of Licensing and Department for Transport providing monthly statistics on NR3 use by licensing authorities across England and Wales. In October 2021 NAFN established a National NR3 User Group. NAFN's role in supporting NR3 continued to develop and will be further enhanced following the introduction of the Taxis and Private Hire Vehicles (Safeguarding and Road Safety) Act which received Royal Assent on 31 March 2022.
- 6.8 The successful collaborative work on NR3 has been widely acknowledged and the NAFN Team recently won the iNetwork Innovation iStand Award, in recognition of the NR3 Register. The award recognises innovation and achievement in the effective use of data and information standards to improve services, enable information transparency and common understanding of a key operational issue.
- 6.9 Due to the ongoing uncertainties concerning Covid, the NAFN AGM was once again delivered online. The event provided an update from the Leadership Team on NAFN's long term strategy and service transformation. There were four breakout sessions on Public Sector Procurement Fraud and Bid Rigging, updates from the DVLA, feedback on the new NAFN Enhanced Intelligence Service and a general update on NAFN services. The event attracted over 400 delegates and feedback was very positive.
- 6.10 The NAFN Executive Board wants to pursue Project Argus which will transform the NAFN ICT infrastructure and upgrade functionality and the service offer to members. This is a major high value change project that needs to be carefully managed but is temporarily on hold pending recruitment of a suitably qualified and experienced Change Manager.
- 6.11 At the last NAFN Executive Board Meeting the Head of Risk Management and Audit notified the Board of her intention to retire bringing an end to her successful twelve year tenure as the Chair of NAFN. Elected in May 2022, the new Chair is John Peerless-Mountford who is based at Brighton and Hove City Council in their Trading Standards Department.

7 RISK MANAGEMENT AND INSURANCE

7.1 The Risk, Insurance and Information Governance Team provide services to the whole Council. The key priorities for the team during 2021/22 are detailed in Table 13 below together with a progress update to March 2022.

Table 13 – Information Governance Team Key Priorities

Key Priorities 2021/22	Progress Report – March 2022
<p>To continue to work with the Single Leadership Team to review the Corporate Risk Register ensuring that it is linked to the Corporate Plan Themes and Priorities, to review the process for recording and evaluating risks and develop operational risk registers. A key priority will be to develop the monitoring of risk registers to ensure they are reported appropriately to officers and members.</p>	<p>The updated Risk Management Policy and Strategy is now on Staff Portal and disseminated to managers. The Corporate Risk Register is updated and presented to the Single Leadership Team and the Audit Panel quarterly. Work with service areas to develop operational risk registers has been delayed to 2022/23 due to capacity issues.</p>
<p>To deliver the Information Governance Work Plan which is being developed with the Information Governance Group to ensure that the Council is compliant with all Data Protection legislation.</p>	<p>Delivery of the Work Plan has progressed during the year and a number of policies and procedures have been updated and approved, for example the IG Policy and the IG Conduct Policy. A revised Intranet page has been developed and launched. A Data Protection/Information Governance Report is now regularly presented to the Audit Panel.</p>
<p>To work with senior managers to ensure that Service Area/Units Business Continuity Plans are robust and fit for purpose and regularly reviewed to support management in responding to a major incident.</p>	<p>This work was put on hold awaiting the outcome of the Work Smart Project. As a hybrid service delivery model is now in place, work will commence during 2022/23 to update and refresh business continuity plans.</p>
<p>To review the insurance database used to ensure it is fit for purpose and that the reporting functionality is efficient and effective.</p>	<p>This review has commenced, however, the officer responsible for the research has now left the Council and other priorities have delayed completion. One of the two vacancies on the team has now been recruited to, however, capacity is still a concern and whilst important this project is currently not a key priority for the team.</p>
<p>To review the information held and introduce regular reports for management in terms of claims received to inform and improve the risk management process.</p>	<p>The format of the report is being reviewed by the Risk, Insurance and Information Governance Manager and the proposed format will be discussed with the Assistant Director of Finance prior to it being presented to officers and members.</p>
<p>To continue to support managers to assess their risks as services are redesigned to ensure that changes to systems and procedures remain robust and resilient offering cost effective mitigation and that claims for compensation can be successfully repudiated and defended should litigation occur.</p>	<p>The Team continue to provide advice and support to services areas across all four disciplines as requested:-</p> <ul style="list-style-type: none"> • Risk Management • Insurance • Information Governance • Business Continuity Planning <p>Data Protection/Information Governance</p>

Key Priorities 2021/22	Progress Report – March 2022
	work is the largest and most demanding area of work undertaken by the team.
To attend management team meetings quarterly to provide updates on insurance, information governance, risk management and business continuity.	Ongoing.

8 PERFORMANCE INDICATORS

- 8.1 The performance of the section is monitored in a variety of ways and a number of indicators have been devised to enable comparisons between financial years and between similar organisations. Formal benchmarking using the Chartered Institute of Public Finance and Accountancy has not taken place for a number of years due to budget cuts and capacity; however, the North West Chief Audit Executive Group is aiming to reintroduce the comparison of a small number of key performance indicators, albeit this has been delayed due to COVID-19.
- 8.2 The Key Performance Indicators for Internal Audit for 2021/22 are detailed in Table 14 below and they are compared to the two previous years 2020/21 and 2019/20.

Table 14 - Key Performance Indicators 2021/22

	Indicator	Target	21/22	20/21	19-20	Comments	
1	Compliance with Public Sector Internal Audit Standards	100%	100%	100%	100%	Target Achieved	
2	% of Plan Completed	90%	91%	94%	92%	Target Achieved	
3	Customer Satisfaction (per questionnaires)	90% of customers "satisfied ≥ 65%"	100%	100%	100%	Target Achieved	
4	% Recommendations Implemented	90%	86%	88%	87%	Target Not Achieved	
5	No. of Irregularities Reported/Investigated	Downward Trend	General Fraud	25	12	14	Target Not Achieved
			Grant Fraud	56	78	-	Target Achieved

- 8.3 The unachieved Target 4 relates to the Percentage of Recommendations Implemented. The response and recovery from COVID-19 and Demand-Led pressures have continued to affect the implementation of recommendations in some areas, due to capacity issues. The target, whilst critical to measure, is not controlled by Internal Audit as the implementation of recommendations is the responsibility of management and delays can occur for a number of reasons. Target 5 has been split between General Fraud and Grant Fraud. Grant Fraud cases have decreased this year, so achieving the target whilst General Fraud cases have increased, so not achieving the target.
- 8.4 The effectiveness of the Team in terms of adding value to the Council is an important element of the role of internal audit (as per the definition outlined in section 1.1) and the service as a whole, however, it is extremely difficult to use quantitative indicators to measure this performance. Added value is demonstrated by the variety of work undertaken above, the responsive and flexible approach adopted, the positive comments and feedback received from auditees and the opinion of our External Auditors that they can place reliance on the work of Internal Audit. The high number of requests for support and advice received by the

team is an acknowledgement of the experience and knowledge within the team, in relation to risks, systems and internal control, and how this is valued by managers within the organisation.

9 PUBLIC SECTOR INTERNAL AUDIT STANDARDS

9.1 The Internal Audit function was judged to be compliant with the Public Sector Internal Audit Standards (PSIAS) following an External Peer Review in March 2018, and the majority of recommendations from the review have been implemented enhancing the service further. The Self-Assessment completed for 2021/22 against the updated standard has reaffirmed full compliance.

10 QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME (QAIP)

10.1 The process and procedures in place within Internal Audit are continually reviewed and any issues/inefficiencies identified are addressed immediately to assist and improve productivity.

10.2 The service developments included in the Quality Assurance and Improvement Programme for 2021/22 are listed below in Table 15 together with a progress update.

Table 15 – Progress Update on Service Developments

Development	Progress to March 2022
PSIAS Standard 1130 Consider allocating the formal SIRO designation to a Chief Officer, even if the Internal Audit Team continues to support the SIRO function.	Due to the impact of COVID-19 and capacity issues on the Risk, Insurance and Information Governance Team, the roles relating to Information Governance have not yet been assessed. The Improvement Plan that forms part of the Annual Governance Statement for 2021/22 includes a review of the Information Governance service across the Council.
To review the Post Audit Review process to ensure the process is effective, conducted in a timely manner and reported appropriately. The use of the Audit Management system 'Galileo' will be reviewed to ascertain whether it will realise any further efficiencies in the process.	Complete. The process has now been reviewed and a revised monitoring spreadsheet has been introduced and completed for 2021/22.
To review the audit process and the Quality Control Checklist to ensure they work efficiently in the virtual world and audits are completed in a timely manner.	Due to capacity issues, on the job training/development for staff this review has not commenced.
To review the Fraud Response Plan in light of virtual working and the Savings Recording Spreadsheet to ensure it is fit for purpose.	This review is ongoing and some progress has been made, however, priority is being given to the cases under investigation to ensure they are completed in a timely manner.
To continue to work with the Assistant Director of Finance and the Deputy Chief Finance Officer (CCG) to develop a greater understanding of the Clinical Commissioning Group's services to develop an integrated service offering.	Work was deferred, awaiting the outcome of the NHS reorganisation of CCG's and the creation of the Greater Manchester Integrated Care System, which is now in place from 1 July 2022.

11 INDEPENDENCE OF INTERNAL AUDIT

- 11.1 In accordance with the Public Sector Internal Audit Standards, the Internal Audit Team/Function should remain independent of any non-audit operational responsibilities at all times. However, in response to COVID-19 and corporate priorities one member of the Audit Team has been involved in the actual processing of business support grant applications and providing support to Financial Management.
- 11.2 Also as indicated in Table 14 above the independence of the Head of Risk Management and Audit Services has not been reviewed in line with the recommendation made as a result of the External Peer Review due to COVID-19. However, following the retirement of the Head of Risk Management and Audit in June 2022 this requirement will be addressed during 2022/23.
- 11.3 However, any audit work in areas directly managed by the Head of Risk Management and Audit Services would be managed by somebody independent to the process, for instance the Assistant Director of Finance or the audit would be undertaken by another GM Audit Team. With regards to the team member involved with the processing of grants and support to Financial Management the auditor will not be involved in any associated audit work for two years.

12 AUDIT OPINION BASED ON RESULTS OF 2021/22 ACTIVITY

- 12.1 **The Audit Panel can take reasonable assurance that the Council's arrangements to secure governance, risk management and internal control are suitably designed and applied effectively.**
- 12.2 Due to the continued impact of the COVID-19 pandemic on the 2021/22 Internal Audit Plan, in that resources were diverted away to address Council Priorities in terms of providing advice and support to set up robust systems for and processing grants to support businesses, the homeless and the Council Tax Energy Rebate the above opinion is based on reduced audit work.

However, despite reduced capacity, Internal Audit continued to be involved in advising on changes to systems and processes and whilst a large proportion of the workforce were still working from home we continued to work in the virtual world for most of the year. Contact with Directors and Assistant Directors was maintained to offer support and assistance where required. The Audit Plan was kept under constant review and updated to reflect new priorities identified.

The value of Internal Audit lies in the detailed work that we undertake to review systems and processes to ensure that controls are in place to mitigate risks to an acceptable level and where improvements have been highlighted, managers are provided with an assessment of further actions needed and agreed to implement the suggested recommendations. Thus, improving the management of risks and supporting the overall control environment.

- 12.3 In forming my opinion I have considered the number of internal audit reviews undertaken, the assurance work completed that does not generate a formal level of assurance, information provided by Council Directors/Assistant Directors, information provided to me and my experience and knowledge of the Council.
- 12.4 In addition to the work undertaken directly by Internal Audit I have relied upon work undertaken by my wider Risk, Insurance and Information Governance Team and that provided to me by Directors as part of the Annual Governance Statement assurance gathering process as detailed below:-

- In terms of Risk Management, the Corporate Risk Register has been updated,

reported and considered by both the Single Leadership Team and the Audit Panel throughout the year.

- Each Director has completed an Annual Governance Statement Self-Assessment Checklist and signed an Assurance Statement covering:-
 - Compliance with Legal Requirements
 - Compliance with the Constitution, Council Objectives and Policies
 - Management of Service Delivery
 - Performance Management
 - Stakeholders
 - Financial Planning and Budgetary Control
 - Recording of Actions and Transactions
 - Reporting
 - Standards of Conduct
 - Human Resources
 - Partnerships
 - Safeguarding Assets
 - Value for Money
 - IT Systems
 - Risk Management
 - Information Governance
 - Managing Change and Transformation

- With regards to Information Governance the Team have provided advice in relation to the processing of personal data for the COVID-19 response, and have continued to provide advice and support Service Areas to complete Data Protection Impact Assessments and Sharing and Processing Agreements to ensure data is managed in compliance with UK GDPR and the Data Protection Act 2018.

12.5 The Strategic Commission has led the organisational response to the living with COVID-19 together with key partners throughout 2021/22. The Work Smart Project is about building back better and capturing some of the positive working practices that working from home has presented, whilst enabling teams to return to an office environment to reconnect with colleagues and benefit from shared learning/engagement.

13 ANNUAL GOVERNANCE STATEMENT/DEVELOPMENT PLAN

13.1 A separate Annual Governance Report is on the agenda which presents the Annual Governance Statement for 2021/22 and included in the report is an update on the Improvements identified in the Development Plan for 2020/21 which were scheduled to be delivered during 2021/22.

14 RECOMMENDATION

14.1 As set out on the front of the report.

Agenda Item 8.

Report To:	AUDIT PANEL
Date:	26 July 2022
Reporting Officer:	Kathy Roe – Director of Finance
Subject:	ANNUAL GOVERNANCE REPORT 2021/2022
Report Summary:	<p>To present the Annual Governance Report comprised of the three elements below for comment and approval:-</p> <ol style="list-style-type: none">1. The Draft Annual Review against the Code of Corporate Governance for 2021/2022 shown at (Appendix 1).2. The Draft Annual Governance Statement for 2021/2022 shown at (Appendix 2).3. Code of Corporate Governance 2021/23 shown at (Appendix 3).
Recommendations:	<p>That the report is noted and documents are approved:-</p> <ol style="list-style-type: none">1. Draft Annual Review against the Code of Corporate Governance for 2021/2022 at (Appendix 1).2. Draft Annual Governance Statement for 2021/2022 at (Appendix 2).3. Code of Corporate Governance 2021/23 shown at (Appendix 3).
Links to Corporate Plan:	Demonstrates proper Corporate Governance.
Policy Implications:	Demonstrates proper compliance with the Accounts and Audit Regulations 2015 (as amended).
Financial Implications: (Authorised by the Borough Treasurer)	Sound corporate governance and proper systems of internal control are essential for the long-term financial health and reputation of the Council.
Legal Implications: (Authorised by the Borough Solicitor)	<p>Local authorities are required by the Accounts and Audit Regulations 2015 (as amended) to prepare a governance statement in order to report publicly on the extent to which the council is complying with its own code of governance on an annual basis, including the monitoring and evaluation of the effectiveness of the governance arrangements in the year.</p> <p>The process of preparing the governance statement should itself add value to the effectiveness of the governance and internal control framework. Additional guidance is provided by the Delivering Good Governance in Local Government: Framework (2016) ('the Framework') which is referred to in the main body of the report.</p>
Risk Management:	The statement provides assurance that the Council has a sound system of corporate governance in place. It is considered to be an important public expression of how the Council directs and controls its functions and relates to its community.

Access to Information:

The background papers can be obtained from the author of the report, Christine Weston, Interim Head of Risk Management and Audit Services by:



Telephone: 0161 342 2356

e-mail christine.weston@tameside.gov.uk

1 INTRODUCTION

- 1.1 Corporate Governance is the system by which the Council directs and controls its functions. It is the means by which sound and ethical practice can be assured and unacceptable practice identified and eradicated. Historically there has been a general recognition that all local authorities should be seen to meet the highest standards of governance arrangements possible.
- 1.2 The issues faced by local authorities in recent years reflecting social, economic, and legislative change have led to new, diverse ways of working as opposed to traditional roles. The common theme that continues to run through Government initiatives is the need for local authorities to review the various systems and processes they have in place for managing both their internal affairs and their relationships with their expanding number of key stakeholders. Together these systems comprise corporate governance.

2 CORPORATE GOVERNANCE REQUIREMENTS

- 2.1 The Framework Delivering Good Governance in Local Government, published by the Chartered Institute of Public Finance and Accountancy in association with Society of Local Authority Chief Executives in 2016, sets the standard for local authority governance in the UK. The Framework urges local authorities to review and report on the effectiveness of their governance arrangements.
- 2.2 The main principle underpinning the 2016 version of Delivering Good Governance in Local Government: Framework (2016) ('the Framework') continues to be that local government is developing and shaping its own approach to governance, taking account of the environment in which it now operates. The Framework is intended to assist authorities individually in reviewing and accounting for their own unique approach. The overall aim is to ensure that resources are directed in accordance with agreed policy and according to priorities, that there is sound and inclusive decision making and that there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities.
- 2.3 The core principles of the Framework are: -
 - Behaving with integrity, demonstrating strong commitment to ethical standards and respecting the rule of law;
 - Ensuring openness and comprehensive stakeholder engagement;
 - Defining outcomes in terms of sustainable economic, social and environmental benefits;
 - Determining the intervention necessary to optimise the achievement of the intended outcomes;
 - Developing the entity's capacity including the capability of its leadership and the individuals within it;
 - Managing risks and performance through robust internal control and strong public financial management; and
 - Implementing good practices in transparency, reporting and audit to deliver effective accountability.
- 2.4 The Framework positions the attainment of sustainable economic, societal, and environmental outcomes as a key focus of governance processes and structures. Outcomes give the role of local government its meaning and importance, and it is fitting that they have this central role in the sector's governance. Furthermore, the focus on sustainability and the links between governance and public financial management are crucial – local authorities must recognise the need to focus on the long term. Local authorities have responsibilities to more than their current electors as they must take account of the impact of current decisions and actions on future generations.

- 2.5 The Framework defines the principles that should underpin the governance of each local government organisation. It provides a structure to help individual authorities with their approach to governance. Whatever form of arrangements are in place, authorities should therefore test their governance structures and partnerships against the principles contained in the Framework by: -
- reviewing existing governance arrangements;
 - developing and maintaining an up-to-date local code of governance, including arrangements for ensuring ongoing effectiveness; and
 - reporting publicly on compliance with their own code on an annual basis and on how they have monitored the effectiveness of their governance arrangements in the year and on planned changes.

3 ANNUAL REVIEW AGAINST THE CODE OF CORPORATE GOVERNANCE

- 3.1 A review has been completed assessing the Council's position against the approved Code of Corporate Governance in order to demonstrate compliance, ongoing developments/improvement and to prepare for the compilation of this year's Annual Governance Statement which is required, by the Accounts and Audit Regulations 2015 (as amended).
- 3.2 The document is attached at **Appendix 1** and incorporates comments received from the Senior Leadership Team.

4 ANNUAL GOVERNANCE STATEMENT

- 4.1 The preparation and publication of an Annual Governance Statement is necessary to meet the requirements set out in Regulation 6 of the Accounts and Audit Regulations 2015 (as amended). It requires authorities to "conduct a review at least once in a year of the effectiveness of its system of internal control" and "following the review, the body must approve an annual governance statement prepared in accordance with proper practices in relation to internal control".
- 4.2 The Draft Annual Governance Statement for 2021/2022 which has been drawn up using the guidance contained within Delivering Good Governance in Local Government - Framework issued in 2016 is attached at **Appendix 2** and incorporates comments received from the Senior Leadership Team.
- 4.3 The Annual Governance Statement is a corporate statement and covers both Tameside and the Greater Manchester Pension Fund.
- 4.4 The Annual Governance Statement is based on: -
- Directorate Self-Assessment Checklists and signed Assurance Statements;
 - Head of Risk Management and Audit's Annual Report;
 - Medium Term Financial Plan/Budget Report;
 - Regular Budget Monitoring and Performance Reports
 - Review of the System of Internal Audit;
 - External Audit Completion Report and Annual Audit Letter;
 - Role of the Chief Financial Officer;
 - Role of the Head of Internal Audit;
 - Financial Management Code;
 - Corporate Plan; and
 - Peer Reviews/Statutory Inspections.
- 4.5 This list is not exhaustive but it details the key elements of the assurance framework used to support the production of the Annual Governance Statement.

5 CODE OF CORPORATE GOVERNANCE

- 5.1 The Code of Corporate Governance 2021/23 is based on the guidance document issued in 2016 - Delivering Good Governance Framework 2016 and is attached at **Appendix 3**. The document covers a two year period as there is no scheduled update to the guidance.

6 EXECUTIVE CABINET

- 6.1 Following the Audit Panel the report will be circulated to the Executive Cabinet for comments and any feedback will be incorporated into the final documents.

7 EXTERNAL AUDIT

- 7.1 The Draft Annual Governance Statement will be presented to our External Auditors Mazars as part of their audit of the Statement of Accounts.
- 7.2 The final version incorporating any updates and comments will be presented to the Audit Panel on 27 September 2022 for approval. It will then be signed by the Executive Leader and the Chief Executive and presented formally to Mazars.
- 7.3 Until this date the Annual Governance Statement is a live document and will need to be updated for any issues that come to light affecting the governance arrangements in place.

8 RECOMMENDATIONS

- 8.1 As set out on the front of the report.

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DRAFT REVIEW AGAINST THE
CODE OF CORPORATE
GOVERNANCE
2020-21

Introduction

The main principle underpinning the development of the new Delivering Good Governance in Local Government: Framework (CIPFA/Solace, 2016) ('the Framework') continues to be that local government is developing and shaping its own approach to governance, taking account of the environment in which it now operates. The framework is intended to assist authorities individually in reviewing and accounting for their own unique approach. The overall aim is to ensure that resources are directed in accordance with agreed policy and according to priorities, that there is sound and inclusive decision making and that there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities.

The Framework positions the attainment of sustainable economic, societal, and environmental outcomes as a key focus of governance processes and structures. Outcomes give the role of local government its meaning and importance, and it is fitting that they have this central role in the sector's governance. Furthermore, the focus on sustainability and the links between governance and public financial management are crucial – local authorities must recognise the need to focus on the long term. Local authorities have responsibilities to more than their current electors as they must take account of the impact of current decisions and actions on future generations.

The Framework defines the principles that should underpin the governance of each local government organisation. It provides a structure to help Individual authorities with their approach to governance. Whatever form of arrangements are in place, authorities should therefore test their governance structures and partnerships against the principles contained in the Framework by:

- reviewing existing governance arrangements
- developing and maintaining an up-to-date local code of governance, including arrangements for ensuring ongoing effectiveness
- reporting publicly on compliance with their own code on an annual basis and on how they have monitored the effectiveness of their governance arrangements in the year and on planned changes.

The term 'local code' essentially refers to the governance structure in place as there is an expectation that a formally set out local structure should exist, although in practice it may consist of a number of local codes or documents.

To achieve good governance, each local authority should be able to demonstrate that its governance structures comply with the core and sub-principles contained in this Framework. It should therefore develop and maintain a local code of governance/governance arrangements reflecting the principles set out.

It is also crucial that the Framework is applied in a way that demonstrates the spirit and ethos of good governance which cannot be achieved by rules and procedures alone. Shared values that are integrated into the culture of an organisation, and are reflected in behaviour and policy, are hallmarks of good governance.

Principles of Good Governance

Principle A - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.

Supporting Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	Key Evidence to Support Compliance	Additional Work Identified
Behaving with integrity	Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation.	<ul style="list-style-type: none"> • Member Code of Conduct • Officer Code of Conduct/Conduct Rules • Standards Committee • Induction/Training • People Plan - Strive Values • Annual Development Reviews • Chief Executives Brief • The Wire 	
	Ensuring members take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood. These should build on the Seven Principles of Public Life (the Nolan Principles).	<ul style="list-style-type: none"> • Corporate Plan • Executive Leader's Annual Key Note Address • Constitution • Member Code of Conduct • People Plan – Strive Values 	
	Leading by example and using these standard operating principles or values as a	<ul style="list-style-type: none"> • Council Constitution – Article 17 Decision Making 	

Supporting Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	Key Evidence to Support Compliance	Additional Work Identified
	framework for decision making and other actions.	<ul style="list-style-type: none"> • Declaration of Interests at meetings • Standards Committee 	
	Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively.	<ul style="list-style-type: none"> • People Plan – Strive Values • Whistleblowing Policy • Anti-Fraud, Bribery and Corruption Strategy - Statement of Intent • Register of Gifts and Hospitality • Register of Interests • Complaints Policy • Codes of Conduct • Agendas/Minutes for Meetings 	
Demonstrating strong commitment to ethical values	Seeking to establish, monitor and maintain the organisation's ethical standards and performance.	<ul style="list-style-type: none"> • Scrutiny function • Standards Committee • Constitution - Decision Making • Codes of Conduct (Members/Staff) 	
	Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation.	<ul style="list-style-type: none"> • Chief Executive's Brief • The Wire • Team Briefings • Management Training – Strive Programme • Workforce Development Plan • Contracts of Employment • Codes of Conduct (Members/Staff) 	
	Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values.	<ul style="list-style-type: none"> • Annual Development Review Process • Standards Committee • Recruitment Policies • Constitution • Codes of Conduct (Members/Staff) 	

Supporting Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	Key Evidence to Support Compliance	Additional Work Identified
	Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with high ethical standards expected by the organisation.	<ul style="list-style-type: none"> • Requirements built into contracts and agreements. • STAR procurement process 	
Respecting the rule of law	Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations.	<ul style="list-style-type: none"> • Constitution • Statutory Guidance • Qualified Officers in post • Circulation of Legal Updates • Legal implications included on all reports presented to Panels/Committees and Full Council 	
	Creating the conditions to ensure that the statutory officers, other key post holders and members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements.	<ul style="list-style-type: none"> • Statutory Officer roles • Job Descriptions/Person Specifications • Scheme of Delegation • Compliance with CIPFA's Statement on the Role of the Chief Financial Officer in Local Government (CIPFA, 2016) 	
	Striving to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders.	<ul style="list-style-type: none"> • Legal Implications are provided on all reports presented to Panels/Committees and Full Council. 	
	Dealing with breaches of legal and regulatory provisions effectively.	<ul style="list-style-type: none"> • Monitoring Officer provisions • Legal Implications provided on reports • Statutory provisions • External/Internal Audit and Statutory Inspections • Ombudsman Complaints 	

Supporting Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	Key Evidence to Support Compliance	Additional Work Identified
		<ul style="list-style-type: none"> Insurance Claims Handling Process 	
	<p>Ensuring corruption and misuse of power are dealt with effectively.</p>	<ul style="list-style-type: none"> Anti-Fraud, Bribery and Corruption Statement of Intent and procedures Internal Audit Assurance Disciplinary Procedure Constitution Financial Regulations and Procurement Rules Bribery Act Guidance 	

Principle B - Ensuring openness and comprehensive stakeholder engagement.

Local government is run for the public good; organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.

Supporting Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	Evidence to Support Compliance	Additional Work Identified
Openness	Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness.	<ul style="list-style-type: none"> • Council Website • Corporate Plan • Data Protection Webpage • Freedom of Information Act • Transparency Pages • Engagement Strategy 	
	Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided.	<ul style="list-style-type: none"> • Constitution – Article 17 Decision Making • Agendas/Minutes for Meetings are published on the Council's Website • All Council Meetings have been conducted virtually throughout 2020/21 in response to COVID-19 restrictions and webcasts are available on the Council's website.. 	
	Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear.	<ul style="list-style-type: none"> • Constitution – Article 17 Decision Making • Report Templates • Legal/Financial Implications provided on all reports presented to decision makers • Meeting dates for Full Council, Panels and Committees published on website • Constitution - Access to Information Procedure Rules • Agenda deadlines provided and adhered to • Safe and Sound Decision Making guidance 	

Supporting Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	Evidence to Support Compliance	Additional Work Identified
	Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/courses of action.	<ul style="list-style-type: none"> • Corporate Plan • Consultation – Big Conversation • Partnership Engagement Network • Neighbourhood Forums • Safe and Sound Decision Making guidance • Engagement Strategy • Budget Consultation 	
Engaging comprehensively with institutional stakeholders	Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably.	<ul style="list-style-type: none"> • Service Area Plans • Corporate Plan • Partnership Engagement Network • Safe and Sound Decision Making guidance • Engagement Strategy 	
	Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively	<ul style="list-style-type: none"> • Specific Partnership Agreements • Budget Report • Partnership Engagement Network • Life in Tameside and Glossop • Cooperative Council Innovation Network 	
	Ensuring that partnerships are based on: <ul style="list-style-type: none"> • Trust • A shared commitment to change A culture that promotes and accepts challenge among partners and that the added value of partnership working is explicit.	<ul style="list-style-type: none"> • Partnership Agreements • Co-operative Council Innovation Network 	
Engaging with individual citizens and service users Effectively.	Establishing a clear policy on the type of issues that the organisation will meaningfully consult with or involve	<ul style="list-style-type: none"> • Consultation – Big Conversation • Neighbourhood Forums • Specific Partnership Agreements 	

Supporting Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	Evidence to Support Compliance	Additional Work Identified
	individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes.	<ul style="list-style-type: none"> • Partnership Engagement Network • Engagement Strategy • Budget Consultation 	
	Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement.	<ul style="list-style-type: none"> • Communications Strategy • Engagement Strategy 	
	Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs.	<ul style="list-style-type: none"> • Communications Strategy • Life in Tameside and Glossop (Joint Strategic Needs Assessment) • Partnership Engagement Network • Neighbourhood Forums 	
	Implementing effective feedback mechanisms in order to demonstrate how their views have been taken into account.	<ul style="list-style-type: none"> • Communication Strategy • Complaints Procedure • Citizen Magazine • Engagement Strategy • Strategic Neighbourhood Forums 	
	Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity	<ul style="list-style-type: none"> • Consultation • AGMA Meetings • Council/Health Meetings • Strategic Neighbourhood Forums 	
	Taking account of the interests of future generations of tax payers and service users.	<ul style="list-style-type: none"> • Corporate Plan • Service Plans • Life in Tameside and Glossop (Joint Strategic Needs Assessment) • Budget Consultation 	

Supporting Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	Evidence to Support Compliance	Additional Work Identified
		<ul style="list-style-type: none"> • Big Conversation • Public Engagement Network 	

Principle C - Defining outcomes in terms of sustainable economic, social, and environmental benefits.

The long-term nature and impact of many of local government’s responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the authority’s purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.

Supporting Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	Evidence to Support Compliance	Additional Work Identified
Defining outcomes	Having a clear vision which is an agreed formal statement of the organisation’s purpose and intended outcomes containing appropriate performance indicators, which provides the basis for the organisation’s overall strategy, planning and other decisions.	<ul style="list-style-type: none"> • Corporate Plan • Executive Leader’s Key Note Address • Green Summit • Neighbourhood Summit • Support for Climate Emergency 	
	Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer.	<ul style="list-style-type: none"> • Corporate Plan • Community Engagement • Service Plans • Strategic Neighbourhood Forums 	
	Delivering defined outcomes on a sustainable basis within the resources that will be available.	<ul style="list-style-type: none"> • Medium Tern Financial Plan • Annual Budget Report • Monitoring Reports • Statement of Accounts 	
	Identifying and managing risks to the achievement of outcomes.	<ul style="list-style-type: none"> • Risk Management Policy and Strategy • Performance Reports • Risk Management Comments on all reports to Decision Makers • Corporate Risk Register 	

Supporting Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	Evidence to Support Compliance	Additional Work Identified
	Managing service users expectations effectively with regard to determining priorities and making the best use of the resources available.	<ul style="list-style-type: none"> • Corporate Plan • Service Plans • Executive Leaders Key Note Address • Performance Indicators • Budget Consultation 	
Sustainable economic, social and environmental benefits	Considering and balancing the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision.	<ul style="list-style-type: none"> • Legal/Financial Implications on all reports provided to Decision Makers • Service Plans • Medium Term Financial Plan • Budget Report • Social Value in Commissioning 	
	Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints.	<ul style="list-style-type: none"> • Medium Term Financial Plan • Consultation • Decision Making reports/minutes are published on Website • Forward Plan • Legal/Financial/Risk Management Implications on all reports provided to Decision Makers 	
	Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs.	<ul style="list-style-type: none"> • Consultation • Constitution Article 17 - Decision Making • Public Engagement Network 	
	Ensuring fair access to services.	<ul style="list-style-type: none"> • Corporate Equality Scheme • Equality Impact Assessments 	

Principle D - Determining the interventions necessary to optimise the achievement of the intended outcomes.

Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions. Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed continually to ensure that achievement of outcomes is optimised.

Supporting Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	Evidence to Support Compliance	Additional Work Identified
Determining interventions	Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and including the risks associated with those options. Therefore ensuring best value is achieved, however, services are provided.	<ul style="list-style-type: none"> • Constitution Article 17 – Decision Making • Forward Plan • All reports to Decision Makers have legal/financial and risk management comments • External Audit – Value for Money Conclusion • Safe and Sound Decision Making Guidance 	
	Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts.	<ul style="list-style-type: none"> • Consultation Feedback • Medium Term Financial Plan • Complaints/Service Requests • Revenue/Capital Monitoring • Budget Consultation 	
Planning interventions	Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets.	<ul style="list-style-type: none"> • Meeting dates published • Forward Plan • Service planning process 	

Supporting Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	Evidence to Support Compliance	Additional Work Identified
	Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered.	<ul style="list-style-type: none"> • Communication Strategy • Partnership Engagement Network • Mental Health Collaboration • Big Conversation 	
	Considering and monitoring risks facing each partner when working collaboratively including shared risks.	<ul style="list-style-type: none"> • Specific Partnership Agreements • Risk Registers 	
	Ensuring arrangements are flexible and agile so that the mechanisms for delivering outputs can be adapted to changing circumstances.	<ul style="list-style-type: none"> • Service Planning • Business Continuity Plans 	
	Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured.	<ul style="list-style-type: none"> • Service Planning • Performance Indicators • Annual Reports 	
	Ensuring capacity exists to generate the information required to review service quality regularly.	<ul style="list-style-type: none"> • Performance indicators are reported, benchmarking is undertaken and corrective action taken where necessary • Review of Service Plans 	
	Preparing budgets in accordance with organisational objectives, strategies and the medium term financial plan.	<ul style="list-style-type: none"> • Budget Consultation • Corporate Plan • Medium Term Financial Plan • Budget Report • Executive Member Consultation • Savings targets and monitoring 	

Supporting Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	Evidence to Support Compliance	Additional Work Identified
	Informing medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy.	<ul style="list-style-type: none"> • Corporate Plan • Medium Term Financial Plan • Budget Report • Revenue and Capital Monitoring • Savings targets and monitoring 	
Optimising achievement of intended outcomes	Ensuring the Medium Term Financial Plan integrates and balances service priorities, affordability and other resource constraints.	<ul style="list-style-type: none"> • Annual Budget Report • External Auditor Letter/Report • Revenue and Capital Monitoring • Savings targets and monitoring 	
	Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term.	<ul style="list-style-type: none"> • Budget Guidance • Officer/Executive Member Consultation • Savings targets and monitoring 	
	Ensuring the Medium Term Financial Plan sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage.	<ul style="list-style-type: none"> • Revenue and Capital Monitoring • Review of Medium Term Financial Plan • Savings targets and monitoring 	
	Ensuring the achievement of 'social value' through service planning and commissioning. The Public Services (Social Value) Act 2012 states that this is "the additional benefit to the community...over and above the direct purchasing of goods, services and outcomes".	<ul style="list-style-type: none"> • Budget Report • Statement of Accounts • Advice and Guidance from STAR Procurement 	

Principle E - Developing the entity's capacity, including the capability of its leadership and the individuals within it.

Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mindset, to operate efficiently and effectively and achieve their intended outcomes within the specified periods. A local government organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which an authority operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of the leadership of individual staff members. Leadership in local government entities is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.

Supporting Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	Evidence to Support Compliance	Additional Work Identified
Developing the entity's capacity	Reviewing operations, performance use of assets on a regular basis to ensure their continuing effectiveness.	<ul style="list-style-type: none"> Revenue and Capital Monitoring Service Reviews Performance Reports Statement of Accounts 	
	Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how the authority's resources are allocated so that outcomes are achieved effectively and efficiently.	<ul style="list-style-type: none"> Benchmarking undertaken where applicable Co-operative Council Innovation Network Budget process 	
	Recognising the benefits of partnerships and collaborative working where added value can be achieved.	<ul style="list-style-type: none"> Health and Social Care Partnership Board Strategic Commissioning Board Mental Health Collaboration Maternity Voices Partnership Adults and Children's Safeguarding Boards Co-operative Council Innovation Network 	

Supporting Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	Evidence to Support Compliance	Additional Work Identified
	Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources.	<ul style="list-style-type: none"> • Workforce Plan • Service Plans • Strive Leadership/Development Programme 	
Developing the capability of the entity's leadership and other individuals	Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained.	<ul style="list-style-type: none"> • Job Descriptions • Member Portfolios • Constitution Article 16 - Officers • Constitution - Appointment of Statutory and Proper Officers 	
	Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body.	<ul style="list-style-type: none"> • Constitution – Article 17 Decision Making • Constitution - Terms of Reference and Scheme of Delegation • Financial Regulations • Procurement Standing Orders 	
	Ensuring the leader and the chief executive have clearly defined and distinctive leadership roles within a structure whereby the chief executive leads the authority in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other's authority.	<ul style="list-style-type: none"> • Member Portfolios • Constitution Article 16 - Officers • Constitution - Appointment of Statutory and Proper Officers 	
	Developing the capabilities of members and senior management to achieve effective shared leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by:	<ul style="list-style-type: none"> • Annual Development Reviews • Member Development • Strive Leadership and Aspiring Leaders Programmes • Training Programmes • Induction programme for Staff 	

Supporting Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	Evidence to Support Compliance	Additional Work Identified
	<ul style="list-style-type: none"> • ensuring members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged. • ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis. • ensuring personal, organisational and system wide development through shared learning, including lessons learnt from governance weaknesses both internal and external. 	<ul style="list-style-type: none"> • Induction programme for Members • Member/Senior Officer Development Days • Scrutiny Panels • Media Training for Members and Senior Management • Me Learning System • COVID-19 Briefings from the Executive Leader and Chief Executive 	
	Ensuring that there are structures in place to encourage public participation.	<ul style="list-style-type: none"> • Strategic Neighbourhood Forums • The Big Conversation • Citizen Magazine • Partnership Engagement Network 	
	Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections.	<ul style="list-style-type: none"> • Annual Development Reviews • Supervision Meetings • Executive Member Annual Reports • LGA Peer Challenge (On Hold due to COVID-19) • External Inspections • Development Days 	

Supporting Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	Evidence to Support Compliance	Additional Work Identified
	Holding staff to account through regular performance reviews which take account of training or development needs.	<ul style="list-style-type: none"> • Annual Development Reviews • Supervision Meetings • Strive Leadership and Aspiring Leaders Programmes • Training Programmes 	
	Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing.	<ul style="list-style-type: none"> • Health and Wellbeing pages on Staff Portal • Chief Executive's Brief • The Wire • Strive Leadership and Aspiring Leaders Programmes • Risk Assessments • People and Workforce Development Emails to Managers • COVID-19 Frequently Asked Questions • Staff Survey 	

Principle F - Managing risks and performance through robust internal control and strong public financial management.

Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision making activities. A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery, and accountability. It is also essential that a culture and structure for scrutiny is in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.

Supporting Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	Evidence to Support Compliance	Additional work Identified
Managing risk	Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making.	<ul style="list-style-type: none"> • Risk Management Policy and Strategy • Corporate Risk Register • All reports to Council, Panels and Committees have to include risk management comments. 	
	Implementing robust and integrated risk management arrangements and ensuring that they are working effectively.	<ul style="list-style-type: none"> • Risk Management Policy and Strategy • Corporate Risk Register updates to senior management and the Audit Panel • AGS Self-Assessment Checklists and Assurance Statements 	
	Ensuring that responsibilities for managing individual risks are clearly allocated	<ul style="list-style-type: none"> • Risk Management Policy and Strategy • Corporate Risk Register 	
Managing performance	Monitoring service delivery effectively including planning, specification, execution and independent post implementation review.	<ul style="list-style-type: none"> • Service Plans • Performance indicators • Budget Monitoring • Benchmarking • Peer Reviews 	

Supporting Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	Evidence to Support Compliance	Additional work Identified
	Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook	<ul style="list-style-type: none"> • Publication of agendas and minutes of meetings • All reports to Council, Panels and Committees have to include legal, financial and risk management comments. • Agenda Preparation Timetables in place. 	
	Ensuring an effective scrutiny or oversight function is in place which encourages constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation's performance and that of any organisation for which it is responsible (OR, for a committee system) Encouraging effective and constructive challenge and debate on policies and objectives to support balanced and effective decision making.	<ul style="list-style-type: none"> • Scrutiny Function • Agendas and minutes of Scrutiny Panels • Scrutiny Panel Terms of Reference • Forward Plan • Scrutiny Annual Report • Constitution – Article 17 Decision Making • Use of Local Government and Social Care Ombudsman (LGSCO) in Depth Focus Reports • Overview Panel • Emails to Scrutiny Members – Guidance, Consultations and GM Scrutiny Outputs 	
	Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement.	<ul style="list-style-type: none"> • Agenda Preparation Timetable • Constitution - Access to Information Procedure Rules • Review of Corporate Plan 	
	Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (e.g. financial statements).	<ul style="list-style-type: none"> • Financial Regulations • Procurement Standing Orders • Revenue and Capital Monitoring • Strategic Planning and Capital Monitoring Panel • Statement of Accounts 	

Supporting Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	Evidence to Support Compliance	Additional work Identified
Robust internal control	Aligning the risk management strategy and policies on internal control with achieving the objectives.	<ul style="list-style-type: none"> • Risk Management Policy and Strategy • Audit Plan and Audit Reports • Corporate Plan Review/Work Streams • Corporate Risk Register • Service Plans 	
	Evaluating and monitoring the authority's risk management and internal control on a regular basis.	<ul style="list-style-type: none"> • Audit Plan • Risk Management Policy and Strategy reviewed annually • Progress Reports presented to the Audit Panel • Annual Report from Head of Risk Management and Audit Services • AGS Self-Assessment Checklists and Assurance Statements 	
	Ensuring effective counter fraud and anti-corruption arrangements are in place.	<ul style="list-style-type: none"> • Fraud function compliant with the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA 2014) • Anti-Fraud, Bribery and Corruption Strategy: Statement of Intent • Response to Assurance Letters received from External Auditors 	
	Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor.	<ul style="list-style-type: none"> • Annual Governance Statement • Public Sector Internal Audit Standards • Progress Reports presented to the Audit Panel • Annual Report from Head of Risk Management and Audit Services • AGS Self-Assessment Checklists and Assurance Statements 	

Supporting Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	Evidence to Support Compliance	Additional work Identified
	<p>Ensuring an audit committee or equivalent group or function which is independent of the executive and accountable to the governing body:</p> <ul style="list-style-type: none"> • provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment • that its recommendations are listened to and acted upon. 	<ul style="list-style-type: none"> • Audit Panel Terms of Reference • Agendas and Minutes published • Audit Panel Forward Plan 	
Managing data	<p>Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data.</p>	<ul style="list-style-type: none"> • Information Governance Framework • Information Governance Group • Data Protection Webpage • Data Protection Impact Assessments • DPO in place • Information Governance and Cyber Security Training • AGS Self-Assessment Checklists and Assurance Statements 	
	<p>Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies.</p>	<ul style="list-style-type: none"> • Information Governance Framework • Data Protection Impact Assessments • Data Sharing Protocol • Advice from Legal and Risk, Insurance and Information Governance Team provided • Project Groups established 	

Supporting Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	Evidence to Support Compliance	Additional work Identified
	Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring.	<ul style="list-style-type: none"> • Internal Audit Plan • NHS Data Security and Protection Toolkit • Data Managers in place • Safe and Sound Decisions Guidance 	
Strong public financial management	Ensuring financial management supports both long term achievement of outcomes and short-term financial and operational performance.	<ul style="list-style-type: none"> • Medium Term Financial Plan • Budget Report • Savings Targets and monitoring • Revenue and Capital Monitoring • All reports presented to Council, Panels and Committees require Financial Comments 	
	Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls.	<ul style="list-style-type: none"> • Qualified Managers in post. • Budget Report • Financial Business Partners work with Directorates • Revenue and /Capital Monitoring • Internal Audit Reports • Statement of Accounts • External Audit Completion Report and Annual Letter 	

Principle G - Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.

Supporting Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	Evidence to Support Compliance	Additional Work Identified
Implementing good practice in transparency	Writing and communicating reports for the public and other stakeholders in an understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate.	<ul style="list-style-type: none"> • Council Website • Transparency Pages • Annual Reports • Social Media pages 	
	Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand.	<ul style="list-style-type: none"> • Statement of Accounts • Annual Report • Transparency Pages • Council Website 	
Implementing good practices in reporting	Reporting at least annually on performance, value for money and the stewardship of its resources.	<ul style="list-style-type: none"> • External Audit Completion Report and Annual Letter • Statement of Accounts • Annual Governance Statement • Annual Report 	
	Ensuring members and senior management own the results.	<ul style="list-style-type: none"> • Minutes of Meetings • Job Descriptions • Member Portfolios 	
	Ensuring robust arrangements for assessing the extent to which the principles contained in the Framework have been applied and publishing the results on this	<ul style="list-style-type: none"> • Annual Governance Statement • AGS Self-Assessment Checklists and Assurance Statements 	

Supporting Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	Evidence to Support Compliance	Additional Work Identified
	assessment including an evidence to demonstrate good governance (annual governance statement).	<ul style="list-style-type: none"> • Internal Audit function • External Audit Completion Report and Annual Letter • 	
	Ensuring that the Framework is applied to jointly managed or shared service organisations as appropriate.	<ul style="list-style-type: none"> • Annual Governance Statement 	
	Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other similar organisations.	<ul style="list-style-type: none"> • Statement of Accounts • External Audit Completion Report and Annual Letter • Deadlines in place • Qualified officers in post 	
Assurance and effective Accountability	Ensuring that recommendations for corrective action made by external audit are acted upon.	<ul style="list-style-type: none"> • External Audit Completion Report and Annual Letter • Minutes from Executive Cabinet/Audit Panel Meeting • Internal Audit Plan • External Audit Reports to the Audit Panel 	
	Ensuring an effective internal audit service with direct access to members is in place which provides assurance with regard to governance arrangements and recommendations are acted upon.	<ul style="list-style-type: none"> • Internal Audit Charter and Strategy • Internal Audit Plan • Internal Audit - Post Audit Reviews • Progress Reports presented to the Audit Panel • Annual Report from Head of Risk Management and Audit presented to Audit Panel • Compliance with Public Sector Internal Audit Standards 	

Supporting Principles	Behaviours and Actions that Demonstrate Good Governance in Practice	Evidence to Support Compliance	Additional Work Identified
	Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations.	<ul style="list-style-type: none"> • Action Plans are formulated to ensure recommendations are implemented, e.g. Ofsted Inspection of Children's Services. • Service Peer Reviews • LGA Peer Reviews 	
	Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement.	<ul style="list-style-type: none"> • Annual Governance Statement • Statement of Accounts • Assurance Letters from External Auditors • AGS Self-Assessment Checklists and Assurance Statements 	
	Ensuring that when working in partnership, arrangements for accountability are clear and that the need for wider public accountability has been recognised and met.	<ul style="list-style-type: none"> • Specific Partnership Agreements • Partnership Boards • Mental Health Collaboration • Maternity Voices Partnership • Co-operative Council Innovation Network • Meeting agendas and minutes published on Council website. • Meeting are recorded and available via webcast. 	

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Draft
Annual Governance Statement
2021/2022

This is a signed statement by the Executive Leader and Chief Executive certifying that governance arrangements are adequate and operating effectively within the Council.

1. Scope of Responsibility

Tameside MBC (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 it's functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is also responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk. These arrangements are intended to make sure that we do the right things, in the right way, for the right people, in good time, and in a fair, open, honest and accountable way. The Council has approved and introduced a Code of Corporate Governance.

This Annual Governance Statement explains how we have followed the above Code and the requirements of the Accounts and Audit (England) Regulations 2015.

The Council, in accordance with the Local Government Pension Scheme (LGPS) Regulations, administers the Greater Manchester Pension Fund (GMPF).

The Council delegates the function in relation to maintaining the GMPF to the following: -

- Pension Fund Management Panel
- Pension Fund Advisory Panel
- Pension Fund Working Groups
- The Director of Pensions

A Local Board was established in 2015 and membership is comprised of scheme employers and member representatives. The purpose of the Board is to assist the Administering Authority in its role as a scheme manager of the Scheme. Such assistance is to:

- secure compliance with the Regulations, any other legislation relating to the governance and administration of the Scheme, and requirements imposed by the Pensions Regulator in relation to the Scheme and;
- to ensure the effective and efficient governance and administration of the scheme.

The Executive Leader of the Council chairs the Management Panel and all Panels and Working Groups have elected members from the other nine Greater Manchester Authorities, as the fund is accountable to its member Authorities. Whilst the GMPF has different governance arrangements to other Council Services (which are all detailed on its website), all officers are employees of the Council and therefore comply with the Council's Code of Corporate Governance and Constitution. Specific reference will not be made to GMPF throughout the Annual Governance Statement, unless appropriate to do so, as it is considered part of the Council.

2. The Purpose of the Governance Framework

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

The system of internal control is a significant part of the 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 of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The Governance Framework has been in place at the Council for the year ending 31 March 2022, and up to the date when the annual accounts are approved.

3. The Governance Framework

Developing codes of conduct which define standards of behaviours for members and staff and policies dealing with whistleblowing and conflicts of interest and that these codes and policies are communicated effectively.

Members and Officers are governed by Codes of Conduct, Cabinet Portfolios, contracts of employment, employment rules and procedures, Professional Codes of Conduct and bound by the Constitution and Code of Corporate Governance. Conflicts of interest are recorded in the minutes of all meetings, where applicable, and a register is maintained for both members and officers by the Monitoring Officer.

The Council is committed to leading on and maintaining the highest standards of behaviour and in support of this hosts the National Anti-Fraud Network (NAFN). In addition to those mentioned above, documentation to eliminate corruption includes Procurement Standing Orders, Financial Regulations, Anti-Fraud, Bribery and Corruption: Statement of Intent, Terms of Reference, Protocols for Gifts and Hospitality and Standards of Conduct and Ethics, a Whistleblowing Policy.

The Council has published the Whistleblowing Policy on its public website and awareness and updates are provided in its internal communications magazine, Live Wire. Allegations received are investigated by officers of the Council including Internal Audit with the Monitoring Officer having oversight.

Such guidance is accompanied by training and communications. The work of the Monitoring Officer, Standards Committee and the Standards Panel are fundamental in defining, achieving and monitoring high standards.

Ensuring compliance with relevant law and regulations, internal policies and procedures, and that expenditure is lawful.

All reports to Senior Managers, Board, Panels, Working Groups, Council and for Key/Executive Decisions are subject to review by the Executive Director of Governance and Pension, as the Monitoring Officer and the Director of Finance, as the Section 151 Officer. Internal Audit assesses compliance with internal policies and procedures on an ongoing basis and annually all members of the Single Leadership Team sign an Assurance Statement and complete a Self-Assessment Checklist, which includes questions on the above issues.

Standing Orders, Financial Regulations and the Scheme of Delegation are all included in the constitution and available on the Staff Portal and Website and any updates are presented to the Council for approval. All decisions of the Council are minuted and available on the website. Supporting procedure notes/manuals to manage risks and ensure consistency of approach are updated regularly and checked as part of the internal audit process.

The Medium Term Financial Plan, the Budget Report and a detailed monitoring regime for both revenue and capital expenditure, together with the Section 151 Officer and Monitoring Officer, ensures that expenditure is lawful. Officers of the Council are experienced and trained to fulfil their roles, ensuring that a competent workforce is in place. Officers have regular supervision meetings

to ensure that performance is satisfactory and the attendance at training seminars/courses ensures that officers are up to date with developments in their areas of expertise.

Documenting a commitment to openness and acting in the public interest.

The Council's Constitution - Access to Information Procedure Rules outlines access to Council meetings, agendas and minutes, so that members of the public can be involved in the governance arrangements of the Council.

The Council's response to the COVID-19 Pandemic demonstrate its commitment to openness and acting in the public interest. Information was made available on the Council's website and social media platforms from the outset and have been continually updated as additional guidance and restrictions were put in place.

In response to the government's desire for increased transparency, the Local Government Transparency Code was published in October 2014 and the Council now produces open data, examples of which are; Expenditure over £500, procurement information, payment of undisputed invoices within 30 days, members' allowances, salaries and wages information and fraud data. The Council also responds to Freedom of Information requests and has a central monitoring system in place to ensure deadlines are achieved.

Tameside also has a number of Neighbourhood Forums in place which allow members of the public to participate in the decision making process and the Big Conversation which provides residents and service users the opportunity to express their views and opinions about the services they use and how they can be delivered.

The Council has a Scrutiny process in place, with three Scrutiny Panels, covering Health and Adult Social Care, Childrens Services, and Place and External Relations. The membership of the Panels are councillors, and supported by officers. The Panels carry out various reviews throughout the year on topics of interest.

Developing and communicating a vision which specifies intended outcomes for citizens and service users and is used as a basis for planning.

The Council needs to set out a clear vision that members, employees, service users and the public can identify with and this is detailed in the Corporate Plan, which can be found [here](#).

Our People – Our Place – Our Plan is for everyone every day and is based on five themes: -

- Starting Well;
- Living Well;
- Ageing Well;
- Great Place; and
- Inclusive Growth.

The plan also has eight key Priorities: -

- Very Best Start – in life where children are ready to learn and encouraged to thrive and develop;
- Aspiration and Hope – through learning and moving with confidence from childhood to adulthood;
- Resilient Families and Supportive Networks – to protect and grow our young people;
- Work Skills and Enterprise – Opportunities for people to fulfil their potential through work, skills and enterprise;
- Infrastructure and Environment – Modern infrastructure and a sustainable environment that works for all generations and future generations;
- Nurturing and Communities – Having pride in our people, our place and our shared heritage;
- Longer and Healthier Lives – Good mental health through better choices and reducing

- inequalities; and
- Independence and Dignity in Older Age – Independence and activity in older age, and dignity and choice at end of life.

The corporate plan is based on a relationship between public services and citizens, communities and businesses that enables shared decision making, democratic accountability and voice, genuine co-production and joint delivery of services. Do with, not to.

The Council set a balanced budget for 2021/22, which included savings targets of £8.930m whilst also being reliant on a number of corporate financing initiatives to balance. The final outturn position on 2021/22 budgets presents a broadly balanced position, with a small overspend of £131k on Council Budgets (which will be funded from general reserves). Whilst the overall position is better than previously forecast, this is due to significant one-off income and one-off savings, which have mitigated pressures and delays to savings delivery. These one-offs are unlikely to be available in future years. A new financial turnaround process is being implemented across all budget areas to address financial pressures on a recurrent basis.

The COVID-19 pandemic has had a significant adverse impact on Council Finances, both in 2021/22 and on future financial forecasts, due to a combination of additional costs and lost income. Significant additional funding has been provided in 2021/22, however, this does not cover all income losses, particularly those income reductions forecast in future years due to the ongoing economic impact of the pandemic. Non recurrent COVID related funding which has helped to balance the financial position over the last couple of years has now come to an end, further intensifying pressure on the financial position

Translating the vision into courses of action for the Council, its partnerships and collaborations.

The Tameside Corporate Plan is the Borough's plan to maximise the wellbeing and health of the people within the Borough. There is also a Health and Wellbeing Board. Working with partners across public services, industry, commerce, the community and voluntary sectors the vision is translated into objectives, which are detailed in service plans, team plans, and individual development plans.

Pre COVID, the creation of an integrated system of health and social care was a key priority bringing together Tameside and Glossop Clinical Commissioning Group, Tameside Council and Tameside and Glossop Integrated Care NHS Foundation Trust to reform health and social care services to improve the health outcomes of our residents and reduce health inequalities. This has served the Council well in responding to the COVID-19 Pandemic as strong trusting relationships were in place that enabled the Council and its partners to respond to, contain and start to build back better from the pandemic.

The GMPF objectives are detailed in service plans, which are presented to Working Groups and the Pension Fund's Management/Advisory Panel. The Northern LGPS Investment Pool in conjunction with West Yorkshire Pension Fund and Merseyside Pension Fund has created an asset pool of around £56bn, which is helping to reduce investment costs and provide greater scope to allow the funds to invest in major regional and national infrastructure projects.

GMPF is the largest local Government fund in the country and invests in a diverse range of assets. At a high level, GMPF has set itself the target of achieving net zero emissions by c2050, in line with the Paris Agreement. It has been on this journey for some time, and works very closely with its active managers to understand their approach to managing the risks and opportunities of an orderly and just transition to a low carbon economy.

In 2021, GMPF, as part of the Northern LGPS pool, made a commitment to be a Net Zero Asset Owner using the Paris Aligned Investor Initiative framework. You may recall one of the key aspects of this commitment was to set interim carbon reduction targets, building on the Fund's net zero by

2050 or sooner ambition.

The fund is currently working with the developers of the Paris Aligned Investor Initiative, and its asset managers, with a view to being in the inaugural wave of asset owners to produce such a set of targets.

It is anticipated that the targets will include a 50% reduction in carbon intensity by 2030 versus the 2019 benchmark, along with over £1 billion of new investments in climate solutions by 2030, building on GMPF's position as the largest LGPS investor in renewables.

GMPF's latest carbon footprinting exercise found that as at 31 March 2021, the active equity holdings were 20% more efficient than the combined benchmark on the weighted average carbon intensity method, as recommended by the Taskforce for Climate related Financial Disclosures.

Consistent with GMPF's fiduciary duty to our beneficiaries, employers and taxpayers GMPF will ensure that the businesses in which we invest are both financially and environmentally sustainable have high standards of governance and are responsible employers. We have set this out in our Responsible Investment Policy, which we have updated in September 2021 to more explicitly refer to Human Rights.

On the 6 September 2021, the Fund was approved as a signatory to the Financial Reporting Council's UK Stewardship Code 2020 ([Investors | UK Stewardship Code | Financial Reporting Council \(frc.org.uk\)](https://www.frc.org.uk/our-work/uk-stewardship-code-2020)). Under the first assessment, process applicants were required to undergo a rigorous review process, which includes providing evidence of our stewardship activities, and showing how we are integrating environmental, social and governance (ESG) factors into our investment decisions. The result of the new toughened Code is that 64 previous signatories including several major big name asset managers were dumped from the list. Only two thirds of applicants made the list, and Greater Manchester Pension Fund was one of only 23 asset owners, which successfully became signatories to the code.

Furthermore, on the 30 November 2021, The 2021 RAAI Leaders List: the 30 Most Responsible Asset Allocators in the world selected Greater Manchester Pension Fund as an RAAI Finalist and we will receive an award for scoring in the Top Quintile (20% or 1/5th) of asset allocators globally on responsible investing. GMP was ranked 35th in the World - scoring 96 out of a potential 100. By way of background, the RAAI provides the only comprehensive index measuring the responsible investing practices of the world's largest investors. For the 2021 RAAI Index, developed in partnership with the Fletcher School at Tufts University, analysts reviewed 634 asset allocators from 98 countries with \$36 trillion in assets, before rating and ranking the top 251 institutions and identifying the Leaders and Finalists (the Top Quintile) that set a global standard for leadership in responsible, sustainable investing.

GMPF does not typically divest from businesses unless ESG factors are likely to have a financially material negative impact. Instead GMPF seeks to use its influence as an investor to address issues of concern. GMPF engages with companies on a wide range of ESG issues via its Fund Managers and through its membership of collaborative organisations, and participates in investor initiatives to leverage outcomes of company and policy engagement.

Excluding whole sectors from investment, such as the currently relatively carbon intensive sectors of energy, materials and utilities, risks material financial detriment to the Fund. Officers estimate that over the three year valuation period ending 31 March 2019, had UBS (the manager of the Fund's largest mandate) been prohibited from investing in the aforementioned three sectors, with those assets instead being prorated across the remainder of their portfolio, the Fund would have accumulated £400m less in assets. Similarly, for the following valuation period ending 31 March 2022, an accumulation of £220m less is estimated. In aggregate, the Fund would have approximately £620m less in assets over the six year period (2 valuation cycles) had it divested of assets in the three sectors identified. It should be noted that extensive engagement with companies in those sectors has achieved significant change over that period, albeit much more remains to be

done to enable a just and orderly energy transition.

Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation.

Significant improvements in the quality of life for our residents will only be achieved through effective partnership working. This involves working together through a shared vision for the future of the borough, to create a place based approach that redefines services and places individuals, families, communities at the heart.

The Corporate Plan is the key document that communicates the vision for Tameside, and the delivery of the vision is supported by outcome specific networks, joint teams and partnerships. A refresh is underway on the Corporate Plan – post COVID. In addition to the website, the Council has embraced social media (Facebook, Twitter and Instagram) as modern communication channels to endeavour to reach all sections of the community. Council meetings are webcast and the Executive Leader publishes a blog on the Council's website.

The Tameside Engagement Strategy sets out how the Council will involve local people in shaping delivery of high quality services across the borough. It aims to help ensure that a co-ordinated and strategic approach to consultation and engagement is undertaken. There is a One Equality Scheme (OES) in place which includes all sections of society.

Consultation has continued using the Big Conversation, which provides residents and service users the opportunity to express their views and opinions about the services they use and how they can be delivered in the future, in light of the financial challenges faced by Tameside.

The Council's approach to consultation and engagement is detailed in the comprehensive Partnership Engagement Network, which brings together stakeholders from a range of organisations, and groups to inform and influence policy develop and decision-making.

Accountability is demonstrated by the publication of the Statement of Accounts, the Annual Report in the Citizen Newspaper, the Annual Governance Statement and the review of service plans.

Engagement work coordinated through the Tameside and Glossop Partnership Engagement Network (PEN) has continued and the approach is founded on a multi-agency conversation about 'place shaping' for the future prosperity of our area and its communities. The key headlines are:-

- Facilitated thematic Tameside and/or Glossop engagement projects
- A Community Champions scheme has been set up to support local residents.
- Supported 27 engagement projects at the regional and Greater Manchester level
- Established the Community Champions Network to provide residents and workforces with the coronavirus information they need to lead the way in their community, with over 250 members now registered
- Established the Tameside & Glossop Inequalities Reference Group in response to how the coronavirus pandemic, and the wider governmental and societal response to this, has brought equalities (and indeed inequalities) into sharp focus
- Delivered two virtual Partnership Engagement Network (PEN) conferences and four Partnership Engagement Network sessions focusing on the impact of COVID-19 and how we can build back better.
- Held a virtual engagement session with young people to understand the impact of the pandemic on them and how they feel things can be done differently in the future.

Reviewing the effectiveness of the decision-making framework, including delegation arrangements, decision-making in partnerships, information provided to decision makers and robustness of data quality.

The Council has a documented decision-making process and Scheme of Delegation, which are included in the Constitution. It publishes a Forward Plan and all agendas and minutes of meetings

can be found on the Council's public website together with webcasts as the majority of meetings have been held virtually. The Safe and Sound Decision Making Framework in place ensures that good processes are in place for making and implementing decisions, which are informed by good information and data, stakeholder views and an open and honest debate, which reflects the interests of the community.

Managers are required to do STRIVE management training in order to carry out their role.

The robustness of data quality is the responsibility of managers and is reviewed as part of the Internal Audit and External Audit functions.

All reports provided to Decision Makers have to contain both legal and financial implications approved by the Director of Governance and Pensions (Monitoring Officer) and the Director of Finance (Section 151 Officer).

Measuring the performance of services and related projects and ensuring that they are delivered in accordance with defined outcomes and that they represent the best use of resources and value for money.

Effective challenge is an integral part of how the Council and its partners manage Tameside. It ensures that the partnership and constituent organisations remain focused on improvement and achievement. Challenge helps to identify areas for benchmarking and the development of best practice. Similarly, it supports individuals and teams further develop their own skills and capacity, which in turn helps to deliver better outcomes for local people.

The Council's approach includes: -

- Peer assessment and challenge;
- Performance Management;
- Big Conversation and Service Redesign;
- Benchmarking;
- Learning from Complaints;
- Scrutiny;
- Risk Management and Internal Audit, and
- External Audit;

Continual improvement has always been at the heart of the organisation and the results can be seen through our sustained record of achievement. The External Auditor is responsible for providing a Value for Money conclusion for the Council annually and this is reported in their Audit Completion Report, which was reported to the Audit Panel in November 2021. At that time their Value for Money work was not complete, they did however anticipate issuing an unqualified opinion on the financial statements. A draft Audit Opinion was included in the report. Due to the pandemic and remote working their audit work took longer to complete than anticipated. They did report several Internal Control recommendations, one of which was classed as significant, which was that the Council did not have formal disaster recovery provisions in place. There is more detail on the action taken and progress made on this point in the Improvement Plan at Appendix A to this statement.

Childrens Service received an additional unannounced focused visit from OFSTED in April 22. The Inspectors recognised that additional investment had been utilised but application has been slow due to the national shortage of Social Workers meaning recruitment has been challenging. The recent Ofsted visit letter published on 6 June 22 requires the service to have two priority actions and a formal notice to improve from the DFE. A new priority action plan has been produced that will be monitored by a newly created Children & Families Scrutiny Committee.

Adult Services and Population Health have continued to respond to the after effects of the pandemic, which has put additional pressures on both services, however, in partnership with partners and key stakeholders Tameside has continued to provide an effective response in line with government restrictions and guidelines.

The three funds that comprise Northern LGPS (GMPF, West Yorkshire Pension Fund and Merseyside Pension Fund) have formed Northern Private Equity Pool (NPEP), a joint venture that combines the private equity investing activities of the three funds. NPEP will draw on the combined expertise and experience of the internal teams at each of the respective Northern LGPS funds, and the administration capabilities of Northern LGPS's pool-wide external custodian. The combined scale and resources of the NPEP will enable funds in Northern LGPS to invest in private equity through lower cost implementation approaches than have been the case historically.

Defining and documenting the roles and responsibilities of members and management with clear protocols for effective communication in respect of the Council and partnership arrangements.

The Council Constitution sets out the roles and responsibilities of each Executive Member, and the responsibilities delegated to the Chief Executive, members of the Single Leadership Team and senior managers of the Council. It includes the post and responsibilities of the Statutory and Proper Officers.

The Chief Executive for the Council is now the new leader responsible for the integration of health and care in Tameside known as a 'place-based lead for health and care integration. On July 1 2022, Tameside and Glossop CCG will become part of NHS Greater Manchester Integrated Care (Tameside) and Derby and Derbyshire Integrated Care (Glossop) services. The Chief Executive will be working closely with colleagues and partners in Tameside to continue to improve outcomes in population health and healthcare; tackle inequalities in outcomes, experience and access to services; enhance productivity and value for money and help the NHS to support broader social and economic development. This work will continue to be undertaken locally through a newly formed Integrated Care Partnership in the borough as part of national changes to the way the NHS and local councils support people's health and social care. Each partnership will work with the public in their local area, and with the wider system across Greater Manchester, to enable healthier lives and plan and deliver better health and social care services for all.

Protocols for effective communication are in place. Meetings have agendas and minutes published on the Council's Website and a Forward Plan is published. The Executive Leader's Budget Speech, the Corporate Plan, the Citizen Magazine, Scrutiny, Consultation via the Big Conversation and the Tameside and Glossop Partnership Engagement Network (PEN) update which is produced monthly. Increasingly, the use of Social Media (Facebook, Twitter and Instagram) are examples of the modern ways the Council communicates with partners and residents of the Borough. Also the introduction of Community Champions has increased contact with residents.

The Constitution is reviewed and updated regularly and changes are disseminated across the Council and Tameside and Glossop Clinical Commissioning Group via the Chief Executive's Weekly Brief, The Wire and team briefings.

The Tameside Health and Wellbeing Board is a statutory partnership with health commissioners, providers and other interested parties. It is chaired by the Executive Leader of the Council and has concentrated on dealing with COVID-19 and the wider implications on the health and wellbeing of Tameside.

Ensuring that financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Finance Officer in Local Government (2015) and the Financial Management Code (FM Code) 2019 and where they do not, explain why and how they deliver the same impact.

The financial management arrangements in place conform with the CIPFA statement. The service is managed by the Director of Finance (which is a shared role with the Tameside and Glossop Clinical Commissioning Group), who is the Council's Section 151 Officer and has been in post since October 2017. The role is supported by an Assistant Director of Finance on the Council side and a Deputy Chief Finance Officer supporting the Clinical Commissioning Group and they are supported by a

group of experienced Business Partners who manage the service area finance teams.

The Chartered Institute of Public Finance and Accountancy (CIPFA) published The Financial Management Code (FM Code) in late 2019. The FM Code provides guidance for good and sustainable financial management in local authorities, giving assurance that authorities are managing resources effectively.

The first year of compliance for the FM Code was 2021/22; however, CIPFA has recognised the extraordinary burden being placed on Local Authorities since the beginning of the COVID pandemic. A proportionate approach is encouraged, meaning that in practice adherence to some parts of the Code will demonstrate a direction of travel rather than full compliance from 1 April 2021.

The FM Code requires authorities to demonstrate that the processes they have in place satisfy the principles of good financial management, which is an essential part of ensuring that public sector finances are sustainable. The FM Code identifies risks to financial sustainability and introduces a framework of assurance. This framework is built on existing successful practices and sets explicit standards of financial management.

An assessment of compliance with the standards in the FM code has been undertaken and concludes that the Council is compliant with minimum standards set out in the FM Code but has identified some areas for further improvement over the course of the next 12 months. This has been included in the Improvement Plan at Appendix A to this statement.

Ensuring effective arrangements are in place for the discharge of the monitoring officer function.

The Head of Legal Services is Deputy Monitoring Officer is currently carrying out the Monitoring Officer role, whilst a recruitment process takes place due to the Executive Director of Governance and Pensions becoming the Chief Executive on the 14 June 2022. A Monitoring Officer Protocol is in place and detailed on the website.

Ensuring effective arrangements are in place for the discharge of the head of paid service function.

The Chief Executive is the head of paid service and the role and function are detailed in the Constitution.

Providing induction and identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training.

Induction guidelines are available for managers including a checklist to ensure consistency across all services. Member induction is delivered by the Monitoring Officer and the Executive Support Team. As part of this, a finance induction for new members is delivered by Finance.

Training needs are assessed using Annual Development Reviews for officers. The process takes into account the needs of the service and then identifies any gaps in the skills and knowledge of the workforce to enable it to meet its objectives. All training requirements are reviewed by management and then compiled into service training plans, which are submitted to People and Workforce Development to inform and direct the provision of future training and development opportunities.

An online training facility – Me Learning - is in place for staff and there are certain training modules that have been categorised as mandatory – for example Equality, Information Governance, Cyber Security and Data Protection.

Training for members is assessed on an annual basis and a programme of events is scheduled to ensure both local and national subjects are covered.

Reviewing the effectiveness of the framework for identifying and managing risks and for performance and demonstrating clear accountability.

The Council empowers its employees to be innovative and to find solutions to problems, but recognises that there are potential risks for the Council. Significant and cross cutting service risks are amalgamated into the Corporate Risk Register, which is regularly presented to the Single Leadership Team and the Audit Panel. The Information Governance Team keep the Corporate Risk Register updated.

Every report presented to Senior Managers, Council, Committees, Board, Panels, Working Groups and for Key/Executive Decisions is risk assessed. Work is ongoing to ensure the risk management processes across the Council embrace best practice.

Information Governance and Cyber Security continued to be a key priority for the Council as staff are working differently and we are totally reliant on technology to continue to deliver services effectively. Working at home presents a new set of challenges to be managed. Information Governance, Cyber Security and Data Protection training is delivered via a range of media, including briefing notes, the Chief Executive's Brief, the Wire, workshops and E-Tutorials.

Ensuring effective counter fraud and anti-corruption arrangements are developed and maintained in accordance with the Code of Practice on Managing the Risks of Fraud and Corruption (CIPFA 2014).

The Council has an Anti-Fraud, Bribery and Corruption Strategy: Statement of Intent as part of the Constitution and all investigations are undertaken by Internal Audit. All investigations are conducted in line with the Fraud Response Plan and operational guidance notes. The Standards Panel receives regular reports on investigations underway to monitor progress and provide direction, where appropriate. The Council continues to participate in the National Fraud Initiative, which is conducted every two years by the Cabinet office and the datasets to be uploaded and the matches received are coordinated by Internal Audit.

A Whistleblowing Policy is maintained and available on the Council's website.

Ensuring an effective scrutiny function is in place.

This role is performed both by the Scrutiny function and by Tameside Members who sit on Outside Bodies' Committees. The Scrutiny function conducts reviews across Tameside, which may call into account other public service providers like the NHS. Reviews conducted are reported to the Scrutiny Panels and the Overview Panel and the programme of reviews and reports are available on the scrutiny website together with an Annual Report. Members who represent the Council on outside bodies are ensuring that service delivery is effective, providing a challenge function and that the needs of Tameside are taken into account.

Ensuring that assurance arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2019) and, where they do not, explain why and how they deliver the same impact.

The Council's assurance arrangements conform with the governance requirements of the CIPFA Statement. The Head of Risk Management and Audit Services reports directly to the Assistant Director of Finance as the Deputy Section 151 Officer and reports quarterly to the Audit Panel and the Greater Manchester Pension Fund Local Board. The Risk Management and Audit Service was also judged to conform to the Public Sector Internal Audit Standards for 2020/21 via a self-assessment, which was presented to the Audit Panel on 26 July 2022 by the Director of Finance.

Undertaking the core functions of an Audit Committee, as identified in CIPFA Position Statement on Audit Committees in Local Authorities and Police (CIPFA 2018).

The Audit Panel has continued to deliver the functions of an Audit Committee in compliance with the revised CIPFA Position Statement on Audit Committees issued in 2018. The membership of the Panel has changed recently as Executive Members were replaced following the May 2022 elections and several new members have been appointed. Meetings are regularly attended by our External Auditor. Training is assessed for members of the panel based on their existing skills and knowledge to determine a training plan which will be delivered by officers of the Council, External Audit and service specific experts where required. A Forward Plan is presented regularly to the Panel detailing the items for agendas and any training to be delivered.

Ensuring that the Council provides timely support, information and responses to external auditors and properly considers audit findings and recommendations.

Information, support and responses are provided to External Audit in a timely manner. Audit findings and recommendations are considered by the Director and Assistant Director of Finance, the Director of Governance and Pensions and the Assistant Director (Pensions Local Investments and Property) and presented to the Audit Panel and the Pension Fund Management Advisory Panel.

Incorporating good governance arrangements in respect of partnerships and other joint working and ensuring that they are reflected across the Council's overall governance structures.

Good governance arrangements in respect of partnership working were established many years ago when the Tameside Strategic Partnership was created and those standards are still adopted today.

The continued successful delivery of outcomes by the various networks, joint teams and partnerships operating across Tameside to maximise the wellbeing and health of the people of the Borough demonstrates that the arrangements in place are sound. Tameside has always promoted working with partners and it is through our strong and long-standing partnerships, along with new ones that may develop in the future, that help us to produce solutions and real improvements for Tameside.

4. Review of Effectiveness

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its Governance Framework including the system of internal control. This review of effectiveness is informed by the work of the Directors/Assistant Directors within the Council who have responsibility for the development and maintenance of the governance environment, the Head of Risk Management and Audit Service's Annual Report, and by comments made by the External Auditor and other review agencies and inspectorates.

The process that has been applied in maintaining and reviewing the effectiveness of the Governance Framework includes the following measures and actions: -

- The Council has adopted a Planning and Performance Framework and carries out a programme of monitoring which runs throughout its annual cycle. This includes quarterly monitoring of all revenue and capital budgets, which are reported to the Single Leadership Team, Board and Executive Cabinet, and regular monitoring of Service Delivery Plans by directorates in terms of performance indicators and update reports.

The refreshed Corporate Plan 'Our People – Our Place – Our Plan' was approved by the Executive Cabinet in February 2019.

- The Capital Programme is regularly monitored and reported quarterly to the Strategic Planning and Capital Monitoring Panel, Audit Panel, Board and the Executive Cabinet.
- The Council is open to peer challenge and a LGA Peer Challenge had been commissioned, however, this had to be postponed due to COVID-19.

- The Executive Cabinet carries out its functions in accordance with responsibilities outlined in Cabinet Portfolios, which are detailed in the Council's Constitution. Several Non-Executive Members are appointed to specific roles to assist Executive Members in the delivery of their particular areas of responsibility. All roles are assigned at the annual meeting of the Council.
- There is a well established Overview and Scrutiny function, which has been revised and updated in the light of experience. Scrutiny Panels review the work of the Council throughout the year; make a series of recommendations to Overview Panel and Executive Cabinet, which then require a formal response and action, as appropriate. There is a public website where the public can access completed review reports and Annual Plans and Annual Reports. Scrutiny emails are regularly circulated to scrutiny members, elected members and senior management drawing their attention to guidance, live consultations and outputs from GM scrutiny.
- To support delivery of the Medium Term Financial Plan and be in a positive position to respond to the financial challenges facing the Council, a detailed monitoring and reporting system has been put in place. The corporate plan delivery is managed through an Assistant Directors group. The continuation of this work is necessary to ensure that we are in a strong position to manage and use our resources effectively to maintain good outcomes and achieve the level of savings required. Service areas have been challenged to look for new and innovative ways of delivering their services as well as working more closely with our partners. Given the magnitude of the financial challenge the Council faces, consultation via the Big Conversation has continued so that residents' views on any changes can be taken into consideration. The Director and Assistant Director of Finance have worked with the Executive Members/Single Leadership Team, during the budget preparation period to ensure that a robust set of savings plans are in place and a clear delivery plan has been drawn up.
- The Directors have each reviewed the operation of key controls throughout the Council, from the perspective of their own directorates, using a detailed assurance self-assessment checklist. They have provided a signed assurance statement and identified any areas for improvement, which will form the basis of the action plan to this Governance Statement.
- The Code of Corporate Governance has been reviewed and the evidence documented to demonstrate compliance with the principles of good governance. The Review was reported to senior management and the Audit Panel in July 2022.
- The Monitoring Officer, carries out a continuous review of all legal and ethical matters, receiving copies of all agendas, minutes, reports and associated papers, and comments on all reports that go to members and when necessary taking appropriate action, should it be required.
- The Director of Finance as the Section 151 Officer, carry out a continuous review of all financial matters, receiving copies of all agendas, minutes, reports and associated papers, and commented on all reports that go to members and when necessary taking appropriate action, should it be required.
- The Standards Committee is responsible for standards and probity, and receives regular reports from the Director of Governance and Pensions, the Monitoring Officer.
- The role held by the Director of Finance conformed to the requirements of the five principles of the CIPFA Statement on the Role of the Chief Financial Officer (CFO) in Local Government.
- An assessment of compliance with the standards in the Financial Management Code has concluded that the Council is compliant with minimum standards set out in the Code but has identified some areas for further improvement, which are included in the Improvement Plan in Appendix A.

- Children's Services have continued on their journey to implement the improvements identified by the various Ofsted Inspections, which commenced in 2016. The Council has taken a number of direct and positive steps to ensure that effective monitoring takes place regarding improvement activity and service development.
- COVID-19 affected service delivery and a focused visit to Children's Services in May 2021 by Ofsted to review how England's social care system has delivered child-centred practice and care within the context of the restrictions placed on society during the COVID-19 (coronavirus) pandemic. A number of improvements were identified which need to be addressed and these will be added to the development plan for the service and monitored throughout the coming year.
- The Audit Panel carries out an overview of the activities of the Council's Risk Management, Internal Audit and External Audit functions. Members are provided with a summary of reports issued and their associated audit opinion. They approve the Annual Plans for each, and receive regular progress reports throughout the year. The Head of Risk Management and Audit Services presents an Annual Report and opinion, and the External Auditor submits a Completion Report and Annual Audit Letter along with other reports during the year. The Corporate Risk Register was presented to the Audit Panel during the year.
- The Internal Audit Service provides a continuous review in accordance with the Council's obligations under the Local Government Act 1972, and the Accounts and Audit Regulations 2015. It operates under the Public Sector Internal Audit Standards and the External Peer Review conducted in March 2018 confirmed that the service was fully compliant with all the standards, the self-assessment undertaken annually since then have reaffirmed compliance and the report for 2021/22 was reported to the Audit Panel in July 2022 and presented by the Director of Finance.
- The Data Protection Officer and the Head of Risk Management and Audit have continued to monitor adherence to data protection legislation throughout the year and taken appropriate action to deal with any incidents arising. Executive Support continued to monitor the processing of Freedom of Information and Subject Access Requests and weekly progress reports are now provided to all managers and the Executive Cabinet to ensure compliance with the relevant timescales.
- The Chartered Institute of Public Finance and Accountancy (CIPFA) published The Financial Management Code (FM Code) in late 2019. The FM Code provides guidance for good and sustainable financial management in local authorities, giving assurance that authorities are managing resources effectively.

The first year of compliance for the FM Code is 2021/22; however, CIPFA has recognised the extraordinary burden being placed on Local Authorities since the beginning of the COVID pandemic. In a statement issued on 11 February 2021 a proportionate approach is encouraged, meaning that in practice adherence to some parts of the Code will demonstrate a direction of travel rather than full compliance from 1 April 2021.

- The Council's External Auditors review the activities of the Council and issue an annual opinion on the Annual Accounts and a Value for Money conclusion. Conclusions and significant issues arising are detailed in their report to those charged with governance.
- Progress on the development areas identified in Section 6, are regularly reported to the Audit Panel throughout the year by the Head of Risk Management and Audit Services.

5. Level of Assurance

The governance arrangements in place comply with the Principles outlined in the Council's Code of

Corporate Governance and can be regarded as fit for purpose. Areas for development have been identified in the Improvement Plan attached at **Appendix A**, and addressing these will further enhance the Governance Framework.

The Internal Audit opinion for 2021/22 as reported to the Audit Panel on 26 July 2022 is that members and senior management can take reasonable assurance that arrangements to secure governance, risk management and internal control, within those areas reviewed, are suitably designed and applied effectively. It has to be accepted that the gross risk for the Council has increased in recent years (as we have reduced capacity whilst still having to deliver a significant change programme to meet our financial challenges). The finding of Internal Audit's work is that controls are in place to mitigate these risks and where improvements have been highlighted, managers have agreed to implement the suggested recommendations. This will aid the management of risks and support the overall control environment.

Internal Audit work with senior managers throughout the year using the Post Audit Review process to ensure identified improvements are implemented.

6. Conclusion and Signatures

The Annual Governance Statement has been reviewed by Senior Management, presented, and approved by the Audit Panel. We have been advised on the implications of the review of the effectiveness of the Governance Framework in place, and the action plan compiled to address the further developments identified to ensure the continual improvement of the system in place.

We are satisfied that these steps will address the improvements that have been identified and their implementation will be monitored by the Audit Panel throughout the year and as part of our next Annual Review.

Signed:

Signed:

.....
Councillor Ged Cooney
Executive Leader of Tameside MBC

.....
Sandra Stewart
Chief Executive of Tameside MBC

Dated:

Dated:

Annual Governance Statement 2021/2022 – Improvement Plan

Appendix A

Ref	Area of Review	Improvement Identified for Implementation in 2021/2022	Progress Reported As At February/ May 2022	Improvement Identified for Implementation in 2022//2023	Improvement Owner and Completion Date
1	2019/20 Vision Tameside (Carry Forward)	The Ashton Town Hall project and the remaining elements of the Vision Tameside project will be completed if and when capital monies become available following the Capital Programme prioritisation review.	<p>February 2022 - Approx. £20m of Levelling Up Funds has now been received for Ashton Town Centre. A proportion of these monies will allow the first phase of works to commence on Ashton Town Hall.</p> <p>May 2022 - Internal governance is now in place for the Ashton LUF programme. Initial survey works are now underway at Ashton Town Hall with roof strengthening works due to start on site in Autumn 2022 prior to façade restoration works commencing in Spring 2023.</p>	To complete the Ashton Town Hall project along with the remaining elements of the Vision Tameside project.	Director of Place March 2022 and ongoing
2	Children’s Services (Carry Forward)	<p>An action plan has been drafted in relation to the further development of the 7-Point Plan and associated activity and this will also be an initial focus for the Corporate Transformation/Budget Turnaround Team.</p> <p>The specific focus of this will be agreed in July 21, but will include placements for cared for children.</p> <p>Wider improvement and performance activity, including those areas highlighted by Ofsted are also detailed in the improvement action plan with completion dates in 2021.</p>	<p>February 2022 - The focused visit response and investment identified has been delivered. The ongoing improvement activity has been subsumed into an overarching Improvement Plan as has the 7 point sustainability plan. The Transformation Team continues to engage in supporting transformation work in Children’s Services including a programme of business process re-engineering to enable frontline social workers to focus on direct work with families. Work is also underway to deliver significant improvement in outcomes and costs savings in accommodation for care leavers.</p> <p>Joint meetings have taken place with Stockport Council who have inputted into the revised Quality Assurance and Performance Framework and have supported in the Development of Practice Week taking place from the 28 February 2022.</p> <p>May 2022 - The service received an additional unannounced focused visit in April 2022. The Inspectors recognised that the additional investment had been utilised but application has</p>	To monitor the revised improvement plan with delivery action and risks being tracked monthly. Also to undertake a review of the effectiveness of our Safeguarding Partnership arrangements during summer in line with the feedback from Ofsted.	Director of Children’s Services March 2023

Ref	Area of Review	Improvement Identified for Implementation in 2021/2022	Progress Reported As At February/ May 2022	Improvement Identified for Implementation in 2022//2023	Improvement Owner and Completion Date
			<p>been slow due to the national shortage of Social Workers meaning recruitment has been challenging.</p> <p>Our current Ofsted visit letter published on 6 June 2022 requires us to have two priority actions and a formal notice to improve from the DFE. This means we have been required to write and develop a new priority action plan that will be monitored by a newly created Children & Families Scrutiny Committee. The draft report will be submitted to Ofsted by 26 June, a draft version will be considered by Council on 14 June.</p> <p>The revised improvement plan will be monitored quarterly by a refreshed improvement board with delivery action and risks tracked monthly. We will undertake a review of the effectiveness of our Safeguarding Partnership arrangements during summer in line with the feedback from Ofsted and report the work of the partnership in to C&F scrutiny during 2022/2023</p>		
3	Management of CCTV (Carry Forward)	Capital investment to update the CCTV system will be progressed during 2021/22, if money is available.	The replacement of CCTV cameras has been put on hold until funding becomes available.		Director of Place Autumn 2022
4	ICT Disaster Recovery and Business Continuity Planning (Carry Forward)	Services to review and agree their system recovery priorities in conjunction with the IT Service. Once determined systems will need to be put in place to ensure Tier 1 systems have full recovery checks and tests undertaken	<p>February 2022 - The corporate business continuity and recovery plan has been to SLT and ADDG and details the process and order in which systems hosted by TMBC will be recovered in the event of a serious cyber incident or the new data centre in Ashton Old Baths being rendered un-useable.</p> <p>Conflicting priorities and a lack of capacity within the corporate IT service means commissioning the new data center is still</p>		Director of Finance March 2023

Ref	Area of Review	Improvement Identified for Implementation in 2021/2022	Progress Reported As At February/ May 2022	Improvement Identified for Implementation in 2022//2023	Improvement Owner and Completion Date
		<p>annually and Tier 2 systems every other year.</p>	<p>ongoing and work will not be complete until end of May. At which point the migration of systems from the hospital can begin. This process will take around 6-8 weeks to complete. Subject to conflicting priorities and capacity, it is envisaged the DR facility will be fully operational in quarter 2 2022/23.</p> <p>May 2022 - Service and IT have yet to meet to agree recovery plans including RTO / RPO (Recovery Time Objective / Recovery Point Objective)</p> <p>AOB as a data center is still being commissioned. This includes the implementation of the supporting infrastructure which will then allow for the migration work to commence.</p> <p>The above work has been delayed due to delivery delays; this is a global issue.</p> <p>At the point that AOB is enabled then a full review of service resilience and requirement is to be undertaken, including procurement of hardware.</p>		

Ref	Area of Review	Improvement Identified for Implementation in 2021/2022	Progress Reported As At February/ May 2022	Improvement Identified for Implementation in 2022//2023	Improvement Owner and Completion Date
5	Information Governance (Carry Forward)	Delivery of the Information Governance Work Plan will be progressed in 2021/22 now that additional capacity has been added to the team, to ensure compliance with UK GDPR and the Data Protection Act 2018.	<p>The Information Governance Champions Group and the Information Governance Group meet regularly on a two monthly basis.</p> <p>The revised Data Protection/Information Governance Intranet Page has been launched. Policies, procedures and protocols continue to be updated and presented for approval in accordance with the Work Plan which is monitored by the Information Governance Group.</p> <p>Work is ongoing to review policies, procedures and protocols, however, capacity issues within the Risk, Insurance and Information Governance Team and a change in senior management with the Digital Tameside Service have delayed progress.</p>	Review the Information Governance Service across the Council.	Director of Governance and Pensions Director of Finance January 2023
6	Implementation of a Strategic Commissioning Function (Carry Forward)	Until the proposed legislation is passed through Parliament, it is difficult to evaluate the risks ahead. As further clarity is received on the GM Integrated Care System, risks will be identified, evaluated and reported in accordance with the joint principles agreed across the place based leadership model.	<p>The date for the establishment of Integrated Care Boards (ICBs) nationally has been moved back to 1 July 2022. The bill is still on its journey through Parliament.</p> <p>An initial draft Greater Manchester ICB Constitution underwent locality consultation in December 2021 and was submitted to NHS England and Improvement (NHSE/I). A further draft will be prepared once NHSE/I release the revised model constitution template.</p> <p>There are discussions underway at the GM level regarding the possible forms for the Locality Boards permitted under the current draft legislation.</p> <p>The Bill has now received Royal Assent. The CCG will be dissolved on 30 June 2022 and its successor body will be NHS Greater Manchester Integrated Care (GMIC). At the same time the locality of Glossop will transfer into the NHS Derbyshire ICB.</p>	As further clarity is received on the GM Integrated Care System, risks will be identified, evaluated and reported in accordance with the joint principles agreed across the Place based leadership model.	Director of Finance/Single Leadership Team September 2022

Ref	Area of Review	Improvement Identified for Implementation in 2021/2022	Progress Reported As At February/ May 2022	Improvement Identified for Implementation in 2022//2023	Improvement Owner and Completion Date
			<p>The CCG's Governing Body has reviewed the draft GMIC Constitution and has proposed it to the Greater Manchester Health and Social Care Partnership for adoption.</p> <p>The GMIC Scheme of Reservation and Delegation has not yet been finalised and so there is no confirmation of the delegations to the locality. The GM-level discussions continue regarding the possible construct of the Locality Boards at place in light of the permissions granted by the new legislation.</p>		
7	Debtors (Carry Forward)	Improvements to the Debtors System need to be embedded across the Council and these will then be tested by Internal Audit in the latter half of 2022/23 to provide assurance that the overall system is working effectively and fit for purpose.	<p>The audit of the Debtors system was due to be undertaken in Q4 of 2021/22. However, capacity within the Team has now been diverted to make the payments recently announced by the government in terms of a £150 Council Tax refund.</p> <p>The audit work is scheduled to commence in Q3 and be completed by the end of December and the outcome will be reflected in the Improvement Plan presented to the Audit Panel in March 2023.</p>	To ensure that improvements are made to the Debtors system and debt collection/recovery process.	Director of Governance and Pensions Director of Finance March 2023
8	Compliance with the CIPFA Financial Management Code (Carry Forward)	To ensure that the nine improvements identified in the assessment conducted and reported to Executive Cabinet in April 2021 are implemented.	<p>Work is ongoing to implement the proposed changes set out in the action plan in September 2021.</p> <p>Revisions to the Financial Regulations have been approved. A budget holder manual is in draft and training materials are being developed. An interim review of the capital programme has been concluded, and the business case template refresh is in progress.</p> <p>2022/23 budget setting included an initial risk assessment process, which will be further developed during 2022/23. Further work is required to develop internal financial reporting for the Senior Leadership Team.</p>	To ensure that the nine improvements identified in the assessment conducted and reported to Executive Cabinet in April 2021 are implemented.	Director of Finance March 2023

Ref	Area of Review	Improvement Identified for Implementation in 2021/2022	Progress Reported As At February/ May 2022	Improvement Identified for Implementation in 2022//2023	Improvement Owner and Completion Date
			<p>A programme of financial management training for non- finance managers will be rolled out over the financial year 2022-23.</p> <p>The initial capital programme for 2022/23 has been finalised and a further review of the programme will be undertaken by December 2022 to reflect emerging priorities.</p> <p>2022/23 budget setting is concluded and work to align financial reporting with the work of the transformation programme is ongoing.</p>		
9	Early Help Service (New)	To review and implement the learning and improvements identified by the Peer Review conducted by Stockport Council in December 2020.	<p>The MASH and EHAP services have been co-located at Tameside One, further redesign work is underway. Work is ongoing to deliver colocation of neighbourhood teams along with a newly identified Family Hubs work programme. Co-location is complete and operating effectively as validated by Ofsted in letter 6th June 22.</p> <p>New plan to move teams in to localities in place with additional capacity secured June 22.</p>	Delivery of colocation of neighbourhood teams along with a newly identified Family Hubs work programme.	Children's Services December 2022

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CODE
OF
CORPORATE
GOVERNANCE
2021-2023

Introduction

The main principle underpinning the development of the new Delivering Good Governance in Local Government: Framework (CIPFA/Solace, 2016) ('the Framework') continues to be that local government is developing and shaping its own approach to governance, taking account of the environment in which it now operates. The framework is intended to assist authorities individually in reviewing and accounting for their own unique approach. The overall aim is to ensure that resources are directed in accordance with agreed policy and according to priorities, that there is sound and inclusive decision making and that there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities.

The Framework positions the attainment of sustainable economic, societal, and environmental outcomes as a key focus of governance processes and structures. Outcomes give the role of local government its meaning and importance, and it is fitting that they have this central role in the sector's governance. Furthermore, the focus on sustainability and the links between governance and public financial management are crucial – local authorities must recognise the need to focus on the long term. Local authorities have responsibilities to more than their current electors as they must take account of the impact of current decisions and actions on future generations.

The Framework defines the principles that should underpin the governance of each local government organisation. It provides a structure to help Individual authorities with their approach to governance. Whatever form of arrangements are in place, authorities should therefore test their governance structures and partnerships against the principles contained in the Framework by:

- reviewing existing governance arrangements
- developing and maintaining an up-to-date local code of governance, including arrangements for ensuring ongoing effectiveness
- reporting publicly on compliance with their own code on an annual basis and on how they have monitored the effectiveness of their governance arrangements in the year and on planned changes.

The term 'local code' essentially refers to the governance structure in place as there is an expectation that a formally set out local structure should exist, although in practice it may consist of a number of local codes or documents.

To achieve good governance, each local authority should be able to demonstrate that its governance structures comply with the core and sub-principles contained in this Framework. It should therefore develop and maintain a local code of governance/governance arrangements reflecting the principles set out.

It is also crucial that the Framework is applied in a way that demonstrates the spirit and ethos of good governance which cannot be achieved by rules and procedures alone. Shared values that are integrated into the culture of an organisation, and are reflected in behaviour and policy, are hallmarks of good governance.

The Framework applies to annual governance statement prepared for the financial year 2016/17 onwards.

Principles of Good Governance

Principle A - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law

Sub-Principles	Behaviours and Actions that Demonstrate Good Governance in Practice
Behaving with integrity	Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation.
	Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation.
	Leading by example and using these standard operating principles or values as a framework for decision making and other actions.
	Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively.
Demonstrating strong commitment to ethical values	Seeking to establish, monitor and maintain the organisation's ethical standards and performance.
	Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation.
	Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values.
	Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with high ethical standards expected by the organisation.
Respecting the rule of law	Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations.
	Creating the conditions to ensure that the statutory officers, other key post holders and members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements.
	Striving to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders.
	Dealing with breaches of legal and regulatory provisions effectively.
	Ensuring corruption and misuse of power are dealt with effectively.

Principle B - Ensuring openness and comprehensive stakeholder engagement.

Local government is run for the public good; organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.

Sub-Principles	Behaviours and Actions that Demonstrate Good Governance in Practice
Openness	Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness.
	Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided.
	Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear.
	Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/courses of action.
Engaging comprehensively with institutional stakeholders	Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably.
	Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively
	Ensuring that partnerships are based on: <ul style="list-style-type: none"> • Trust • a shared commitment to change • a culture that promotes and accepts challenge among partners and that the added value of partnership working is explicit.
Engaging stakeholders effectively, including individual citizens and service users	Establishing a clear policy on the type of issues that the organisation will meaningfully consult with or involve individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes.
	Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement.
	Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs.

	Implementing effective feedback mechanisms in order to demonstrate how their views have been taken into account.
	Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity
	Taking account of the interests of future generations of tax payers and service users.

Principle C - Defining outcomes in terms of sustainable economic, social, and environmental benefits.	
<p>The long-term nature and impact of many of local government's responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the authority's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.</p>	
Sub-Principles	Behaviours and Actions that Demonstrate Good Governance in Practice
Defining outcomes	Having a clear vision which is an agreed formal statement of the organisation's purpose and intended outcomes containing appropriate performance indicators, which provides the basis for the organisation's overall strategy, planning and other decisions.
	Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer.
	Delivering defined outcomes on a sustainable basis within the resources that will be available.
	Identifying and managing risks to the achievement of outcomes.
	Managing service user's expectations effectively with regard to determining priorities and making the best use of the resources available.
Sustainable economic, social and environmental benefits	Considering and balancing the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision.
	Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints.
	Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs.
	Ensuring fair access to services.

Principle D - Determining the interventions necessary to optimise the achievement of the intended outcomes.	
Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions. Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed continually to ensure that achievement of outcomes is optimised.	
Sub-Principles	Behaviours and Actions that Demonstrate Good Governance in Practice
Determining interventions	Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and including the risks associated with those options. Therefore ensuring best value is achieved however services are provided.
	Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts.
Planning interventions	Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets.
	Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered.
	Considering and monitoring risks facing each partner when working collaboratively including shared risks.
	Ensuring arrangements are flexible and agile so that the mechanisms for delivering outputs can be adapted to changing circumstances.
	Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured.
	Ensuring capacity exists to generate the information required to review service quality regularly.
	Preparing budgets in accordance with organisational objectives, strategies and the medium term financial plan.
	Informing medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy.
Optimising achievement of	Ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints.

intended outcomes	Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term.
	Ensuring the medium term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage.
	Ensuring the achievement of 'social value' through service planning and commissioning. The Public Services (Social Value) Act 2012 states that this is "the additional benefit to the community...over and above the direct purchasing of goods, services and outcomes".

Principle E - Developing the entity's capacity, including the capability of its leadership and the individuals within it.

Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mindset, to operate efficiently and effectively and achieve their intended outcomes within the specified periods. A local government organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which an authority operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of the leadership of individual staff members. Leadership in local government entities is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.

Sub-Principles	Behaviours and Actions that Demonstrate Good Governance in Practice
Developing the entity's capacity	Reviewing operations, performance use of assets on a regular basis to ensure their continuing effectiveness.
	Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how the authority's resources are allocated so that outcomes are achieved effectively and efficiently.
	Recognising the benefits of partnerships and collaborative working where added value can be achieved.
	Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources.
Developing the capability of the entity's leadership and other individuals	Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained.
	Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body.
	Ensuring the leader and the chief executive have clearly defined and distinctive leadership roles within a structure whereby the chief executive leads the authority in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other's authority.
	Developing the capabilities of members and senior management to achieve effective shared leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by: <ul style="list-style-type: none"> • ensuring members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged • ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis • ensuring personal, organisational and system wide development through shared learning, including lessons learnt from governance weaknesses both internal and external.

	Ensuring that there are structures in place to encourage public participation.
	Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections.
	Holding staff to account through regular performance reviews which take account of training or development needs.
	Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing.

Principle F - Managing risks and performance through robust internal control and strong public financial management.

Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision making activities. A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery, and accountability. It is also essential that a culture and structure for scrutiny is in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.



Sub-Principles	Behaviours and Actions that Demonstrate Good Governance in Practice
Managing risk	Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making.
	Implementing robust and integrated risk management arrangements and ensuring that they are working effectively.
	Ensuring that responsibilities for managing individual risks are clearly allocated
Managing performance	Monitoring service delivery effectively including planning, specification, execution and independent post implementation review.
	Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook
	Ensuring an effective scrutiny or oversight function is in place which encourages constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation's performance and that of any organisation for which it is responsible (OR, for a committee system) Encouraging effective and constructive challenge and debate on policies and objectives to support balanced and effective decision making.
	Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement.
	Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (e.g. financial statements).
Robust internal control	Aligning the risk management strategy and policies on internal control with achieving the objectives.
	Evaluating and monitoring the authority's risk management and internal control on a regular basis.
	Ensuring effective counter fraud and anti-corruption arrangements are in place.

	Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor.
	Ensuring an audit committee or equivalent group or function which is independent of the executive and accountable to the governing body: <ul style="list-style-type: none"> • provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment • that its recommendations are listened to and acted upon.
Managing data	Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data.
	Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies.
	Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring.
Strong public financial management	Ensuring financial management supports both long term achievement of outcomes and short-term financial and operational performance.
	Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls.

Principle G - Implementing good practices in transparency, reporting, and audit to deliver effective accountability.	
Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.	
Sub-Principles	Behaviours and Actions that Demonstrate Good Governance in Practice
Implementing good practice in transparency	Writing and communicating reports for the public and other stakeholders in an understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate.
	Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand.
Implementing good practices in reporting	Reporting at least annually on performance, value for money and the stewardship of its resources.
	Ensuring members and senior management own the results.
	Ensuring robust arrangements for assessing the extent to which the principles contained in the Framework have been applied and publishing the results on this assessment including an evidence to demonstrate good governance (annual governance statement).
	Ensuring that the Framework is applied to jointly managed or shared service organisations as appropriate.
	Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other similar organisations.
Assurance and effective accountability	Ensuring that recommendations for corrective action made by external audit are acted upon.
	Ensuring an effective internal audit service with direct access to members is in place which provides assurance with regard to governance arrangements and recommendations are acted upon.
	Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations
	Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement.
	Ensuring that when working in partnership, arrangements for accountability are clear and that the need for wider public accountability has been recognised and met.

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Agenda Item 9.

Report To:	AUDIT PANEL
Date:	26 July 2022
Reporting Officer:	Kathy Roe – Director of Finance Caroline Barlow – Assistant Director of Finance
Subject:	AUDIT PANEL FORWARD PLAN AND TRAINING
Report Summary:	The report sets out the updated forward plan and training programme for the Audit Panel for 2022/23 and 2023/24.
Recommendations:	Members are asked to: <ol style="list-style-type: none">1) Approve the updated work programme, including training, as set out in Appendix 2; and2) Note the core functions outlined in Section 2 of the report and the updated CIPFA Position Statement: Audit Committees in Local Authorities and Police 2022 and consider whether any further training would be beneficial for the Audit Panel.
Corporate Plan:	The functions of the Audit Panel support the operations of the Council, which deliver the objectives of the Corporate Plan.
Policy Implications:	An effective Audit Committee supports the achievement of Council objectives and demonstrates a commitment to high standards of corporate governance.
Financial Implications: (Authorised by the statutory Section 151 Officer & Chief Finance Officer)	An effective Audit Committee supports corporate governance, internal control, risk management and arrangements to ensure value for money.
Legal Implications: (Authorised by the Borough Solicitor)	Failure to organise in this way would put the Council at greater risks of successful regulatory, judicial and ombudsman challenge.
Risk Management:	The Audit Committee supports effective risk management and internal control arrangements across the Council.
Access to Information:	This report is to be considered in public.
Background Papers:	The background papers relating to this report can be inspected by contacting Christine Weston.
	 Telephone: 0161 342 2356
	 e-mail: christine.weston@tameside.gov.uk

1. BACKGROUND

- 1.1 The Audit Panel is the Committee of Tameside Council that undertakes the role of the Audit Committee. The terms of reference for the Audit Panel are listed in **Appendix 1**.
- 1.2 The purpose of an audit committee is to provide to those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and governance processes. By overseeing both internal and external audit, it makes an important contribution to ensuring that effective assurance arrangements are in place.
- 1.3 The Audit Panel is a key component of the Council's governance framework. Its function is to provide an independent and high-level resource to support good governance and strong public financial management.

2. ROLE OF THE AUDIT COMMITTEE

- 2.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) has recently released an updated Position Statement on the role of the Audit Committee in Local Authorities which replaces the 2018 statement.
- 2.2 The Position Statement identifies the purpose of the Audit Committee as:
"Audit committees are a key component of an authority's governance framework. Their purpose is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. The committee's role in ensuring that there is sufficient assurance over governance risk and control gives greater confidence to all those charged with governance that those arrangements are effective".
- 2.3 It states that it should be established so that it is independent of executive decision making and able to provide objective oversight. It is an advisory committee that has sufficient importance in the authority so that its recommendations and opinions carry weight and have influence with the leadership team and those charged with governance.
- 2.4 It sets out the core functions of the Audit Committee, as follows:

Maintenance of governance, risk and control arrangements

- Support a comprehensive understanding of governance across the organisation and among all those charged with governance, fulfilling the principles of good governance.
- Consider the effectiveness of the authority's risk management arrangements. It should understand the risk profile of the organisation and seek assurances that active arrangements are in place on risk-related issues, for both the body and its collaborative arrangements.
- Monitor the effectiveness of the system of internal control, including arrangements for financial management, ensuring value for money, supporting standards and ethics and managing the authority's exposure to the risks of fraud and corruption.

Financial and governance reporting

- Be satisfied that the authority's accountability statements, including the annual governance statement, properly reflect the risk environment, and any actions required to improve it, and demonstrate how governance supports the achievement of the authority's objectives.
- Support the maintenance of effective arrangements for financial reporting and review the statutory statements of account and any reports that accompany them.

Establishing appropriate and effective arrangements for audit and assurance

- Consider the arrangements in place to secure adequate assurance across the body's full range of operations and collaborations with other entities.
- In relation to the authority's internal audit functions
 - oversee its independence, objectivity, performance and conformance to professional standards
 - support effective arrangements for internal audit
 - promote the effective use of internal audit within the assurance framework
- Consider the opinion, reports and recommendations of external audit and inspection agencies and their implications for governance, risk management or control, and monitor management action in response to the issues raised by external audit.
- Contribute to the operation of efficient and effective external audit arrangements, supporting the independence of auditors and promoting audit quality.
- Support effective relationships between all providers of assurance, audits and inspections, and the organisation, encouraging openness to challenge, review and accountability.

2.5 The role of the Audit Committee referred to CIPFA is delivered by the Audit Panel at Tameside.

3. FORWARD PLAN

3.1 To assist the Audit Panel with delivering its terms of reference, officers have prepared the updated work plan for 2022/23 and 2023/24, which sets out the areas that should be considered by the Audit Panel. The work plan outlined in **Appendix 2** has been updated to remove March 2022 and include September 2023. The dates for 2023 are provisional and may need to be amended if the reporting deadlines for the Statement of Accounts revert move back to the pre-Covid timescales when the accounts were signed off in September.

3.2 Members of the panel are asked to consider whether any additional items or training are required, with reference to the core functions listed above and the [CIPFA Position Statement: Audit Committees in Local Authorities and Police 2022](#).

4. RECOMMENDATIONS

4.1 As set out on the front of the report.

Audit Panel Terms of Reference (Approved by Full Council May 2019)

APPENDIX 1

Role

To provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment and to oversee the financial reporting process.

To undertake the functions of an Audit Committee in accordance with the CIPFA Statement on Audit Committees in Local Authorities.

The Panel shall comprise a membership of 8 Members and is subject to the rules of political balance. The Panel shall be chaired by the Chair of the Overview Panel.

Terms of Reference

1. To overview the arrangements for internal control (both financial and non financial).
2. Consider the Annual Audit Letter from our External Auditors.
3. Approve (but not direct) both external and internal audit's strategy, annual plans and monitor performance.
4. Review summary internal audit reports and the main issues arising and seek assurance that management action has been taken where necessary.
5. Receive the annual report and Head of Internal Audit opinion on the Council's corporate governance, risk management and internal control arrangements.
6. Consider the reports of other regulators and inspectors.
7. Consider the effectiveness of the authority's risk management arrangements, the control environment and associated anti-fraud and anticorruption arrangements. Seek assurances that action is being taken on risk related issues identified by auditors and inspectors.
8. Be satisfied that the authority's assurance statements, including the Annual Governance Statement, properly reflect the risk environment and any actions required to improve it.
9. To review existing and proposed arrangements, recommend changes and receive assurance that the systems of corporate governance are operating effectively and in accordance with best practice.
10. Review and approval of the annual Statement of Accounts, including the Annual Governance Statement and related matters. Approval of accounting policies and consideration of whether there are any concerns arising from the financial statements or external audit that need to be brought to the attention of the Council.
11. Receive and consider the external auditor's report and opinion on the financial statements.
12. Monitor action taken in response to any matters raised in the external auditor's report.
13. Monitor action taken in response to any matters raised in the Annual Governance Statement.

PROPOSED WORK PLAN AND TRAINING FOR AUDIT PANEL

APPENDIX 2

July 2022	September 2022	November 2022	March 2023	July 2023	Sept 2023
Financial Reporting and Accounts					
	Audited Statement of Accounts 2020/21 Draft Statement of Accounts 2021/22	Audited Statement of Accounts 2021/22 (Approval)	Accounting Policies and Critical Judgements 22/23	Draft Statement of Accounts 2022/23	
Treasury Outturn Report		Treasury Mid-Year review	Treasury Strategy	Treasury Outturn Report	
Internal Audit					
		Internal Audit Progress Report Q1/Q2	Risk Management and Audit Progress Report Q3		
Internal Audit Annual Report and Head of Internal Audit Opinion 2021/22			Risk Management and Audit Services Planned Work 2023/24	Internal Audit Annual Report and Head of Internal Audit Opinion 2022/23	
Review of Internal Audit 2021/22				Review of Internal Audit 2022/23	
	External Audit Assurance Letters from Management and TCWG 2021/22			External Audit Assurance Letters from Management and TCWG 2022/23	
		Procurement Update			

July 2022	September 2022	November 2022	March 2023	July 2023	Sept 2023
		NAFN Data and Intelligence Services Annual Report			
External Audit					
	External Audit Completion Report 2020/21 (Updated) Audit Strategy Memorandum 2021/22	External Auditor Annual Report 2020/21 External Audit Completion Report 2021/22	External Auditor Annual Report 2021/22 Audit Strategy Memorandum 2022/23		External Audit Completion Report 2022/23
Risk Management					
Corporate Risk Register Review	Corporate Risk Register Review	Corporate Risk Register Review	Corporate Risk Register Review	Corporate Risk Register Review Risk Management Report	Corporate Risk Register Review
	Data Protection/ Information Governance Update Report (If required)	Data Protection/ Information Governance Update Report (If required)	Data Protection/ Information Governance Update Report (If required)	Data Protection/ Information Governance Update Report (If required)	Data Protection/ Information Governance Update Report (If required)
Internal Control and Governance Environment					
	Procurement Update				Procurement Update
Review against the Code of Corporate Governance				Review against the Code of Corporate Governance	

July 2022	September 2022	November 2022	March 2023	July 2023	Sept 2023
Draft Annual Governance Statement 2021/22		Annual Governance Statement 2021/22 (Approval)	Annual Governance Statement Improvement Plan Update	Draft Annual Governance Statement 2022/23	
Work Plan					
Forward Plan	Forward Plan	Forward Plan	Forward Plan	Forward Plan	Forward Plan
Training					
Training – Role of the Audit Panel	Training – Statement of Accounts	Training - Risk Management - Treasury Management & Minimum Revenue Provision	Training – Information Governance	Training – Accounts	Training – To be Determined
Other					
Private Meeting with Internal and External Audit (If Required)	Private Meeting with Internal and External Audit (If Required)	Private Meeting with Internal and External Audit (If Required)	Private Meeting with Internal and External Audit (If Required)	Private Meeting with Internal and External Audit (If Required)	Private Meeting with Internal and External Audit (If Required)

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Report to:	AUDIT PANEL
Date:	26 July 2022
Reporting Officer:	Kathy Roe - Director of Finance Martin Nixon – Risk, Insurance and Information Governance Manager
Subject:	CORPORATE RISK REGISTER REVIEW
Report Summary:	To present the Corporate Risk Register detailed at Appendix 1 for comment and approval.
Recommendations:	Members consider and approve the Corporate Risk Register attached at Appendix 1 .
Corporate Plan:	Managing risks will enable the Council to deliver services safely and in an informed manner to achieve the best possible outcomes for residents.
Policy Implications:	Effective risk management supports the achievement of Council objectives and demonstrates a commitment to high standards of corporate governance.
Financial Implications: (Authorised by the statutory Section 151 Officer & Chief Finance Officer)	Effective risk management assists in safeguarding assets, ensuring the best use of resources and the effective delivery of services. It also helps to keep insurance premiums and compensation payments to a minimum.
Legal Implications: (Authorised by the Borough Solicitor)	<p>The Council has a statutory responsibility to have in place arrangements for managing risks, as stated in the Accounts and Audit Regulations 2015 (amended 2016):</p> <p>‘A relevant authority must ensure that it has a sound system of internal control which includes effective arrangements for the management of risk’. Regularly reviewing the Council’s arrangements for risk and updating them as needed ensures that the Council is managing its statutory responsibility.</p> <p>This report is aimed at addressing the requirement that the Council achieves its strategic aims and operates its business, under general principles of good governance and that it identifies risks which threaten its ability to be legally compliant and operate within the confines of the legislative framework.</p>
Risk Management:	Failure to manage risks will impact on service delivery, the achievement of objectives and the Council’s Medium Term Financial Plan.
Access to Information:	The background papers relating to this report can be inspected by contacting Martin Nixon, Risk, Insurance and Information Governance Manager.



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1. INTRODUCTION

- 1.1 The report presents the revised and updated Corporate Risk Register for comment, challenge and approval. The report was presented to the Senior Leadership Team on 12 July 2022 and was updated in response to any comments received.

2. WHAT IS RISK MANAGEMENT?

- 2.1 Risk Management is the process of identifying risks, evaluating their likelihood and potential impact and determining the most effective methods of controlling them or responding to them. It is a means of maximising opportunities and minimising the costs and disruption to the organisation caused by undesired events.
- 2.2 Corporate Risks are potential barriers to the Council achieving its priorities and have the potential to disrupt large parts of our service.

3. CORPORATE RISK REGISTER

- 3.1 The Corporate Risk Register is attached at **Appendix 1**. It details the risk scores evaluated both in February 2022 and July 2022.
- 3.2 Risk owners (responsible Assistant Directors or Service Unit Managers) have assisted the Risk, Insurance and Information Governance Manager to review the Corporate Risks they have responsibility for. Review comments are included the risk register under Appendix 1 alongside each risk.
- 3.3 The reduced prevalence of Covid infection has eased further the level of disruption in the community and to service delivery. The risk score has increased in respect of Risk 1 (Medium Term Financial Plan) since last reported in February 2022, and scores have reduced in respect of Risk 3 (Adults; Local Care Home Market), Risk 7 (Health and Safety management system), Risk 8 (Coronavirus impact), Risk 15 (Vision Tameside) and Risk 21 (Prevention of fraud).

Risk 9 (Vulnerable adults are put at risk due to reduced service availability) will be managed as part of the service delivery considerations under Risk 8 (Coronavirus impact) for future Corporate register reviews. 3 new risks have been added to the register – Risk 24 (Insufficient funding to deliver entirety of ASC reform programme) has been brought in by Adults, Risk 25 (Delivery of services put at risk due to inability to recruit the required workforce) has been added as a Council-wide issue, and Risk 26 (Delivery of Place-based initiatives) identifies pressures under the Place directorate. These additions and deletions are included in the summary of key developments under item 3.4 below.

Following inclusion of the various changes there is an increased number of 8 Red risks across the register, in comparison to 7 in the last quarter. Current risk scores are displayed in the 'heat map' comparisons provided under item 3.5 below.

- 3.4 The key developments in the risk register following review in June are summarised below.

Risk	Comment	Risk Rating Feb 2022	Risk Rating June 2022
1	Finance: Risk the Council is unable to deliver it's Medium Term Financial Plan Since the budget was set in February 2022 we are now operating in a very different economic climate. The very high level of inflation is expected to result in an adverse budget position. The position requires an unrelenting focus on achieving value for money in all areas as well as a focus on transformation of services.	20	25
5	Children's: Failing to protect vulnerable children - Vulnerable children are put at risk due to poor systems/processes and reduced service provision. Ofsted undertook a Focused Visit on the 27 - 28 April on the Front Door, which looked at Early Help, MASH and Duty & Assessment Teams. Ofsted have set 2 priority actions, for which a new Improvement Plan has been developed. A newly formed elected members Scrutiny Committee will contribute towards the monitoring of the plan.	15	15
8	Population Health: Negative impact of Coronavirus on health and wellbeing objectives. Level of disruption due to Covid-19 impact and measures has reduced in due to the changes in policy as part of the Living With Covid Strategy, and the reduced prevalence of infection in the community. There remains a high indirect impact, particularly in education and the health and social care system, where there continues to be service pressures on the back of the pandemic.	20	15
9	Vulnerable adults are put at risk due to reduced service availability, this is further compounded by the long term impacts of the pandemic eg: rise in poor health, rise in self-neglect. Staff are now routinely visiting people in care homes and at home so are in a better position to pick up on issues that may result in safeguarding concerns.	9	To be considered under Risk 8 going forward.

Risk	Comment	Risk Rating Feb 2022	Risk Rating June 2022
14	Implementation of a GM Integrated Care System may increase the operational and financial risks of the Council and may delay progress in implementing local health strategies. The Board including the Executive team of the Greater Manchester ICS is now largely in place. Tameside have confirmed the Place Based Lead as the Chief Executive and are working with GM ICS to identify other key leadership roles. Financial arrangements are in the process of being clarified.	12	12
15	Vision Tameside is not completed on time and in budget and associated leases and service agreements are not finalised in a timely manner. Citizens Advice Bureau lease with solicitors. DWP queries in relation to the proposed service charge arrangements are in the process of being resolved. The lease to Tameside College is all agreed and pending completion. A revised programme of void works has been agreed with the College.	10	Risk Expired

24	Insufficient funding to be able to deliver entirety of ASC reform programme within timescales and quality, including the Fair Cost of Care. The White Paper requires delivery of the fair cost of care and the cap on care, and in Tameside there is a desire to deliver the real living wage. This would ease the pressure on the care market, however, there will be financial impacts to the Council.	New Risk	16
25	Delivery of services across the Council put at risk due to Inability to recruit the required workforce. Adults continue to work closely with HR to recruit and retain staff across all levels, including a rolling recruitment programme for key statutory functions, development of existing staff, and the Apprenticeship Scheme.	New Risk	12
26	The Council fails to deliver on a range of Place based initiatives including growth, regeneration and commercial opportunities. Options to deliver the programmes in a timely manner are being progressed including delivery teams and to undertake appropriate levels of consultation and engagement.	New Risk	16

3.5 The Corporate risk scores are summarised in the risk heat maps below:-

Heat Map 1 – February 2022 (23 Risks)

		Impact level				
		Insignificant (1)	Minor (2)	Medium (3)	Major (4)	Major Disaster (5)
Likelihood						
Almost Certain (5)					1	
Very likely (4)			4		4	1
Likely (3)			3		3	1
Unlikely (2)			1		3	1
Very Low (1)					1	

Heat Map 2 – June 2022 (24 Risks)

		Impact level				
		Insignificant (1)	Minor (2)	Medium (3)	Major (4)	Major Disaster (5)
Likelihood						
Almost Certain (5)						1
Very likely (4)			3		5	
Likely (3)			3		5	2
Unlikely (2)			1		2	
Very Low (1)					2	

4. RECOMMENDATIONS

4.1 As set out on the front of the report.

Corporate Plan Theme	Risk No.	Risk Description	Residual Impact score	Residual Likelihood score	Residual Risk rating (Impact x Likelihood) February 2022	Residual Impact score	Residual Likelihood score	Residual Risk rating (Impact x Likelihood) June 2022	Direction of Travel	Risk Owner (Director)	Responsible AD/SUM	Updated position and other comments
Starting Well	1	The Council is unable to deliver its Medium Term Financial Plan - Failure to deliver services within available budgets and provide for future financial stability, including the maintenance of the Council's resource base and council tax collection and dealing with the current cost pressures and demand levels in Children's Services.	5	4	20	5	5	25	↑	Kathy Roe	Caroline Barlow	Since the budget was set in February 2022 we are now operating in a very different economic climate. The very high level of inflation is expected to result in an adverse budget position. CPI rose by 7% in the 12 months to March 2022, and is continuing to rise, moving in some areas into double digits. Analysts expect this to continue with the risk that the economy is moving into recession. Increased energy costs have already hit and further inflationary pressures are expected to follow. The position within demand led services continues to be very difficult, particularly with the residual impact of the Covid-29 pandemic. In addition, the Council has challenging savings targets and needs to evidence unrelenting effective and sustained progress in all these savings areas without which the revenue position will deteriorate further. The position remains very challenging and requires an unrelenting focus on achieving value for money in all areas as well as a focus on transformation of services.
Living Well												
Ageing Well												
Great Place Inclusive Growth												
Corporate Support and Enabling Services	2	Not implementing the latest products or best practice in information technology to ensure that the organisation remains effective and efficient, enabling it to deliver its services.	3	4	12	3	4	12	→	Kathy Roe	Colin Skoyles	Deployment of Office 365 is underway. Teams Meeting mode was completed in April, Teams Voice will complete in July, Sharepoint sites and Teams Champions are underway. Board/Cabinet approval of additional resource for roll out and support of Office 365 has been provided. Planned work continues to support further deployment of the Office 365 product suite.
Ageing Well	3	Failure to manage the local home care market and care home capacity available to deliver appropriate and timely care packages and appropriate placements for people requiring long term care.	4	4	16	4	3	12	↓	Stephanie Butterworth	Tracey Harrison	The care market is currently under significant pressure. There is a national workforce shortage and we are seeing the impact of this locally. For example there are challenges to find care packages without significant waiting times. Providers are raising concerns about their ability to sustain services at the current fee levels. There is anecdotal evidence that staff who were recruited during lockdown have started to go back to their previous 'pre-COVID' roles, which appears to be a national issue. Work is ongoing to recruit additional staff across the system to ensure there is capacity to act as 'provider of last resort' - recruitment is proving difficult.
Great Place Inclusive Growth	4	The property portfolio rationalisation necessary for the delivery of appropriate council wide services is not delivered and consequently savings and capital receipts required to fund the current and future investment programme are not achieved.	3	3	9	3	3	9	→	Nick Fenwick	Lindsay Johnson	The rationalisation strategy in relation to the Council's operational buildings is being revisited in light emerging priorities, such as the Children's Transformation journey. However, it is anticipated that alternative revenue savings (and in some cases capital receipts) will be achieved elsewhere across the Council's estate.
Starting Well	5	Failing to protect vulnerable children - Vulnerable children are put at risk due to poor systems/processes and reduced service provision.	5	3	15	5	3	15	→	Alison Stathers-Tracey	Tony Decrop	Ofsted undertook a Focused Visit on the 27th and 28th April on the Front Door, which looked at Early Help, MASH and Duty & Assessment Teams. Whilst they found positive examples of practice in Early Help & MASH, they were concerned that progress was not being made quickly enough or are working arrangements with the police in child protection investigations and gave Tameside 2 priority actions. A new Improvement Plan has been developed which has been shared with Ofsted - this will be monitored by a Revised Improvement Board and will be further monitored by a newly formed elected members Scrutiny Committee

Starting Well	6	Failure to ensure effective services (ILACS, LAR, YJS etc.) which are highly regarded by regulators and that robust improvement plans are in place NB. likelihood of 4 is driven by SEND	4	4	16	4	4	16	➡	Alison Stathers-Tracey	Tim Bowman	This risk remains high. Tameside has now received a SEND inspection and is required to produce a written statement of action. Tameside receives the lowest level of SEND funding in Greater Manchester. Tameside's funding is being capped by the Government. This cap costs Tameside £3m a year. This resource gap is causing a significant pressure. The impact of COVID has been significant on SEND health services and has caused an increase in demand for statutory assessment.
Corporate Support and Enabling Services	7	Failure to effectively implement and monitor the effectiveness of a health and safety management system within the organisation.	4	2	8	4	1	4	⬇️	Nick Fenwick	Sharon Smith	Risk assessments are continuously reviewed. New risk assessments have been completed and controls put in place as some locations for office based working are reintroduced. Aside from the pandemic, the Health and Safety Team are carrying out Service Audits to ensure that appropriate Safety Management systems are in place, are being applied and have not been ignored or forgotten in the shadow of the pandemic. Significant work is being done around stress, with procedures for reducing the risk of stress in our workforce having been updated and introduced to Managers and School Leadership Teams through webinars. Accident and incident reports continue to be closely monitored with the Health and Safety Team assisting in accident investigations as necessary and reporting on any recommendations towards improvements that need to be put into effect.
Living Well	8	Coronavirus has a negative impact on health and wellbeing objectives, immediately through direct COVID illness and death; to non-COVID healthcare being displaced or delayed; to short and long-term impact on socio-economic determinants of health and wellbeing.	5	4	20	5	3	15	⬇️	Debbie Watson	James Mallion	Level of disruption due to Covid-19 impact and measures has reduced in recent months due to the changes in policy as part of the government's Living With Covid Strategy, and due to the reduced prevalence of infection in the community. There remains a high ongoing indirect impact due to the disruption caused by previous waves of the pandemic and measures put in place. This is particularly the case in education, and the health and social care system, where there continue to be service pressures on the back of the pandemic. There continue to be some pressures in certain sectors such as healthcare and adult social care, where measures such as strict IPC controls and regular testing are still required. This continues to have impacts such as ongoing outbreaks in care homes, though at a lower level than seen previously. There remains a high likelihood of an escalation of the Covid-19 situation if there is a future surge in infections, particularly heading into the autumn/winter period, alongside other seasonal challenges such as influenza. There may also be major impacts of escalations including further localised outbreaks (eg. care homes), service & staffing disruption, and the need to rapidly stand up operational responses including rapid Covid-19 booster vaccinations. The Covid-19 vaccination programme continues, with an autumn booster programme for certain groups highly likely.
Ageing Well	9	Vulnerable adults are put at risk due to reduced service availability, this is further compounded by the long term impacts of the pandemic eg: rise in poor health, rise in self-neglect.	3	3	9	3	3	9	➡	Stephanie Butterworth	Tracey Harrison	While generally based from home staff are now routinely visiting people in care homes and at home so are in a much better position to pick up on wider issues and concerns that may result in safeguarding concerns - these wider issues are not always identified on phone or video calls. The COVID booster programme is underway for all care home residents, social care staff and vulnerable over 50s. This will further protect staff teams and vulnerable users of services. Safeguarding Lead is now in post who is reviewing the LA safeguarding compliance and processes to ensure maximum effectiveness. June 22 - This Risk to be included under Risk 8 for future reviews.
Living Well	10	Increased demand for services due to demographic changes - Tameside is unable to meet the needs of its ageing population and young people with increasingly complex needs. This is against a backdrop of ongoing budget pressures and increased impact from pandemic such as widening health inequalities.	4	3	12	4	3	12	➡	Stephanie Butterworth	Tracey Harrison	ASC continues to understand current and future demand for services. Improved systems and linkages with Children's Services through the Preparing for Adulthood Lead will ensure that there is good quality intelligence to inform future budget setting, identifying pressures and the type and level of accommodation and local services that are required. This work is underway and is being well supported by Finance colleagues. Regardless of the level of planning and development of services, there are expensive placements costs that will place pressure on budgets e.g. a new care package has become the responsibility of ASC in March 2022 at a cost of £13,000 per week. Care home placements and home care requirements are demand led, so as the complexity of demand increases, so does the cost of formal interventions. High level plan for implementation of the white paper in place April 2022.
Corporate Support and Enabling Services	11	The inconsistent application of information standards and controls could result in a significant, unauthorised disclosure of personal and/or special category data.	4	4	16	4	4	16	➡	Sandra Stewart / Kathy Roe	Christine Weston	Work is ongoing with IT Services to review the technological based policies and procedures, although the progress has been delayed due to the departure of the Assistant Director of Digital Service and the appointment of a replacement interim Director of Digital Services. The Work Smart Project and the production of Team Charters outlining the hybrid working models adopted by services will need to be reflected in the framework documents. Mandatory Training (Data Confident and Cyber Ninjas) was rolled out in 2021 and the Information Governance Team is currently working with the service provider and Training and Organisational Development, to upload and assess the refreshed courses for 2022. The Cyber Ninja course and an appropriate data protection course will be made available for members.

Corporate Support and Enabling Services	12	Ineffective procurement and contract monitoring - Procurement does not deliver value for money and is not conducted in line with best practice, PSOs and legislation. The strategic focus on commissioning is less effective due to a lack of skills and capacity to drive the change in culture.	3	3	9	3	3	9	⇒	Kathy Roe	Caroline Barlow	The number of contracts in place within the Council that have been awarded outside of contract procedure rules has continued to reduce and the risks of not achieving Value for Money or being legally compliant has also continued to reduce. Officers have worked with STAR and agreed an updated and streamlined set of contract procedure rules which are currently going through the Council's governance. These amended CPRs will improve timeliness of procurement activity. STAR have experienced a number of procurement vacancies that have proved difficult to fill and this has created operational challenges. There are a number of new procurement officers now in post.
Great Place Inclusive Growth	13	Tameside is unable to exploit growth opportunities and this has a detriment to residents, local businesses and the borough's future prosperity.	3	4	12	3	4	12	⇒	Nick Fenwick	Gregg Stott	There is continued push on taking forward key strategic sites and town centres working with landowners and the private sector. These future developments will seek to address and provide appropriate provision (including repurposing) and one which will seek flexibility and ability to the changing market. There have been recent success in attracting funding to undertake key investment/development studies and these will continue. In addition there is an expectation of further announcements at Budget around the Levelling Up Fund and UK Shared Prosperity Funding programmes with further detail to follow.
Starting Well	14	Implementation of a GM Integrated Care System may increase the operational and financial risks of the Council and may delay our progress in implementing local strategies to improve population health outcomes.	4	3	12	4	3	12	⇒	Sandra Stewart	Single Leadership Team	The Board including the Executive team of the Greater Manchester ICS is now largely in place. This has clarified continued desire for integrated health and social care leadership. Tameside have confirmed the Place Based Lead as the Chief Executive and are working with GM ICS to identify other key leadership roles. Financial arrangements are in the process of being clarified.
Living Well												
Ageing Well												
Great Place Inclusive Growth												
Great Place Inclusive Growth	15	Vision Tameside is not completed on time and in budget and associated leases and service agreements are not finalised in a timely manner.	5	2	10	4	2	8	⇩	Nick Fenwick	Lindsay Johnson	Citizens Advice Bureau lease with solicitors. DWP have raised further queries in relation to the proposed service charge arrangements which are in the process of being resolved. The lease to Tameside College is all agreed and pending completion. A revised programme of void works has been agreed with the College. Wilkinsons lease in place. Cash Box lease in place. July 22 - Risk Expired
Great Place Inclusive Growth	16	Failure to provide an appropriate Civil Contingencies response to an incident or emergency affecting the community or the Council, including the risks relating to extreme weather conditions due to climate change or in response to the current COVID-19 pandemic.	4	2	8	4	2	8	⇒	Nick Fenwick Kathy Roe	Emma Varnam Mike Gurney Christine Weston	The Chief Officers Group continue to meet monthly and a review of Civil Contingencies and training plan is in progress within GMCA. The processes and support are well documented and the mutual aid support arrangements have been tested. The Flood resilience plan is being reviewed in all GM authorities and a terms of reference between UU and the Environment Agency has been viewed and accepted by the GMCA. Business Continuity will be addressed once services have determined the delivery model in terms of hybrid working.
Great Place Inclusive Growth	17	The Council fails to benefit from the opportunities generated from the increased central government devolution to the Greater Manchester Region.	3	4	12	3	4	12	⇒	Single Leadership Team	Senior Management Group	The borough (as with every other area) has been materially impacted by the COVID pandemic, although progress continues on the development of its key town centres and major developments including Godley Green Garden Village. Whilst the Government's Levelling Up Fund (LUF) White Paper has only very recently been announced there is still little detail or clarification at this point. That said TMBC was successful within the initial 1st bidding round of LUF and secured £19.87m of Government funding towards Ashton Town Centre. In addition to LUF, TMBC has been successful in securing significant sums of other funding including that from across a range of Governmental Departments and Agencies for investment, development, housing and Place. Whilst we await further detail on the LUF agenda and other key programmes such as the UK Shared Prosperity Fund, TMBC will continue to engage and participate at the GM level and ensure the borough is best placed to secure future benefits for the borough.

Starting Well	18	Failure to ensure there are sufficient high quality school places (including specialist places and early years provision) and that children all have fair access to our schools.	4	3	12	4	3	12	➡	Alison Stathers-Tracey	Tim Bowman	High quality collaborative work with school leaders is supporting plans to increase places in specialist and secondary provision. Whilst we continue to meet parental preferences for mainstream places, there are significant demands for specialist places. Capacity challenges within capital delivery teams remain.
Corporate Support and Enabling Services	19	Pension Fund investments do not provide the appropriate/anticipated level of assets to meet liabilities.	4	1	4	4	1	4	➡	Sandra Stewart	Tom Harrington Paddy Dowdall	Updated fund risk register presented to Local Pensions Board on 7 April 2022. GMPF assessment of risk regarding strategic allocation of assets to underpin liabilities unchanged, with current controls evaluated as effective. The war in Ukraine is noted in the report as having an impact on this risk, although direct exposure to Russian or Ukrainian issued securities is very limited and Fund Managers are noted as assessing the risks.
Great Place Inclusive Growth	20	The lack of an up to date strategic planning framework and associated local policies to manage development in Tameside.	4	2	8	4	2	8	➡	Nick Fenwick	Nick Fenwick	The GM Spatial Framework is no longer being taken forward as a joint Development Plan Document following the withdrawal by Stockport MBC. However, the remaining 9 Council Leaders have agreed to progress a Development Plan Document (DPD) named, 'Places for Everyone'. All 9 Councils have since progressed reports through their respective organisations detailing next steps, including the establishment of a committee to prepare a joint DPD and to consult on the plan. The plan has since been published for a period of consultation from 9 August to 3 October 2021. The Plan was intended to be submitted to the Secretary of State in February 2022. The DPD enables Tameside Council to meet the Government's requirements for local authorities to have up to date Local Plans in place by Dec 2023. The scope and detail of individual Council Local Plans is the subject of Government's current planning reforms. The full details are still awaited and primary legislation still to be put in place, however in the interim, commencement on initial stages or preparing an Issues and Options Local Plan has begun.
Corporate Support and Enabling Services	21	Failure to prevent or detect acts of significant fraud or corruption with consequent financial or reputational damage to the Council.	3	4	12	3	3	9	⬇	Kathy Roe	Caroline Barlow Wendy Poole	The number of external frauds in relation to Grants and other benefits has reduced, as the learning from processing earlier grants has paid dividends in both the application and assessment processes. Corporate fraud documentation is being reviewed and once approved it will be linked to FraudAwareness Training for Managers and Staff.
Living Well	22	In-effective community cohesion. The community cohesion activities undertaken do not have the required results, of raising awareness, integration and acceptance within the community.	3	2	6	3	2	6	➡	Nick Fenwick	Emma Varnam	A new Community Safety Strategy is in place. The IAG continues to do excellent work - meeting regularly and addressing key issues with community groups across the borough. A new Community Cohesion report has been drafted and presented to the Inequalities Reference Group and a metric and actions will be monitored quarterly.
Corporate Support and Enabling Services	23	ICT technical vulnerabilities lead to cyber attacks/exploitation of ICT infrastructure or behavioural vulnerabilities lead to misuse of ICT equipment and the potential loss or destruction of data'.	4	4	16	4	4	16	➡	Kathy Roe	Colin Skoyles	Whilst the prevalence and risk of cyber incidents continues to rise globally, we are continuing to improve both the technology we have in place to keep our digital assets safe, as well as introduce controls and measures to manage the risk and mitigate the impact should an incident occur. Board/Cabinet approval of additional resource has been approved. Full cyber review is underway, aligned to the SOCITM investment and recommendations. Working alongside the ICFT to review possible shared investment in monitoring technologies or sole investment to provide TMBC with proactive monitoring of systems and services.
Ageing Well	24	Insufficient funding to be able to deliver entirety of ASC reform programme within timescales and quality, including the Fair Cost of Care.			0	4	4	16	New Risk	Stephanie Buttenworth	Tracey Harrison	An ASC Transformation Programme has been set up to track, monitor and report against progress of the Reform, LPS and any changes that impact the delivery of ASC duties and responsibilities, with a key focus on improving outcomes for local people. Members of the Adults Leadership Team and support services across the council are involved in working groups locally, nationally and regionally to keep abreast of developments and informing the local model. The White Paper requires delivery of the fair cost of care and the cap on care, and in Tameside there is a desire to deliver the real living wage (RLW). This would aid the care market which is significantly under pressure, however, there will be financial impacts to the council.