



Audit and Standards Committee

Date and Time - **Monday 21 June 2021 – 6:30pm**

Venue - **Council Chamber, Town Hall, Bexhill-on-Sea**

Councillors appointed to the Committee:

J. Barnes, Mrs M.L. Barnes, P.C. Courtel, K.M. Harmer, A.K. Jeeawon,
Mrs E.M. Kirby-Green, C.A. Madeley and R.B. Thomas.

Audit Independent Person: Mr Patrick Farmer

AGENDA

1. ELECTION OF THE CHAIRMAN

The Head of Paid Service to seek nominations for election of Chairman for the municipal year. On election, Chairman of Committee to take the Chair.

2. MINUTES

To authorise the Chairman to sign the Minutes of the meeting of the Audit and Standards Committee held on 22 March 2021 as a correct record of the proceedings.

3. APOLOGIES FOR ABSENCE

4. ADDITIONAL AGENDA ITEMS

To consider such other items as the Chairman decides are urgent and due notice of which has been given to the Head of Paid Service by 12 Noon on the day of the meeting.

5. DISCLOSURE OF INTERESTS

To receive any disclosure by Members of personal and disclosable pecuniary interests in matters on the agenda, the nature of any interest and whether the Member regards the personal interest as prejudicial under the terms of the Code of Conduct. Members are reminded of the need to repeat their declaration immediately prior to the commencement of the item in question.

This agenda can be made available in large print, Braille, audiotape/CD or in another language upon request.

For all enquiries please contact
louise.hollingsworth@rother.gov.uk

PART A - STANDARDS REPORTS

6. **LOCAL GOVERNMENT AND SOCIAL CARE OMBUDSMAN COMPLAINTS MONITORING** (Pages 1 - 4)
7. **CODE OF CONDUCT COMPLAINTS MONITORING AND OTHER STANDARDS MATTERS** (Pages 5 - 10)

PART B - AUDIT REPORTS

8. **REPORT OF THE EXTERNAL AUDITORS, GRANT THORNTON - AUDIT PROGRESS REPORT AND SECTOR UPDATE** (Pages 11 - 24)
9. **INTERNAL AUDIT - ANNUAL REPORT AND OPINION 2020/21** (Pages 25 - 46)
10. **TREASURY MANAGEMENT UPDATE REPORT** (Pages 47 - 52)
11. **ANNUAL GOVERNANCE STATEMENT 2020/21**
12. **WORK PROGRAMME** (Pages 53 - 56)

Malcolm Johnston
Chief Executive

Agenda Despatch Date: 11 June 2021

Invitees in respect of Standards Related Reports only:

Independent Persons: Mrs Rose Durban, Mrs Susan Fellows and Mrs Jan Gray.

Parish/Town Councillor Representative(s): Councillor Mrs W.M. Miers.

NOTE: Observers are kindly requested to watch the meeting live, via the YouTube broadcast and NOT attend the Town Hall in person, unless it is absolutely necessary. All observers present will be required to adhere to social distancing guidelines and wear a face covering at all times.

Rother District Council

Report to: Audit and Standards Committee

Date: 21 June 2021

Title: Local Government and Social Care Ombudsman
Complaints Monitoring

Report of: Mark Adams, Customer Services Manager

Purpose of Report: To receive an update on the number of Local Government and Social Care Ombudsman complaints received since the last report in December 2020.

Officer

Recommendation(s): It be **RESOLVED:** That the report be noted.

1. Details of the complaints made to the Local Government and Social Care Ombudsman (LGSCO) are reported to the Committee as and when they are determined throughout the year. Only two cases have been determined since the Committee's last meeting as detailed below:

REFERENCE	DETAILS OF THE ALLEGATION	OUTCOME
19 004 111	<p>Customer complained about the Council's handling of development on a site near their home because it:</p> <ul style="list-style-type: none"> • granted planning permission for developments that had unacceptable traffic and visual impacts in an area of outstanding natural beauty; • failed to take enforcement action against unauthorised development on the site; and • was complicit in granting planning permissions and not acting against the unauthorised development on the site. <p>The Complainant stated that the Council had failed to respond to his complaint.</p>	<p>The Ombudsman found fault in how the Council dealt with the Complainant's reports of breaches on planning control on land near his home.</p> <p>To put matters right in a suitable, reasonable way the Council agreed to:</p> <ul style="list-style-type: none"> • send a written apology; • pay £300 in recognition of his avoidable frustration and inconvenience caused by its poor communication and delayed complaint response; and • carry out an enforcement investigation into alleged breaches of planning control arising from use of the site. <p>The Ombudsman was made aware that a planning complaint review was already under way and the Council is to send evidence of its review to ensure the failings identified are not repeated.</p>

REFERENCE	DETAILS OF THE ALLEGATION	OUTCOME
19 013 161	<p>The Complainant said the Council did not properly deal with the development near their home because it:</p> <ul style="list-style-type: none"> wrongly accepted and decided an out of time planning application; failed to properly consider the impact of the development on his home; and ignored a breach of planning control. <p>The Complainant was also aggrieved by the Council's delay in responding to his complaint about the development.</p>	<p>The Ombudsman found the Council was not at fault in reaching its planning decisions about development near the Complainant's home.</p> <p>There was however, avoidable delay by the Council in responding to the complaint about the development.</p> <p>To put matters right in a suitable, reasonable, and proportionate manner, the Council agreed to:</p> <ul style="list-style-type: none"> send a written apology; and to pay £150 in compensation for the delayed complaint response. <p>The Ombudsman was made aware that a planning complaint review was already under way and the Council is to send evidence of its review to ensure the failings identified are not repeated.</p>

2. A total of two complaints were made to the LGSCO covering the period 14 November 2020 to 28 May 2021 of which:
 - Two have been upheld (Council found to be at fault).
3. For the same period the Council received 125 non-ombudsman complaints from 14 November 2020 to 28 May 2021 of which:
 - 76 of these were non-complaints (treated as department service request).
 - 16 were treated as stage 1 complaints.

Row Labels	Closed at initial stage - Resolved	Responded at stage 1- Not Upheld	Responded at stage 1- Partially Upheld	Responded at stage 1- Upheld
Environmental Services, Licensing & Community Safety	1	1	-	-
Housing & Community	10	1	-	-
Resources	-	1	-	-
Strategy and Planning	-	-	1	1

- Eight were treated stage 2 complaint (responded to formally by Head of Service).

Department	Not Upheld	Partially Upheld	Upheld
Environmental Services, Licensing & Community Safety	1	-	-
Strategy and Planning	2	4	1

- 18 complaints are currently are under investigation and seven are awaiting complaint triage assessment.

Department	Number of Complaints under investigation
Environmental Services, Licensing & Community Safety	1
Strategy and Planning	8
Housing & Community	7
Corporate Core	1
Resources	1
Awaiting triage assessment	7

Conclusion

4. The Committee is asked to note the report.

Other Implications	Applies?	Other Implications	Applies?
Human Rights	No	Equalities and Diversity	No
Crime and Disorder	No	Consultation	No
Environmental	No	Access to Information	No
Risk Management	No	Exempt from publication	No

Chief Executive:	Malcolm Johnston
Report Contact Officer:	Mark Adams, Customer Services Manager
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Appendices:	None.
Relevant Previous Minutes:	None.
Background Papers:	None.
Reference Documents:	None.

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Rother District Council

Report to: Audit and Standards Committee

Date: 21 June 2021

Title: Code of Conduct Complaints Monitoring and Other Standards Matters

Report of: Lisa Cooper, Monitoring Officer

Purpose of Report: To receive an update on the number of complaints received and processed and other standards related matters since the last report in December 2020.

Officer

Recommendation(s): It be **RESOLVED**: That:

- 1) the report be noted; and
- 2) the Committee formally records its thanks to Mrs Susan Fellows and Mrs Jan Gray, on behalf of the Council for their services to the Council as Independent Persons.

Introduction

1. This routine report sets out brief details of the complaints received since the Committee's last meeting held in December where complaints were considered; as agreed by the Committee, this report presents cases on a six-monthly rolling basis. It also advises the Committee of other standards related matters that have been dealt with since the Committee's last meeting.

Complaints Received

2. Since the last meeting there have been three new Code of Conduct (CoC) complaints made against three District Councillors by one complainant, who was also an election candidate. In accordance with the agreed process, as none of the complaints have resulted in an investigation and a finding of fault, these are presented anonymously. The view of one of the Council's Independent Persons (IP) was sought and concurred with my proposed action in each case; details of each case are provided at Appendix 1. The outcome of the complaint against a District Councillor that was referred for investigation last year has concluded since the last meeting and this is also included at Appendix 1.
3. With regard to the three complaints, the pre-election period did result in a number of contacts with the Council with regard to the use of social media. Section 27(2) of the Localism Act states that the CoC only applies when Members are acting in their official capacity. This can present significant grey areas in the context of social media, where the line between acting in an official or in a private capacity can be a difficult one to draw. Often Councillors will state that they were posting in a private capacity, whereas complainants will state the opposite. Advice was sent to all Members, during the pre-election period

regarding their use of social media with links to various guidance and information.

4. During this time, I have also received two non-valid complaints against three Parish Councillors. The first was made against the Chairman of a Parish Council for submitting the views of the Parish Council against the complainants' planning appeal; this was an action of the Parish Council as a whole and not the individual Councillor. The second was against two Parish Councillors with responsibility for the progression of the Neighbourhood Plan from a resident who was unhappy at consultation comments published by the Parish Council concerning the complainants' business. Again, this complaint related to the actions of the Parish Council as a whole and were not attributable to the behaviour of the individual Parish Councillors.

Other Standards Matters

Independent Persons

5. This meeting will be the last meeting for two of the Council's retiring IPs whose Terms of Office expire on 10 July 2021. Mrs Susan Fellows and Mrs Jan Gray have been IPs for the Council since 2013, the maximum period allowed under the terms of the Localism Act. As Members will recall, following a recruitment exercise earlier in the year, at its meeting held on 4 May, full Council agreed the appointment of a new IP (Mr Robert Brown) to take up position from 10 July 2021.
6. Members are invited to thank Mrs Susan Fellows and Mrs Jan Gray, on behalf of the Council for their services to the Council and for providing invaluable support to the Monitoring Officer in the assessment of complaints made against elected Members of this authority and the Parishes and Towns across the District since 2013.

Training

7. There have been no formal standards related training undertaken since the last meeting due to time constraints and other priority work. It is hoped that a session will be put together for Members in the coming civic year using case examples from neighbouring authorities where possible.

New Parish Council

8. As Members will be aware, a new Parish Council has been created for Bexhill-on-Sea, to be known as Bexhill Town Council. Rother District Council (RDC), as the principle authority, becomes responsible for dealing with any CoC complaints against the new Town Councillors in respect of their CoC. The Registers of Interest of the new 18 Town Councillors must also be published on RDC's website and I can confirm that this has now been complied with.

The Nolan Principles / Code of Conduct

9. Members may recall the discussion at the Annual Council Meeting when it was agreed to adopt a new CoC that brought us more into line with East Sussex County Council's Code and that currently adopted across the other East Sussex

authorities. At that meeting, a Member raised the use of the word “should” rather than “must” within the Seven Principles of Public Life (the “Principles”).

10. The Principles (also known as the Nolan Principles) apply to anyone who works as a public office-holder. This includes all those who are elected (councillors) or appointed (officers) to public office, nationally and locally, and all people appointed to work in the Civil Service, local government, the police, courts and probation services, non-departmental public bodies, and in the health, education, social and care services. All public office-holders are both servants of the public and stewards of public resources. The principles also apply to all those in other sectors delivering public services.
11. The Principles have been appended to the Council’s CoC, as under the Localism Act, whilst Councils are free to adopt their own Code (as opposed to a nationally set Code as in the past) the Code must be compatible with the seven Principles. So whilst we are not able to change the words “should” to “must” within the Appendix to the Code (the Principles), as these are the Principles as written, we can ensure that the Council’s Code is worded in such a way. The General Obligations set out at Paragraph 3 to 7 of our Code do use the term “must” and these broadly reflect the Principles.
12. Should the Council look to adopt a new Code in the future, following the long awaited Government response to the Committee on Standards in Public Life’s recommendations made in January 2019, the Council can decide the terminology used in the Code and the expectations that this places on Members.

Risk Management

13. The Audit and Standards Committee has a duty to promote and maintain high standards of conduct by Members and co-opted Members of the Council. Monitoring the number of complaints received and the nature of the complaints will enable the Committee to identify any trends and make recommendations for additional training and guidance as appropriate. Failure to do so could result in poor Member conduct, an increase in complaints administration and reputational damage for the Council.

Conclusion

14. The Committee is asked to consider the report, note the complaints, formally record its thanks on behalf of the Council to the retiring Independent Persons and agree any other resolutions / recommendations it may wish to make.

Other Implications	Applies?	Other Implications	Applies?
Human Rights	No	Equalities and Diversity	No
Crime and Disorder	No	Consultation	No
Environmental	No	Access to Information	No
Risk Management	No	Exempt from publication	No

Chief Executive:	Malcolm Johnston
Report Contact Officer:	Lisa Cooper, Democratic Services Manager and Monitoring Officer
e-mail address:	lisa.cooper@rother.gov.uk
Appendices:	Appendix 1 – Member Complaints Summary

Relevant Previous Minutes: None.

Background Papers: None.

Reference Documents: None.

MEMBER CODE OF CONDUCT COMPLAINTS SUMMARY SHEET

REF	DATE RECEIVED	COMPLAINANT	SUBJECT MEMBER	NATURE OF COMPLAINT, DECISION AND COMMENT
C20-02	15 June 2020	RDC officer	District Councillor	<p>Complaint: A sustained allegation of bullying over a 9-12 month period.</p> <p>Decision: Referred for external investigation.</p> <p>Outcome: The allegation of bullying was not proven; a number of recommendations were made and progressed by the Chief Executive in consultation with both parties.</p>
C21-01	14 May 2021	Member of the public	District Councillor (1) and (2)	<p>Complaint: It was alleged that the district councillors made inappropriate and politically sensitive posts on social media during the pre-election period regarding the elections to the new Bexhill-on-Sea Parish Council and that this had an adverse influence on the outcome of the election.</p> <p>Decision: No further action (dismissed).</p> <p>Comment: Comments were made in a private capacity using their own private resources and social media accounts; being an elected Member does not preclude existing Members from voicing opinions and beliefs during the election period, as part of the political debate, provided that this is done so in a personal capacity and using their own resources. They are entitled to enter into debate and participate in the election process, through electioneering, like any other member of the public – provided that they do so in their own personal capacity.</p>

REF	DATE RECEIVED	COMPLAINANT	SUBJECT MEMBER	NATURE OF COMPLAINT, DECISION AND COMMENT
				There was no evidence that they made their comments using their status as Councillor or giving that impression. The Code of Conduct does not therefore apply, and the complaints were dismissed.
C21-01	14 May 2021	Member of the public	District Councillor (3)	<p>Complaint: It was alleged that as sole administrator for a social media group, using a councillor email address, not all candidates were promoted equally in the pre-election period and that this gave an unfair advantage to those candidates that were promoted.</p> <p>Decision: No further action (dismissed).</p> <p>Comment: The District Councillor did not post or monitor the social media group and had no knowledge that their councillor email address was shown as a contact point. It has since been removed. The social media group in question has no connection to Rother District Council and they are free to promote candidates as they see fit during the election period, like any other political group.</p>

Rother District Council Audit Progress Report and Sector Update

Year ending 31 March 2021

June 2021
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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Authority or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Introduction

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This paper provides the Audit and Standards Committee with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes a summary of emerging national issues and developments that may be relevant to you as a local authority

Members of the Audit and Standards Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector, and where you can download copies of our publications www.grantthornton.co.uk.

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Key Audit Partner or Audit Manager.

Progress at June 2021

2019/20 Financial statements audit

We presented our Audit Findings Report summarising the outcomes from our work on the 2019/20 financial statements to the December 2020 Audit and Standards Committee. The report noted that our work in a number of areas was still in progress. We provided a further update in our March 2021 progress report.

Measurements used for asset valuation purposes

The Council's significant property plant and equipment assets are revalued annually using an external valuer. For assets valued on a "depreciated replacement cost" (DRC) basis the valuation methodology will involve calculations using gross internal area (GIA). We have previously reported that for the following assets the GIA measurements used to calculate valuations as at 31 March 2020 were incorrect;

- 4 Bexhill Leisure Centre
- Bexhill Leisure Pool
- Bexhill Town Hall
- Treasurer's Offices.

As a result the value of the Council's assets included in the 2019/20 accounts has been understated by £1,355,000. Management have agreed to amend the accounts.

Further work has also been required to assess the impact of this issue in previous years. Management have now obtained further information from the District Valuer which indicates that asset valuations at 31.3.19 were also materially understated. As a result a prior period adjustment will be required to the 2019/20 accounts. However, management are still awaiting information from the District Valuer to clarify if there was a material impact on valuations at 1 April 2018. This will determine the content of the prior period adjustment required under accounting standards.

Any revisions to the 2019/20 accounts will also need to be considered for the Council's 2020/21 accounts.

Work in other areas

Other than for the work relating to the asset measurements issue as outlined above our work on the 2019/20 accounts is now complete, subject to;

- review of a final version of the financial statements including all amendments;
- updating our Audit Findings Report previously presented to the December 2020 Audit and Standards Committee.;
- final audit quality procedures;
- obtaining and reviewing a letter of representation; and
- updating our post balance sheet events review to the date of signing our opinion.

2020/21 Financial Statements Audit

Our initial planning for the 2020/21 audit commenced in March 2021. Our work to date has included;

- review of relevant sector information to capture any emerging issues and consider these as part of audit planning;
- review of key agenda papers and minutes to inform our risk assessment; and
- updating our understanding of the Council's control environment and financial systems, including walkthrough testing to confirm that the design of systems is in accordance with our understanding.

Progress at June 2021

Work will also be required to;

- obtain management responses to planning inquiries;
- understand and assess the Council's internal controls over accounting estimates as required under revised ISA540.

Further information on the work in these areas is included below.

The outcomes from our work will be reported in our 2020/21 Audit Plan.

Planning inquiries

Each year as part of our risk assessment procedures we are required to obtain an understanding of management processes and the oversight of those processes by those charged with governance in the following areas:

- General Enquiries of Management;
- Fraud;
- Laws and Regulations;
- Related Parties; and
- Accounting Estimates.

For 2020/21 we have asked management to provide responses to a summary template of planning inquiries. We will then request the Audit and Standards Committee to confirm that the management responses are consistent with the Committee's understanding.

Accounting estimates

Under the revised ISA (UK) 540 we are required to consider the following:

- how management identifies the methods, assumptions and source data used for each material accounting estimate and the need for any changes. This includes how management selects, or designs, the methods, assumptions and data to be used and applies the methods used in the valuations;
- how management understands the degree of estimation uncertainty related to each accounting estimate; and
- how management address this estimation uncertainty when selecting their point estimate.

A summary of the management responses in these areas will be included in the planning inquiries template presented to the Audit and Standards Committee.

Audit Deliverables

2020/21 Deliverables	Planned Date	Status
<p data-bbox="120 408 264 437">Audit Plan</p> <p data-bbox="120 456 1344 523">We are required to issue a detailed accounts audit plan to the Audit Committee setting out our proposed approach in order to give an opinion on the Council's 2020-21 financial statements.</p>	July 2021	Not yet due
<p data-bbox="120 558 421 587">Audit Findings Report</p> <p data-bbox="120 606 994 635">The Audit Findings Report summarises the outcomes from our audit.</p>	TBC	Not yet due
<p data-bbox="120 670 336 699">Auditors Report</p> <p data-bbox="120 718 739 746">This is the opinion on your financial statements.</p>	TBC	Not yet due
<p data-bbox="120 782 448 810">Auditor's Annual Report</p> <p data-bbox="120 829 1155 858">This Report communicates the key issues arising from our Value for Money work.</p>	TBC	Not yet due

Sector Update

Authorities continue to try to achieve greater efficiency in the delivery of public services, whilst facing the challenges to address rising demand, ongoing budget pressures and social inequality.

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, the wider local government sector and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with audit committee members, as well as any accounting and regulatory updates.

- [Grant Thornton Publications](#)
- [Insights from local government sector specialists](#)
- [Reports of interest](#)
- [Accounting and regulatory updates](#)

More information can be found on our dedicated public sector and local government sections on the Grant Thornton website by clicking on the logos below:

Public Sector

Local
government

Insight into accounting for grants in local government financial statements – Grant Thornton

The government has provided a range of financial support packages throughout the COVID-19 pandemic.

We have issued a brief bulletin aimed at helping local government bodies identify the key things they should consider when determining the accounting treatment for these grants in their financial statements for 2020/21.

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There are no changes to the accounting treatment for grants as required by the CIPFA Code of Practice on Local Authority Accounting. What has changed, is the extent of additional funding to support the cost of services, to offset other income losses along with grant packages to be paid out to support local business. Local authorities need to consider the nature and terms of the various COVID-19 measures in order to determine whether there is income and expenditure to be recognised in the Comprehensive Income and Expenditure Statement in 2020/21.

The report highlights the factors to consider, including:

- Where the funding is to be transferred to other parties, is the authority acting as principal or as agent?
- Are there grant conditions outstanding?
- Is the grant a specific or non-specific grant?

Our bulletin provides you with links to further information on the various support packages and summarises features that may be relevant to your judgements as you determine the appropriate accounting treatment.

Local authorities need to demonstrate their judgements on the accounting treatment to be reasonable and soundly based and, where these have a significant effect on the accounts, to ensure they include sufficient disclosures to meet the requirements of IAS 1:122.

Please ask your audit manager for the full report:



Local government finance in the pandemic – National Audit Office

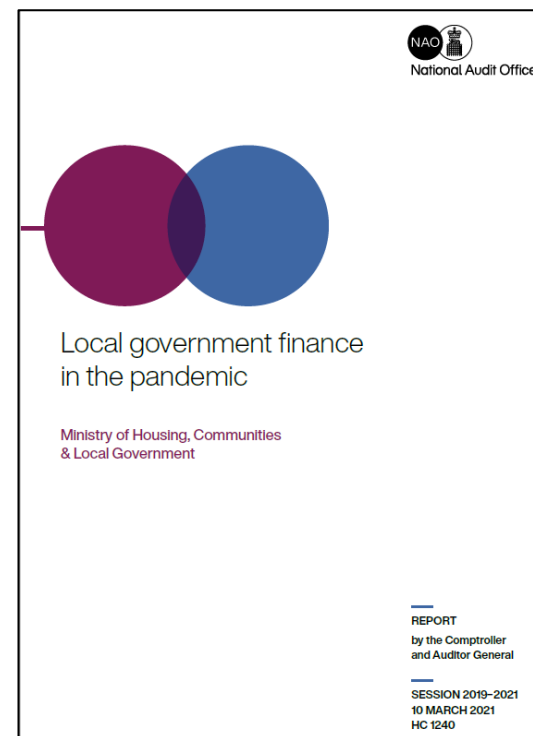
The National Audit Office (NAO) report, published in March, notes “The COVID-19 pandemic has been an unprecedented public health and economic emergency. Local authorities in England have made a major contribution to the national response to the pandemic, working to protect local communities and businesses, while continuing to deliver existing services. The pandemic has in turn placed significant pressure on local authorities’ finances, which in many cases were already under strain going into the pandemic.”

The NAO report examines if the Department’s approach to local government finance in the COVID-19 pandemic enabled it to assess and fund the costs of new services which local authorities have been asked to deliver. It also examines whether the Department fulfilled its responsibilities in securing financial sustainability across the sector.

The NAO report concludes “Steps taken by the government, led by the Department, have supported local authorities in the COVID-19 pandemic response. The Department’s successful monthly collection of data and continued intensive engagement with the sector provided a good evidence base to underpin the financial and other support provided by government. Action by the Department and wider government to support the sector has averted system-wide financial failure at a very challenging time and means that the Department has managed the most severe risks to value for money in the short term.

However, the financial position of local government remains a cause for concern. Many authorities will be relying on reserves to balance their 2020-21 year-end budgets. Despite continuing support into 2021-22 the outlook for next year is uncertain. Many authorities are setting budgets for 2021-22 in which they have limited confidence, and which are balanced through cuts to service budgets and the use of reserves.”

The NAO report found that “the combined impact on spending and non-tax income in 2020-21 is £9.7bn – equivalent to 17.6% of revenue expenditure. So far the government has announced £9.1bn of financial support, leaving a deficit of £605m.”



The full report can be obtained from the NAO website:

[Local government finance in the pandemic - National Audit Office \(NAO\) Report](#)

Good practice in annual reporting – National Audit Office

The National Audit Office (NAO) state that the guide, launched in February, “Sets out our good practice principles for good annual reporting and provides illustrative examples taken from public sector organisations who are leading the way in this area.

The guide draws on examples of good practice from within each of the six sections of an Annual Report:

- Strategy
- Risk
- Operations
- Governance
- Measures of success
- Financial performance

The NAO also state that the guide “provides further examples where bodies have made their context more understandable to the reader through use of graphics and clear language and signposting.”

However, The NAO observe “Done well, reporting in the public sector enables the public and Parliament to understand – with ease and confidence – an organisation’s strategy and the risks it faces, how much taxpayers’ money has been spent and on what, and what has been achieved as a result.”

Further, the NAO note “The significant impacts of the pandemic emerged in the UK in mid-March 2020. This means that, for many organisations, the reporting impact will be greater in 2020-21 than in the prior year. Transparent annual reporting will help stakeholders understand the impact of COVID-19 on an organisation’s strategy, plans and operational and financial performance.”



The full report can be obtained from the NAO website:

<https://www.nao.org.uk/report/good-practice-in-annual-reports-february-2021/>

2019/20 audited accounts – Public Sector Audit Appointments

In December 2020 Public Sector Audit Appointments (PSAA) published figures relating to the audit of 2019/20 local authority financial statements.

PSAA report “Audit arrangements in local councils, police, fire and other local government bodies are continuing to exhibit signs of stress and difficulty. In the latest audit round, focusing on 2019/20 financial statements and value for money arrangements, fewer than 50% of bodies’ audits were completed by the revised target of 30 November.

Figures compiled by PSAA, the organisation responsible for appointing auditors to 478 local bodies, reveal that 55% (265) of audit opinions were not issued by 30 November. This is a further deterioration on 2018/19 audits when 43% of opinions (210 out of 486) were delayed beyond the then target timetable of 31 July.

This year’s timetable has been deliberately eased by Ministers in recognition of the underlying pressures on the audit process and the significant added complications arising from the Covid-19 pandemic. The pandemic has posed practical challenges for bodies in producing accounts and working papers, and for auditors to carry out their testing. Both sets of staff have had to work remotely throughout the period, and the second national lockdown came at a critical point in the cycle.

Questions and concerns about the potential implications of the pandemic for some bodies have meant that both finance staff and auditors have needed to pay particular attention to the financial position of each entity. Additionally, following a series of increasingly challenging regulatory reviews, auditors have arguably been more focused than ever on their professional duty to give their opinion only when they are satisfied that they have sufficient assurance.”



The news article can be found here:

[News release: 2019/20 audited accounts – PSAA](#)

CIPFA Financial Resilience Index

The Chartered Institute of Public Finance & Accountancy's (CIPFA) Financial Resilience Index is a comparative tool designed to provide analysis on resilience and risk and support good financial management.

CIPFA note "CIPFA's Financial Resilience Index is a comparative analytical tool that may be used by Chief Financial Officers to support good financial management, providing a common understanding within a council of their financial position.

The Index shows a council's position on a range of measures associated with financial risk. The selection of indicators has been informed by extensive financial resilience work undertaken by CIPFA over the past five years, public consultation and technical stakeholder engagement.

Section 151 officers may also use the index in their annual report to the council setting out the proposed budget for the year and medium-term financial strategy.

While the impact of COVID-19 resulted in a delay to the publication of the index, it is still able to provide a comprehensive pre-COVID baseline, illustrating the financial resilience of authorities as they entered the pandemic."

CIPFA found that "there was a real-terms reduction of £800m in the level of reserves in 2020 compared with the previous year. At the end of March 2020 council reserves levels stood at £24.6bn, around 3% lower than £25.4bn recorded at the same period in 2019."

CIPFA note "The index is made up of a set of indicators. These indicators take publicly available data and compare similar authorities across a range of factors. There is no single overall indicator of financial risk, so the index instead highlights areas where additional scrutiny should take place in order to provide additional assurance. This additional scrutiny should be accompanied by a narrative to place the indicator into context."



The Financial Resilience tool is available on the CIPFA website below:

<https://www.cipfa.org/services/financial-resilience-index-2021?crdm=0>



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Rother District Council

Report to: Audit and Standards Committee

Date: 21 June 2021

Title: Internal Audit – Annual Report and Opinion 2020/21

Report of: Audit Manager

Purpose of Report: To summarise the work undertaken by Internal Audit in 2020/21; to report on the Internal Audit Team’s performance during the year; and to provide an opinion on the Council’s control environment based on the results of the Internal Audit work.

Officer

Recommendation(s): It be **RESOLVED:** That:

- 1) Internal Audit’s activity and performance in 2020/21 be noted; and
- 2) the Audit Manager’s opinion on the control environment (paragraph 37) be approved.

Introduction

1. The Council is required to ensure that it has reliable and effective internal control systems in place. The adequacy of these systems is tested by both Internal and External Audit.
2. To be effective, Internal Audit must be (and be seen to be) independent from the activities it evaluates. Rother’s Internal Audit Service achieves this by operating as an independent unit within the Corporate Core. It has unrestricted access to Senior Management; reports in its own name; and has no managerial responsibility for any of the systems it reviews. This enables Internal Audit to provide independent and objective assurance when reporting on the Council’s activities.
3. In the year up to 31 March 2021, Internal Audit has operated in accordance with the Public Sector Internal Audit Standards (hereafter referred to as ‘the Standards’). It is a requirement of the Standards that we report to the Audit and Standards Committee on audit matters and any emerging issues, not only in relation to audit but risk management and corporate governance.
4. In line with the Standards, the Audit Manager is expected to present an annual report on the performance of the Internal Audit Service and to provide an overall opinion on the Council’s control environment.
5. The annual report must incorporate:
 - the opinion;
 - a summary of the work that supports the opinion; and
 - a statement on conformance with the Standards and the results of the Quality Assurance and Improvement Programme.

Issues Impacting on the Delivery of the 2020/21 Audit Plan

6. Ordinarily, a risk-based plan is established and agreed prior to the start of the financial year. However, the audit planning process in 2020/21 was disrupted by the coronavirus outbreak and the work plan originally proposed had to be abandoned.
7. The specific challenges facing the Internal Audit Team in the first half of 2020/21 were documented in the Internal Audit Plan Update reported to this Committee in June 2020. These included the transition to home working, staff resourcing/connectivity issues and reduced productivity because it was not possible to carry out routine audit work while officers were in the midst of responding to the crisis. The Council's risk profile also changed. A new, more flexible approach was therefore required to reflect both the changes to the risk landscape and the working practices brought about by the pandemic.
8. The new approach, which was approved by this Committee on 22 June 2020 (Minute AS20/09 refers) included replacing the 2020/21 Audit Plan with quarterly work plans and the implementation of a number of shorter, more focused reviews concentrating on the business-critical issues. The quarterly work plans helped manage the uncertainty from one period to the next, and the shorter audit format enabled faster reporting on those activities which were deemed a priority in light of the pandemic.
9. Whilst many of the barriers which initially impeded the normal operation of Internal Audit slowly began to fade as the year progressed, remote auditing presents its own challenges, and difficulties in gaining access to paper-based evidence when most officers are working from home continues to be an issue.

Summary of Activity in Quarter 4

10. Six audit reviews were completed in the final quarter of 2020/21. All provided good or substantial assurance on the overall governance arrangements. An overview of the findings arising from these audits is given in Appendix A.

Overall Performance in 2020/21

11. Appendix B provides a summary of all audit reports completed in 2020/21, the level of compliance and assurance rating for each review, and the overall performance of the Internal Audit Team against the plan. NB – The details of all audit reports issued in the first three quarters of 2020/21 have already been reported to this Committee at previous meetings.
12. This summary shows 90% of the 2020/21 Audit Plan was completed and only two planned audits (Payroll and CIL Income COVID Risks) were still outstanding at the end of the financial year. Both of these were completed in April 2021.
13. On face value, both Internal Audit's performance and level of assurance obtained from its work would appear to show an improvement on the previous year. However, it should be borne in mind that no audit reports were issued in the first quarter of 2020/21 due to the impact of the pandemic, and Internal Audit's approach had to be modified in order for it to be able to continue to function. This has meant that fewer controls were examined than would

normally be the case, and the results cannot readily be compared with the performance in previous years.

Implementation of Audit Recommendations

14. Each quarter, Members are updated on the progress made on implementing the audit recommendations reported at previous meetings. Appendix C shows a summary of the current position.
15. From this it can be seen that the situation regarding the old year recommendations is now starting to improve. Progress also continues to be made in respect of most of the remaining cases although the number of long outstanding (i.e. pre-April 2019) recommendations (5) is unchanged since the last quarter. The Chief Executive is being kept informed about the progress on all old year recommendations and is working with the relevant Heads of Service to ensure that they are resolved as soon as possible.
16. The position regarding recommendations made in the current financial year remains good, with all nine recommendations having been implemented.

Counter Fraud Work

17. In addition to compliance work, the Audit Manager also coordinates the annual National Fraud Initiative (NFI) data matching exercises. Unfortunately, this work did not result in any financial savings in 2020/21 because there was no capacity within the Internal Audit or Revenues and Benefits Teams to analyse and follow up cases due to the pandemic.
18. Internal Audit also allocates time each year to undertake other counter fraud duties. This work primarily focuses on council tax and business rates. On the council tax side, this has resulted in the identification of unbanded dwellings and the removal of discounts/disregards that are no longer applicable. The issues found on the business rates side mostly consisted of small business rate relief being wrongly applied and unrated holiday lets. All of these cases were followed up with the help of colleagues in the Revenues and Benefits Team and an additional £37,878 of revenue income is now being collected as a result. Clearly, the total savings would have been far higher had the Government's Coronavirus Relief Scheme not been in place at the time these issues were discovered.

Other Financial Savings

19. In addition to providing management with assurance on the adequacy of its control environment, routine audit work can also sometimes highlight financial errors which can result in savings (or increased income) once corrected. However, only one confirmed saving was found as a by-product of this work in 2020/21. This was in respect of a £1,800 duplicate invoice payment which has since been recovered.

Quality Assurance and Improvement Programme

20. The Audit Manager is required to develop and maintain a Quality Assurance and Improvement Programme in order to evaluate the Internal Audit Team's

conformance with the Standards, to assess the efficiency and effectiveness of all Internal Audit activity and to identify opportunities for improvement.

21. The proficiency, effectiveness and quality of the Internal Audit Team is monitored and improved through:
 - annual self-assessments (Review of Internal Audit)
 - 5-yearly external (peer review) assessments
 - supervision and the review of all Internal Audit output
 - obtaining client feedback

22. The Audit Manager’s latest self-assessment of his team’s compliance with the Standards (Review of Internal Audit 2020/21) was approved by Members on 22 March 2021 (Minute AS20/52 refers). The review did not identify any significant issues and concluded that there is a high level of effectiveness overall.

23. The team’s first external peer review was completed in April 2017 and the assessors’ findings were reported to this Committee on 26 June 2017 (Minute AS17/14 refers). No significant issues were found, and the report concluded that the Rother Internal Audit Service “generally conforms with the Public Sector Internal Audit Standards and general good practice for the profession”.

24. Quality assurance questionnaires would ordinarily be used to capture client feedback both from operational management and Heads of Service. However, no questionnaires were issued in 2020/21 due to the limited scope of many of the audits carried out during the COVID-19 pandemic. No data is therefore available to measure customer satisfaction on this occasion, but client feedback will be reintroduced in 2021/22 following a return to more traditional audit coverage.

Performance Measures

25. The Audit Manager closely monitors the performance of the Internal Audit Team throughout the year to ensure that agreed targets are achieved. The table below shows the performance indicators and targets for 2020/21 together with the actual results for the year.

Performance Indicator	Target	Actual
Audit Plan – Percentage of governance audits completed.	100%	89%
Audit Plan – Percentage of overall audit plan completed.	90%	90%
Audit Assignments – Final reports issued within 15 days of second draft report *.	90%	100%
Audit Recommendations – Percentage of “high” risk recommendations accepted by management.	100%	None made
Satisfaction/Feedback – Overall percentage of customers rating the Internal Audit Service as “Good” or “Fair”.	90%	Not measured

* Audit assignments that focused on a few key issues only had one draft report.

26. The governance audit target was not met on this occasion because the Payroll audit was still in progress at year end. However, the work was almost complete, and the audit report was issued on 15 April 2021.
27. No “high” risk recommendations were made during the year.
28. Customer satisfaction could not be measured as no client feedback was sought in 2020/21.

Conformance with the Public Sector Internal Audit Standards

29. The results of the 2017 external peer review and the recent self-assessment exercise performed by the Audit Manager both show that Rother’s Internal Audit Service generally conforms with the Public Sector Internal Audit Standards.

Overall Assessment of the Council’s Internal Control Systems

30. Under the Accounts and Audit Regulations 2015, ultimate responsibility for maintaining a sound system of internal control rests with the Council, but this has been delegated to the Assistant Director Resources (s.151 Officer). The assessment of the control environment is made in two ways, by reviewing the recommendations made in Internal Audit reports and by the production of the Annual Governance Statement. The Annual Governance Statement will be considered by the Committee later in this agenda.
31. The work carried out by Internal Audit in 2020/21 did not highlight any significant concerns regarding the internal control environment. However, it should be noted that the scope of much of this work was far more limited than usual owing to operational difficulties posed by the COVID-19 pandemic.
32. Known issues and areas of emerging risk that may impact on the Council include:
 - **Property Investment** – The Council has a Property Investment Strategy (PIS) for the acquisition and development of commercial property in the district. The purpose of this strategy is to stimulate economic activity and generate rental income to support the revenue budget. However, the pandemic has temporarily slowed activity in the PIS which has meant that income targets are not currently being achieved. Most recent activity has focused on development opportunities which will bring jobs and yield a return in the longer term but will require time to bring to fruition. The Property Investment Panel carefully considers all property investment opportunities and seeks professional advice before making acquisitions, but there are significant financial risks if the Council embarks on more speculative investments. Changes in working practices brought about by the pandemic may also have an impact on the future demand for commercial property and this could potentially have a negative impact on returns. As most property investment is funded through borrowing, returns are also very sensitive to increases in interest rates.
 - **U4BW ERP Implementation Project** – This project was originally due to complete in April 2018, but it is still ongoing. The Finance and Payroll modules have been operational since April and July 2018 respectively, and much of the Income Manager module has also been in place for some time.

However, the implementation of the Human Resources and Self Service modules, as well as specific aspects of the Income Manager module, are yet to be completed due to problems with system functionality. During 2020 the decision was taken to abandon the U4BW annual leave functionality and a new internally developed solution is now being implemented. Self Service functionality for expenses is still planned to be implemented during 2021.

- **Town Hall Redevelopment** – Proposals for the whole site redevelopment of the Town Hall complex have been approved by full Council. The project is still subject to planning permission at present but, if it proceeds as envisaged, the works should result in the delivery of a new, improved, energy efficient, working environment, as well as maximising commercial office space and providing much needed housing. The cost of this work will however be substantial and will need to be closely controlled if the overall expenditure is to remain cost neutral in the longer-term. Other risks which will need to be managed include the displacement of staff during the construction phase and the planned reduction in the office accommodation once work is complete. However, these risks should be minimised by the fact that most staff are already accustomed to working from home as a result of the pandemic and many do not anticipate returning to the office full time when things return to normal.
- **Bexhill Town Council** – A new parish (town) council for Bexhill-on-Sea has now been set up. However, it is currently unclear what services will transfer from Rother District Council to Bexhill Town Council. The ownership and responsibility for maintaining certain Council assets may also transfer across, as will a share of the cost of continuing to provide existing service contracts in the Bexhill area. Consequently, it remains to be seen what effect all this change will have on Rother District Council’s operations.
- **Housing Delivery** – The Council has embarked upon new initiatives to assist with the delivery of affordable housing and temporary accommodation. These include setting up a new housing company (Alliance Homes (Rother) Limited), which is wholly owned by the Council, and the purchasing of property for temporary accommodation. The financing and management of these activities will present both opportunities and risks for the Council.

Opinion on the Control Environment

33. All audit reports are given an assurance rating based on the following criteria.

Rating	Description
Good	Strong controls are in place and are complied with.
Substantial	Controls are in place, but improvements would be beneficial.
Limited	Improvements in controls or in the application of controls are required.
Minimal	Urgent improvements in controls or in the application of controls are required.

34. Limited/minimal assurance ratings are triggered by the presence of either high risk recommendations or five or more medium risk recommendations – which

refer to the likelihood and impact of a negative outcome occurring if the expected controls are not in place.

35. In forming an overall opinion, Internal Audit findings need to be set in context and viewed corporately. The summary of the audit reports completed in 2020/21 (Appendix B) shows that no audits received a limited or minimal assurance rating and all 44 of the control objectives examined during the year were “met” at least in part. Whilst this is a good result, it should however be remembered that the 2020/21 Audit Plan was reduced in scope because of the pandemic, and some audit testing was not as extensive as would normally be the case.
36. The quarterly Internal Audit activity reports submitted to this Committee have also shown that the vast majority of the expected controls are in place and no significant concerns were found with the internal control environment
37. Taking all of the factors highlighted in this and the quarterly reports into account, the Audit Manager’s overall opinion on the Council’s framework of governance, risk management and control in 2020/21 is therefore that it is adequate and effective.

Whistleblowing Activity 2020/21

38. An update on the Whistleblowing Policy activity in 2020/21 is provided in Appendix D.
39. In summary, a total of 34 whistleblowing cases were reported to the Audit Manager in 2020/21. This represents a 61% increase in the number of cases received in the previous financial year, but much of the growth can be attributed to COVID-19-related activity. The latest cases include a range of allegations, the majority of which focused on either Benefit/Council Tax Fraud or Housing Issue/Tenancy Fraud. A recent exercise has also resulted in the reporting of Unregistered Food Businesses. All cases were initially reviewed by the Audit Manager and then either referred to the relevant Council officer for further investigation or reported to the appropriate authority.
40. Further details on the Whistleblowing arrangements can be found on the Council’s [website](#).

Conclusion

41. Like many Council services, the Internal Audit Team’s activity and performance in 2020/21 was adversely affected by the coronavirus pandemic, and a new approach had to be adopted in order for it to continue to function. However Internal Audit still managed to review sufficient activities for the Audit Manager to be able to provide an opinion on the Council’s framework of governance, risk management and control.

Other Implications	Applies?	Other Implications	Applies?
Human Rights	No	Equalities and Diversity	No
Crime and Disorder	No	External Consultation	No
Environmental	No	Access to Information	No
Risk Management	No	Exempt from publication	No

Chief Executive: Malcolm Johnston

Report Contact Officer:	Gary Angell, Audit Manager
e-mail address:	gary.angell@rother.gov.uk
Appendices:	<ul style="list-style-type: none"> A – Audit Reports issued during Quarter to 31 March 2021 B – Audits Completed in 2020/21 and Overall Performance Against the Audit Plan C – Summary of Progress on Recommendations Made up to 31 December 2020 D – Whistleblowing Activity 2020/21
Relevant Previous Minutes:	AS20/09 Internal Audit Plan Update AS20/52 Review of Internal Audit 2020/21
Background Papers:	None.
Reference Documents:	None.

COUNCIL TAX AUDIT

Head of Service: Robin Vennard

Officer(s) Responsible for Implementing Recommendations: Chris Watchman and Rebecca Algar

Overall Level of Assurance: **SUBSTANTIAL**

Purpose and Objectives

The purpose of the audit is to provide organisational and departmental management with an assurance as to the adequacy of the control systems based on compliance with the control objectives set out in the table below.

These objectives are designed to assess the extent to which the organisation meets its legal requirements, its own needs and those of its stakeholders and how the control systems in place contribute to the overall governance arrangements and securing value for money from the Council's services and operations.

Limitations of Coverage

The COVID-19 pandemic has had a significant impact on the collection and recovery of Council Tax in 2020/21 and has meant that Visiting Officer inspections and normal recovery processes have so far been suspended for much of the year.

Audit coverage of the control objectives for *Valuation and Liability*, and *Recovery and Enforcement* has therefore had to be reduced accordingly, with only limited audit testing carried out in respect of the latter.

This reduced coverage should therefore be taken into account when reviewing the results of the audit and the level of assurance given.

Control Objectives

The audit opinion is based on the extent of compliance with the objectives (below), which have either been met in full (**M**), partially met (**P**) or not met (**N**).

Valuation and Liability (Reduced coverage) – All taxable properties and liable persons are identified, and exemptions, discounts and disregards are correctly applied.	M
Billing – The Council complies with all statutory requirements for tax setting and amounts due in respect of each taxable property have been correctly calculated and payment promptly demanded.	M
Collection and Refunds – There is a sound system for the collection of income and the refund of overpayments.	P
Recovery and Enforcement (Limited coverage only) – All arrears are promptly identified, and effectively pursued in accordance with statutory requirements/laid down procedures. All write-offs are valid and authorised.	M

Level of Assurance

Based on the findings from the audit we have determined that substantial assurance can be given on the governance arrangements.

The only issues found were the need to (1) bring the reconciliations of income between the Academy and U4BW systems up to date, and (2) ensure that fund transfers and reallocations are subject to supervisory review.

Two recommendations are also still outstanding from previous audits. One of these relates to the monitoring of Visiting Officer inspections, and the other to changes required to the write-off authorisation procedure. It is pleasing to report that progress is now being made to address the Visiting Officer issue with the streamlining of procedures and the introduction of new monitoring software in the next few months. The effectiveness of these improvements will be reviewed at future audits.

Executive Summary

Overall, the control objectives are considered to have largely been met but we have made one medium and one low risk recommendations to management to further enhance the governance arrangements.

Internal Audit Service
January 2021

BUSINESS RATES AUDIT

Head of Service: Robin Vennard

Overall Level of Assurance: **SUBSTANTIAL**

Purpose and Objectives

The purpose of the audit is to provide organisational and departmental management with an assurance as to the adequacy of the control systems based on compliance with the control objectives set out in the table below.

These objectives are designed to assess the extent to which the organisation meets its legal requirements, its own needs and those of its stakeholders and how the control systems in place contribute to the overall governance arrangements and securing value for money from the Council's services and operations.

Limitations of Coverage

The COVID-19 pandemic has had a significant impact on the collection and recovery of Business Rates in 2020/21 and has meant that Visiting Officer inspections and normal recovery processes have so far been suspended for much of the year. The Government's decision to provide 100% Coronavirus Relief to all properties in the retail, leisure and hospitality sectors has also resulted in fewer current year debts.

Audit coverage of the control objectives for *Valuation and Liability*, and *Recovery and Enforcement* has therefore had to be reduced accordingly, with only limited audit testing carried out in respect of the latter.

This reduced coverage should therefore be taken into account when reviewing the results of the audit and the level of assurance given.

Control Objectives

The audit opinion is based on the extent of compliance with the objectives (below), which have either been met in full (**M**), partially met (**P**) or not met (**N**).

Valuation and Liability (Reduced coverage) – All properties liable for business rates are identified and assessed, and all reliefs and exemptions correctly applied.	M
Billing – Business rates liability is accurately assessed, and correct bills are issued to the occupiers of all rateable hereditaments.	M
Collection and Refunds – There is a sound system for the collection of income and the refund of overpayments.	P
Recovery and Enforcement (Limited coverage only) – All arrears are promptly identified, and effectively pursued in accordance with statutory requirements/laid down procedures. All write-offs are valid and authorised.	M
Government Returns – The Council complies with Government reporting requirements and is paying the correct rating contribution.	M

Level of Assurance

Based on the findings from the audit we have determined that substantial assurance can be given on the governance arrangements.

The only issues identified were the same as those found at the recent Council Tax audit, namely (1) to bring the reconciliation of income up to date, and (2) to re-establish supervisory review of fund transfers and reallocations.

One recommendation is also still outstanding from last year's audit. This relates to the need to ensure that empty business properties with a listed building status are subject to regular inspections, but this will not be addressed until Visitor Officer inspections resume.

Executive Summary

Overall, the control objectives are considered to have largely been met. It was not necessary to make any recommendations to management on this occasion as both the issues found have already been addressed at the Council Tax audit.

Internal Audit Service
January 2021

ICT GOVERNANCE AUDIT

Head of Service: Robin Vennard

Officer(s) Responsible for Implementing Recommendations: Graham McCallum

Overall Level of Assurance: **SUBSTANTIAL****Purpose and Objectives**

The purpose of the audit is to provide organisational and departmental management with an assurance as to the adequacy of the control systems based on compliance with the control objectives set out in the table below.

These objectives are designed to assess the extent to which the organisation meets its legal requirements, its own needs and those of its stakeholders and how the control systems in place contribute to the overall governance arrangements and securing value for money from the Council's services and operations.

Control Objectives

The audit opinion is based on the extent of compliance with the objectives (below), which have either been met in full (**M**), partially met (**P**) or not met (**N**).

Access Control – ICT access security arrangements are adequate.	M
Security of Data – Data is held securely and can be recovered in the event of a disaster.	P
Change Control – Software updates and change controls are properly managed.	M

Level of Assurance

Based on the findings from the audit we have determined that substantial assurance can be given on the governance arrangements.

It is clear that the Infrastructure and Service Desk Team has coped well with the many technological and logistical challenges posed by the COVID-19 pandemic and has implemented change at a rapid pace to ensure that the Council can continue to function.

Only two new issues were identified as part of this review. Both are minor in nature and easily rectified. However, the assurance rating given reflects the fact that a recommendation to update and reissue the ICT Continuity Plan made at the 2018/19 audit is yet to be implemented.

Executive Summary

Overall, the control objectives are considered to have largely been met and it was only necessary to make two low risk recommendations to management to further enhance the governance arrangements.

Internal Audit Service
February 2021

BENEFITS AUDIT

Head of Service: Robin Vennard

Overall Level of Assurance: **SUBSTANTIAL**

Purpose and Objectives

The purpose of the audit is to provide organisational and departmental management with an assurance as to the adequacy of the control systems based on compliance with the control objectives set out in the table below.

These objectives are designed to assess the extent to which the organisation meets its legal requirements, its own needs and those of its stakeholders and how the control systems in place contribute to the overall governance arrangements and securing value for money from the Council's services and operations.

Limitations of Coverage

The COVID-19 pandemic has resulted in a substantial increase in workload for the Benefits Team, both from new claims and notifications of changes in circumstances. This has created a backlog of work which management is trying its best to address. The recovery of overpayments has also been suspended for much of the year.

In recognition of the pressure the service is currently under, audit coverage of the control objectives for *New Applications and Changes of Circumstances*, and *Overpayments* has therefore been reduced on this occasion, with only limited audit testing carried out in respect of the latter.

This reduced coverage should therefore be taken into account when reviewing the results of the audit and the level of assurance given.

Control Objectives

The audit opinion is based on the extent of compliance with the objectives (below), which have either been met in full (**M**), partially met (**P**) or not met (**N**).

New Applications and Changes of Circumstances (Reduced coverage) – All applications are promptly and properly processed.	P
Benefit Assessment – Benefits are properly due and are calculated correctly.	M
Payment – Rent allowances are promptly paid to those for whom they are intended.	M
Overpayments (Limited coverage only) – Overpayment of benefit, including those arising from fraud and abuse, are either prevented or identified and promptly followed up. Refunds and write-offs are properly authorised.	M
Reconciliation – Benefit payments are correctly applied and regularly reconciled to the main accounting system.	P
System Administration – The computer system is kept up-to-date and access to benefit records, system parameters and creditor masterfile records are suitably restricted.	M

Level of Assurance

Based on the findings from the audit we have determined that substantial assurance can be given on the governance arrangements.

Clearly, it has been a challenging year for the Benefits Team, and the main issues found can all be directly attributed to the increased workload pressures caused by the COVID-19 pandemic. These include:

- Processing targets not being met
- A large backlog of change of circumstances notifications
- Reduced claim verification checks
- Reduced quality checks
- Routine reconciliations not being completed (This point has already been covered at the recent Council Tax audit.)

Executive Summary

Overall, the control objectives are considered to have largely been met given the exceptional circumstances the Council is operating in.

None of the shortcomings identified in this report have resulted in any recommendations being made to management at this time. This is because management is already well aware of the issues and is taking steps to resolve them. However, the situation needs to be kept under review to ensure that processing times improve, and verification and quality checks are restored once the immediate crisis has passed.

Internal Audit Service
February 2021

DEBTORS AUDIT

Head of Service: Robin Vennard

Officer(s) Responsible for Implementing Recommendations: Rebecca Algar and Lois Knight

Overall Level of Assurance: **SUBSTANTIAL**

Purpose and Objectives

The purpose of the audit is to provide organisational and departmental management with an assurance as to the adequacy of the control systems based on compliance with the control objectives set out in the table below.

These objectives are designed to assess the extent to which the organisation meets its legal requirements, its own needs and those of its stakeholders and how the control systems in place contribute to the overall governance arrangements and securing value for money from the Council's services and operations.

Control Objectives

The audit opinion is based on the extent of compliance with the objectives (below), which have either been met in full (**M**), partially met (**P**) or not met (**N**).

Billing Arrangements – Debtor invoices are promptly and correctly raised for all sums owed to the Council.	M
Collection, Debt Recovery and Refunds – Procedures for the recovery of unpaid debts are documented and implemented. Direct debit income is collected on time. Refunds and write-offs are properly authorised.	P
Suspense Account – Unallocated payments are posted to a suspense account and promptly investigated and cleared.	M
Monitoring of Arrears – Debt collection performance is monitored.	P

Level of Assurance

Based on the findings from the audit we have determined that substantial assurance can be given on the governance arrangements.

The COVID-19 pandemic has had a significant impact on the collection and recovery of debtor income in 2020/21 with both billing and recovery action having been suspended at various times during the year.

The main issues found relate to:

- **Refund Checks** – The verification of bank account details should be included in the supervisory checking of refunds.
- **Other Supervisory Checks** – The checking of credit notes, credit balances and parked invoices has lapsed in 2020/21 and needs to resume.

- **Monitoring of Arrears** – The level of arrears and the effectiveness of debt collection needs to be monitored on a regular basis.

Other issues identified at the audit:

- **Housing Needs Debt** – This currently stands at almost £200,000 but no reminder letters have been issued since the start of the pandemic. These debts have continued to remain on hold despite the recovery of most other types of debt having resumed because the Debtors Team has been waiting for Housing to supply a suitably worded letter to accompany future reminders. Given the size of the debt, the Audit Manager therefore contacted Housing to try and move things forward.

Position Update

This issue has since been resolved. The Housing Needs invoices are no longer on hold and reminder letters are going out. However, owing to the number of cases involved, the reminders were initially sent out in batches to help manage the workload.

Those clients who have responded to the reminders have either caught up or rescheduled their payments. Others, who ignore the reminders, will be referred to Legal Services in due course.

- **Estates Income** – The Finance Officer continues to bill industrial rents as instructed but it is noted that the number of outstanding rent reviews and expired leases/ licences has increased since the last audit.

Neither of the above issues were taken into consideration when determining the overall assurance rating as both fall outside of the Debtors Team's control. However, they will each be addressed at forthcoming audits in 2021/22 if they are not resolved in the meantime.

Executive Summary

Overall, the control objectives are considered to have largely been met but we have made one medium and two low risk recommendations to management to further enhance the governance arrangements.

Internal Audit Service
March 2021

ESTATES INCOME – COVID-19 RISKS – FINAL AUDIT REVIEW 2020/21

Head of Service: Ben Hook

Overall Level of Assurance: **GOOD**

Introduction

This review has been carried out in accordance with the revised 2020/21 Audit Plan. This places an emphasis on auditing the key risks which would have most impact on the Council during the COVID-19 crisis and reporting any findings promptly to management so that swift remedial action can be taken if necessary. This is a final follow-up to the interim report issued in July 2020.

Scope and Objectives

The audit provides an update on the action taken by management to support Estates tenants during the current pandemic, whilst also ensuring that suitable controls are in place to minimise financial losses to the Council.

Findings

Businesses have received significant short-term assistance through government and local authority grants, the furlough scheme and business rate relief. The Council also introduced a rent deferral scheme at the start of the pandemic and Cabinet agreed to waive rent for certain food outlets trading on Bexhill seafront, for the period from April to September 2020. Any further requests to waive rent on the grounds of financial hardship will be reviewed on a case by case basis.

The rent deferral scheme has now come to an end and tenants have been advised that rents are now due and reminder letters are being issued. At present, however, legal action is not being taken against tenants in arrears.

At the time of the interim report, it was hoped that all deferred rent and other COVID-19 related arrears would be cleared by the end of the current financial year. However, there have been two further national lockdowns since then meaning that some arrears are now likely to remain unpaid until 2021/22.

All outstanding invoices have now been raised and the overall level of debt remains comfortably within the £200,000 figure allowed for bad debts.

Level of Assurance

Based on the findings of the audit we have determined that good assurance can be given on the action taken to date.

Executive Summary

No issues were found.

A more detailed audit review of Estates Income is planned for 2021/22.

Internal Audit Service/March 2021

Audits Completed in 2020/21 and Overall Performance Against the Audit Plan*

Audit	Control Objectives (Number)	Control Objectives Met	Control Objectives Met In Part	Control Objectives Not Met	Assurance Rating
Audits Brought Forward from 2019/20 – Total 1, Completed 1 (100%)					
ICT Governance 2019/20	3	3	0	0	Substantial
Governance Audits – Planned 9, Completed 8 (89%)					
Benefits	6	4	2	0	Substantial
Business Rates	5	4	1	0	Substantial
Council Tax	4	3	1	0	Substantial
Creditors	3	2	1	0	Substantial
Debtors	4	2	2	0	Substantial
ICT Governance 2020/21	3	2	1	0	Substantial
Main Accounting	4	3	1	0	Good
Treasury Management	7	3	4	0	Substantial
High/Medium Risk Audits – Planned 10, Completed 8 (80%)					
Business Support Grants	1	1	0	0	Good
Car Park Income - Pre-Lockdown	1	1	0	0	Good
CIL Income COVID Risks – Interim	1	1	0	0	Good
Estates Income COVID Risks - Interim	1	1	0	0	Good
Estates Income COVID Risks - Final	1	1	0	0	Good
Joint Waste – Central Admin (Part 1)	1	1	0	0	Good
Joint Waste – Central Admin (Part 2)	1	1	0	0	Good
Risk Management of COVID-19	1	1	0	0	Substantial
Total: 16 Audit Reports (18) <i>Excluding audits brought forward</i>	44 100%	31 70.5%	13 29.5%	0 0%	
Good/Substantial Assurance	16 (16)		100% (88.9%)		
Limited/Minimal Assurance	0 (2)		0% (11.1%)		
Other Work Completed (No Report Required) – Planned 4, Completed 3 (75%)					
Cyber Security and Remote Working	Consultancy work				
ERP System - HR/Self-Service - Audit Advice	Consultancy work				
Exit Strategy for the Return to Business As Usual	Consultancy work (30% complete)				
Health & Safety COVID-19 Risks	Consultancy work (20% complete)				
Audit Work Not Completed at Year End – Total 3					
Payroll	Work in progress (95% complete)				
CIL Income COVID Risks – Final	Work in progress (75% complete)				
Unspecified Audit Work	50% used for counter fraud work				
Total Work Planned 2020/21	23 (28)		Percentage of Plan Completed		
Total Work Completed 2020/21 <i>Excluding audits brought forward</i>	20.7 (23.0)		90.0% (82.1%)		

Previous year's performance italicised and in brackets.

* In the absence of a single Audit Plan covering the whole of 2020/21, the contents of the plans produced for Quarters 2 to 4 are combined here for evaluation purposes.

Summary of Progress on Recommendations Made up to 31 December 2020

Old Years - Audit Recommendations 2018/19 and 2019/20

Previous quarter's performance shown in brackets

Risk	Issued	Implemented	Work-in-Progress	Not Started
High	3	3 (3)	0 (0)	0 (0)
Medium	71	66 (63)	5 (7)	0 (1)
Low	39	37 (34)	2 (4)	0 (1)
Total	113	106 (100)	7 (11)	0 (2)
	93.8%	(88.5%)	6.2%	(9.7%)
			0%	(1.8%)

Breakdown of outstanding audit recommendations for 2018/19 and 2019/20 by Head of Service:

Deborah Kenneally (Neighbourhood Services)

- Car Park Income (2019/20) - issued 27/09/19 (1 Medium)

Robin Vennard (Resources)

- Procurement (2018/19) – issued 05/10/18 (1 Medium)
- Council Tax (2018/19) – issued 04/01/19 (1 Low)
- ICT Network Security (2018/19) – issued 16/01/19 (1 Low)
- Creditors (2018/19) – issued 12/03/19 (1 Medium)
- ICT Governance (2018/19) – issued 12/04/19 (1 Medium)
- Creditors (2019/20) – issued 21/04/20 (1 Medium)

Long Outstanding Recommendations

Current Year - Audit Recommendations 2020/21 (up to 31 December 2020)

Previous quarter's performance shown in brackets

Risk	Issued	Implemented	Work-in-Progress	Not Started
High	0	0 (0)	0 (0)	0 (0)
Medium	5	5 (1)	0 (0)	0 (0)
Low	4	4 (2)	0 (0)	0 (0)
Total	9	9 (3)	0 (0)	0 (0)
	100%	(100%)	0%	(0%)
			0%	(0%)

Whistleblowing Activity 2020/21

A total of 34 whistleblowing cases were reported to the Audit Manager in 2020/21. This is a 61% increase on the previous financial year, but much of the growth can be attributed to COVID-19-related activity, including a one-off exercise to encourage the reporting of unlicensed food businesses.

The cases received in 2020/21 are made up of emails and webforms sent to the audit@rother.gov.uk mailbox (31) or letters received by the Audit Manager (3). The figure does not however include any cases reported via the Benefit Fraud Hotline 01424 787737 or submitted using the online Benefits 'Report a Fraud' form as both these channels go direct to the Revenues and Benefits Team.

The breakdown of whistleblowing cases by the type of allegation is as follows:

Allegation	Number of Cases
Benefit/Council Tax Fraud	14
Unregistered Food Businesses	8
Housing Issue/Tenancy Fraud	5
COVID-19 Business Support Grant Fraud	3
Business Rates Fraud	2
Planning Enforcement Issue	2
COVID-19 Restrictions Rule Breaking	1
Environmental Health – Licensing/Noise Nuisance Issue	1
Member Conduct Issue	1
Person Falsely Presenting as Homeless	1
Total	38

Note - Some whistleblowing referrals covered more than one issue.

All cases were initially reviewed by the Audit Manager to establish if there was any evidence to substantiate the claims being made. The cases were then either referred to the relevant Council officer for further investigation or reported to the appropriate authority. The Member conduct issue was referred to the Monitoring Officer but proved to be unfounded.

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Rother District Council

Report to:	Audit and Standards Committee
Date:	21 June 2021
Title:	Treasury Management Update report
Report of:	Antony Baden – Finance Manager
Purpose of Report:	To note the Council's treasury activities for the fourth financial quarter ending 31 March 2021
Officer Recommendation(s):	It be RESOLVED : That the report be noted

Introduction

1. Cabinet approved the Council's Investment Strategy for 2020/21 on 10 February 2020 (Minute CB19/93 refers). The strategy requires regular reports to be presented to this Committee on the Council's treasury management activities. In managing these activities, the Council follows the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management. This report implements best practice in accordance with the Code. Members are also reminded that investment activity is reported through the Members' Bulletin.
2. This report focuses on the financial period ending on 31 March 2021.

Financial Investments review

3. The Council's investment policy is governed by the Ministry of Housing, Communities and Local Governments' investment guidance, which has been implemented in the approved annual investment strategy. The investment activity to date conforms to the approved strategy and the Council has had no liquidity difficulties.
4. As at 31 March 2021, the Council's total investments were £32.047m. It has £11.869m of borrowing and the Capital Financing requirement was £18.168m as at 31 March 2021.
5. Since the Quarter 3 report to Members, the Council has slightly diversified its investment portfolio in order to spread risk and earn a small amount interest income. It continues to hold investments of £14.054m in Call accounts and now also holds £5.0m in an interest earning call account and £3.0m in a 31-day Notice account. All these investments are with the major financial UK institutions. The Council continues to hold £8.0m in Property Funds.
6. The total income from investments was £324,000, which is £16,000 lower than the previous forecast. The largest returns are from the Council's property funds, which delivered an average rate of return of between 3.64% and 4.14% on investments.

7. As at 31 March 2021, the Council held £14.1m in its General account, including Government funding for individuals and businesses in response to the pandemic. The unspent balance is £7.465m and will be returned to the MHCLG in June so it cannot be invested externally.
8. The General Account funds also need to be kept available for other large payments such as Council Tax and Business Rates payments to preceptors and capital project expenditure.
9. The table below shows that interest rates for call deposit accounts from main banks remain at or near to zero, so it is sensible to have the General Account funds readily available for the reasons explained in paragraphs 7 and 8. The investment portfolio as at 31 March 2021 is shown in the table below: -

Deposit	Type of account	Maturity Date	Amount £	Interest Rate	Share %
Lloyds - General (RFB)	Call	N/A	14,054,021	0.00%	43.85%
Bank of Scotland (RFB)	Call	N/A	11	0.00%	0.00%
Barclays - Call Account (NRFB)	Call	N/A	4,996,066	0.05%	15.59%
Santander - Call Account	Call	N/A	2,995,000	0.12%	9.35%
Santander - 31 Day Notice Account	31 Days Notice	N/A	2,001,660	0.27%	6.25%
CCLA Local Authority Property Fund	Long Term	N/A	5,000,000	4.14%	15.60%
HERMES Property Fund	Long Term	N/A	2,999,998	3.64%	9.36%
Total			32,046,757		100.00%
Total managed in-house			24,046,759		
Total managed externally			7,999,998		
Total Treasury Investments			32,046,757		

10. The Council's property funds continued to provide a good return on investment as mentioned in paragraph 6, but their market values fluctuated considerably during the pandemic. The table below shows how the values changed from the start of the pandemic in March 2020 during the financial year up until 31 March 2021:

Name of Property Fund	Original Investment Value	Value as at 31st Mar 2020	Value as at 30th Jun 2020	Value as at 31st Dec 2020	Value as at 31st Mar 2021	Change in Value	Year on Year Change
	£	£	£	£	£	£	£
CCLA Local Authority Property Fund	5,000,000	4,780,465	4,568,164	4,647,469	4,746,477	-253,523	-33,988
HERMES Property Fund	2,999,998	2,857,751	2,750,923	2,740,334	2,779,774	-220,224	-77,977
Total	7,999,998	7,638,216	7,319,087	7,387,803	7,526,251	-473,747	-111,965

11. The above table shows that the total value fell by £319,000 during the first quarter of 2020/21 due to the pandemic however, it can also be seen that it recovered during the remainder of the year and is now only £112,000 lower than at the same time last year. This includes a recovery of £139,000 since the last report to Committee.

12. Members will note that their current values are still £474,000 lower than their original values, although it is expected that they will continue to recover over time. However, although the market has reacted positively to the success of the vaccine rollout, the future remains uncertain and future adverse changes cannot be ruled out. It is not expected that the Council will need to call on this money in the short term.

Borrowing

13. The underlying need to borrow is termed the Capital Financing Requirement (CFR). The Council manages this by organising its cash position to ensure that enough cash is available to meet its capital plans and day to day cash flow requirements, in the cheapest and most efficient way.
14. The Council had planned to significantly increase its capital investment programme in 2020/21, but the pandemic had a major impact on the pace of planned spend. This is reflected in the revised Capital Programme for 2020/21 and is summarised in the following table:

	2020/21 Original Budget £ (000)	2020/21 Draft Outturn £ (000)
Capital Expenditure	19,510	5,477
Financing:		
Capital Receipts	1,240	0
Grants and Contributions	4,262	2,470
Borrowing	12,649	2,530
Capital Expenditure Charged to Revenue	1,359	477
Total Funding	19,510	5,477

15. The Council's CFR is not allowed to rise indefinitely, so it is reduced by a statutory annual revenue charge, called the Minimum Revenue Provision (MRP), which is effectively a repayment of borrowing. The change in the CFR is shown in the following table:

Capital Financing Requirement	2020/21 Original Budget £ (000)	2020/21 Draft Outturn £ (000)
Opening Balance	15,788	15,788
Add unfinanced capital expenditure	12,649	2,530
Less Minimum Revenue Provision (MRP)	(242)	(150)
Closing Balance	28,833	18,168

16. The Council's borrowing position as at 31 March 2021 has not changed from the previous quarter, because loan principal repayments are made at six monthly intervals. The following table reminds Members of the current position:

Borrowing position as at the 31st March 2021					
PWLB Ref:	Amount o/s	Interest Rate	Term	Type	Full Year Repayments
507499	£438,590	2.59%	50	Annuity	£16,102
507503	£438,558	2.58%	50	Annuity	£16,070
509130	£1,623,747	2.39%	50	Annuity	£56,729
509131	£1,000,000	2.24%	50	Maturity	£22,400
509165	£8,368,222	2.48%	50	Annuity	£297,572
Total Borrowing	£11,869,117				£408,873

17. The Council's borrowing activity is controlled by prudential indicators that form part of the approved Treasury Management Strategy. The Operational boundary is the maximum expected borrowing position, whilst the Authorised limit allows for some headroom in case of unusual/unexpected cash outflows. Members will recall that Council approved an increase to both limits on 21 December 2020 (Minute C20/51 refers) in response to an anticipated increase in capital project expenditure. The table below shows the new borrowing limits and gross external debt level as at 31 March 2021.

Treasury Indicators	30th Mar 2021 £ (000)
Authorised Limit for External Debt	66,370
Operational boundary for External Debt	61,370
Gross External Debt (actual)	11,869
Remaining Authorised Limit for External Debt	54,501

18. Since the Quarter 3 report, Net Financing Costs as a proportion of the Net Revenue Stream reduced slightly from 0.84% to 0.82%. The table below compares the current draft prudential indicators against the original budget.

Prudential Indicators	2020/21 Original Budget £ (000)	2020/21 Draft Outturn £ (000)
Capital Expenditure Charged to Revenue	1,359	477
Capital Financing Requirement (CFR)	28,833	18,168
Annual Change in CFR	12,407	2,380
In-Year Borrowing Requirements	11,927	11,869
Ratio of Financing costs to Net Revenue Stream %	3.62%	0.82%

19. The Council continues to maintain an under-borrowed position, which means the CFR is not fully funded by loan debt but is also managed by using reserves and balances. Returns remain low so this is a prudent strategy that also minimises the counterparty risk associated with placing investments.

Non-Treasury Investments

20. The pandemic has temporarily slowed activity in the Council's Property Investment Strategy (PIS), although expected income from the existing portfolio remains in line with expectations. This is shown below:

2020/21 Draft Actual Property Investment Income			
Property	Rental Income £	MRP & Interest £	Net Income £
14 Terminus Road	106,000	(31,793)	74,207
18-40 Beeching Road	92,809	(29,287)	63,523
16 Beeching Road	97,000	(30,609)	66,391
Glovers House	437,244	(275,458)	161,785
Market Square, Battle	195,000	(65,124)	129,876
Total	928,053	(432,271)	495,782

21. The Council did not make any further property purchases in 2020/21, although negotiations are continuing with several parties and further acquisitions are expected in 2021/22.
22. The budget for rental income from all investment properties is £1,919,840, made up of £1,008,760 for the existing assets and £911,080 for properties purchased through the PIS. The draft actual for 2020/21 is £1,860,620, which is £59,220 below budget due to factors such as void periods.
23. Tenants are being pursued for rent arrears and it is expected that there will be minimal write offs in 2020/21 as a result of the pandemic. However, economic conditions are still difficult and further rent write-offs cannot be ruled out. After allowing for borrowing costs the expected return on PIS properties is 2.82%.

Economic Update and Outlook

24. The Government recently outlined a timeline to lift restrictions and consequently the country is beginning to come out of its third national lockdown. It has set a deadline of 21 June 2021 for all restrictions to be lifted, but a high level of uncertainty remains especially with regards to the new Indian variant. At the time of writing, the uncertainty has not had an adverse impact on the speed of the economic recovery.
25. The continued success of the vaccination rollout programme continues to have a positive bearing on the markets and economic forecasts have been revised accordingly. The latest Office for Budget Responsibility have forecasted Gross Domestic Product (GDP) to increase by 7.5% in 2021 (previously 7.3% by mid-2022), although continued growth is expected to flatten out by the first quarter of 2022. These predictions are also borne out by an increase in the Purchasing Managers Index (PMI), which recently rose from 60.7 to a record high of 62.0 in April, (the PMI is regarded by economists as a strong barometer of future GDP growth).
26. It is a similar story for the European Union where the euro-zone composite PMI rose from 53.8 to 56.9, which was 1.8 higher than expected.
27. CPI inflation increased from 0.7% in March to 1.5% in April, mainly as a result of an increase in energy prices (partly driven by Ofgem increasing the energy price cap).

28. The Bank of England (BoE) base rate remains unchanged at 0.10% and is likely to remain at a similar level at least over the next 12 months. However, PWLB rates have increased slightly again in recent weeks, fluctuating between 1.90% and 2.01%. This has been driven by some market volatility in the Investments markets. The current 50-year PWLB rate is around 1.97%. Despite the small increase, borrowing remains an attractive option in both the short and medium term.
29. Global markets continue to settle down following various other events over the last six or so months, but Members should note that the future remains difficult to predict and future economic trends remain volatile.

Conclusion

30. The Council's investment activity conformed to the approved strategy in 2020/21 and had no liquidity difficulties.
31. The investment environment for treasury activities was difficult throughout the year and is likely to remain so for the foreseeable future. Absolute returns are expected to remain low. The diversification into Property Funds increases the overall return but is less liquid and carries greater capital risk than other investments.
32. The Council's PIS generated net returns of 2.82%, but the risks associated with the long-term commitment to repay borrowing and the operational management of properties will remain.

Other Implications	Applies?	Other Implications	Applies?
Human Rights	No	Equalities and Diversity	No
Crime and Disorder	No	Consultation	No
Environmental	No	Access to Information	No
Sustainability	No	Exempt from publication	No
Risk Management	No		

Chief Executive:	Malcolm Johnston
Report Contact Officer:	Antony Baden
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Appendices:	None
Relevant Previous Minutes:	CB19/93 C20/51
Background Papers:	None
Reference Documents:	None

AUDIT AND STANDARDS COMMITTEE

WORK PROGRAMME 2021 – 2022	
DATE OF COMMITTEE	SUBJECT
Monday 21 June 2021	<p>Part A – Standards Reports</p> <ul style="list-style-type: none"> • Local Government and Social Care Ombudsman Complaints Monitoring • Code of Conduct Complaints Monitoring and Other Standards Matters <p>Part B – Audit Reports</p> <ul style="list-style-type: none"> • Grant Thornton – Audit Progress Report and Sector Update • Internal Audit – Annual Report and Opinion 2020/21 • Treasury Management Update Report • Annual Governance Statement 2020/21
Wednesday 28 July 2021	<p>Part A – Standards Reports (none scheduled)</p> <p>Part B – Audit Reports</p> <ul style="list-style-type: none"> • Grant Thornton – Annual Governance Report 2020/21 • Statement of Accounts 2020/21 • Treasury Management Report
Monday 27 September 2021	<p>Part A – Standards Reports (none scheduled)</p> <p>Part B – Audit Reports</p> <ul style="list-style-type: none"> • Internal Audit Report to 30 June 2021 • Internal Audit Plan Update • Treasury Management Report • Risk Management Update – TBC
Xx November 2021 (provisional date if required)	<p>Part A – Standards Reports (none scheduled)</p> <p>Part B – Audit Reports</p> <ul style="list-style-type: none"> • Grant Thornton – Annual Governance Report 2020/21 • Statement of Accounts 2020/21
Monday 6 December 2021	<p>Part A – Standards Reports</p> <ul style="list-style-type: none"> • Local Government and Social Care Ombudsman Complaints Monitoring and Annual Review 2020-2021 • Code of Conduct Complaints Monitoring <p>Part B – Audit Reports</p> <ul style="list-style-type: none"> • Grant Thornton – Annual Audit Letter 2020-21

WORK PROGRAMME 2021 – 2022

DATE OF COMMITTEE	SUBJECT
	<ul style="list-style-type: none"> • Internal Audit Report to 30 September 2021 • Internal Audit Plan Update • Risk Management Update - TBC • Treasury Management Report
Xx January 2021 (provisional date if required)	<p>Part A – Standards Reports (none scheduled)</p> <p>Part B – Audit Reports</p> <ul style="list-style-type: none"> • Grant Thornton – Annual Governance Report 2020/21 • Statement of Accounts 2020/21
Monday 21 March 2022	<p>Part A – Standards Reports (none scheduled)</p> <p>Part B – Audit Reports</p> <ul style="list-style-type: none"> • Grant Thornton – Audit Progress Report and Sector Update • Grant Thornton – External Audit Plan 2021-22 • Internal Audit Report to 31 December 2021 • Internal Audit Plan 2022-23 • Review of Internal Audit 2021-22 • Annual Governance Statement • Annual Property Investment Update • Treasury Management Update • Accounting Policies 2021-22 • Annual Risk Management Update

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