



GOVERNANCE COMMITTEE

MONDAY, 22 APRIL 2024 AT 2.00 PM

CIVIC CENTRE, RIDLEY STREET, REDCAR, YORKSHIRE, TS10 1TD

CONTACT

Ms Sarah Connolly
01642 444414
Friday, 12 April 2024

CIRCULATION

Councillors C Morgan (Chair), P Berry (Vice-Chair), N Bendelow, P Chaney, S Martin, J McCue, G Nightingale, M O'Donoghue, C Richardson, V Rider
Ms Lavelle, Mr Monson, Councillor Blacklock
(Cabinet Member – for information)
Managing Director (Head of Paid Service)
The Press [except for Confidential item(s)]

Questions on Governance Committee Agenda Items

In order that Members questions can be answered more fully at Governance Committee and to ensure good use of time, please would Members submit any questions they may have on the agenda items in advance of the meeting.

Questions should be sent to Ms Sarah Connolly in advance of the meeting. The sooner questions are submitted the more likely it will be that the relevant information can be collected in time for the meeting. Questions can be submitted via email or hard copy using the form overleaf. The questions received will be referred to the relevant officer to enable a response to be prepared in readiness for the meeting.

This does not preclude questions being asked at the meeting itself, however, it may not be possible to provide a full answer to these questions. In these circumstances, the question will be referred to the appropriate officer following the meeting and a response will be provided.

Questions should be sent to:

Ms Sarah Connolly,
Civic Centre
01642 444414
sarah.connolly@redcar-cleveland.gov.uk



Governance Committee Questions

Date of Meeting _____

Question submitted by _____

Agenda item	Para Ref	Question



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Ms Lavelle, Mr Monson, Councillor Blacklock.
Councillor C Massey (Cabinet Member – for information)
Managing Director (Head of Paid Service)
The Press [except for Confidential item(s)]

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Monday, 5 February 2024

GOVERNANCE COMMITTEE

A meeting of the Governance Committee was held on Monday, 5 February 2024 at the Civic Centre, Ridley Street, Redcar, Yorkshire, TS10 1TD.

PRESENT Councillor C Morgan (Chair)
Councillors P Berry (Vice-Chair), N Bendelow,
P Chaney, S Martin, J McCue, G Nightingale,
V Rider and C Monson.

OFFICIALS P Winstanley, S Newton, R Davisworth, V Smith,
G Barker, D Clubb, C Dearden and P Jeffrey.

APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors M O'Donoghue, C Richardson, A Blacklock and I Lavelle.

1 DECLARATIONS OF INTEREST.

There were no declarations of interest.

2 TO CONFIRM THE MINUTES OF THE MEETING HELD ON 27 NOVEMBER 2023 AND TO CONFIRM THE ATTENDANCE MATRIX

RESOLVED that the minutes and attendance matrix for the Governance Committee meeting held on 27 November 2023 be confirmed and signed by the Chair as a correct record.

3 TO CONFIRM THE MINUTES OF THE ASSESSMENT SUB COMMITTEE HELD ON 27 NOVEMBER 2023

RESOLVED that the minutes of the Assessment Sub-Committee meeting held on 27 November 2023 be confirmed and signed by the Chair as a correct record.

4 TO CONFIRM THE MINUTES OF THE ASSESSMENT SUB COMMITTEE HELD ON 12 DECEMBER 2023

RESOLVED that the minutes of the Assessment Sub-Committee meeting held on 12 December 2023 be confirmed and signed by the Chair as a correct record.

Monday, 5 February 2024

5 **MONITORING OFFICER DECISION REPORT**

The Monitoring Officer presented the decision record, which provided a summary of a complaint and decision; **NOTED**.

6 **INTERNAL AUDIT AND COUNTER FRAUD PROGRESS REPORT (VERITAU)**

The Assistant Director – Audit Assurance and the Assistant Director – Corporate Fraud (Veritau) presented a report updating Members on internal audit and counter fraud work undertaken in 2023/24.

The report also provided information on the development of the 2024/25 internal audit work programme and requested initial views on priorities for 2024/25 to help inform the preparation of the annual internal audit work programme.

A discussion took place regarding the issues contained in the report. Some of the matters raised and discussed included:

- A member commented on the amount of information contained in the report and asked if the information might better be presented in separate documents. The Member also expressed concern on slippage of work contained in the audit. Members were advised that the delays were a result of timing issues and scheduling conflicts and were not a cause for concern. A narrative explaining the delay was requested for future reporting purposes.
- A member requested that auditor should consider making future reports more succinct.
- A Member asked if referrals regarding potential fraud were dealt with in the order of receipt, or if they are prioritised. Members were advised that they are prioritised, particularly in relation to safeguarding concerns.
- In response to a question regarding investigations into overcharging for contracts, Member were advised that the fraud team would investigate where the Council have been victim of crime; **NOTED**.

Monday, 5 February 2024

7 FINANCIAL ASSURANCE STATEMENTS 2022/23

The Director of Finance (Section 151 Officer), on behalf of the Managing Director (Head of Paid Service), presented the Letter of Representation, which, in accordance with legal requirements, was a letter from the Director of Finance (Section 151 Officer) to the Engagement Partner confirming that the financial statements provided by the Council gave a true and fair view of its finances and were complete and accurate. Assurances given to the Engagement Partner by the Chair of the Governance Committee and the Director of Finance (Section 151 Officer) in respect of arrangements the Council has put in place to prevent and detect fraud, comply with applicable law and regulations; and demonstrate the appropriateness of the going concern assumption, were also presented.

RESOLVED that the Governance Committee:

- Fully endorsed and confirmed the Committee's assurances and declarations made to the External Auditors (Mazars) as signed, in draft, on behalf of the Committee by the Chair.
- Noted the assurances that the Director of Finance (Section 151 Officer), as the Council's Chief Finance Officer, has made on behalf of Directors, senior management, and the Council in respect of the Request for Declarations 2022/23 and Letter of Representation 2022/23.

8 AUDITORS ANNUAL REPORT 2021/22 (MAZARS)

The External Audit Director presented a report which summarised the work MAZARS undertook for the Council for the year ended 31 March 2022.

The outstanding audit certificate, which was a formality, would bring the audit to end. This was expected by the end of March 2024.

A debate took place on the issues contained in the report. Some of the matters raised and discussed included:

- Clarification was requested regarding the point at which the auditor would raise concerns in the Value For Money Assessment over the issue of reducing levels of revenue reserves.
- The Council faces a challenging financial position, and the auditor would continue to monitor the situation.

Monday, 5 February 2024

9 **AUDIT COMPLETION REPORT 2022/23 (MAZARS)**

The External Audit Director presented a summary of the conclusions from the audit of the 2022/23 accounts.

Members were advised that evaluation and sign off would take place following pension fund auditor assurance, which was expected by the end of March; **NOTED**.

10 **ACCEPTANCE OF AUDITED STATEMENT OF ACCOUNTS FOR 2022/23 AS AT 31 MARCH 2023**

The Chief Accountant, on behalf of the Managing Director (Head of Paid Service), presented the audited Statement of Accounts for the financial year 2022/23 for conditional approval, on the basis of confirmation from Mazars, to the council's Director of Finance that there are no further changes to the Council's accounts as a result of Mazars due diligence of the pension fund asset as at March 2023.

The following comments were noted:

- A Member queried the decline in value of the Regent Cinema and Members were advised that this was a technical accounting issue relating to the transfer of the asset to an investment property, which resulted in a change to the valuation methodology.
- A discussion took place relating to the potential of the Council saving resources by taking the responsibility for children's social care in-house. Members were advised that the Council were working with local suppliers to provide local solo placement accommodation to enhance the level of local provision.

RESOLVED that:

The audited Statement of Accounts for the financial year 2022/23 be approved, subject to there being no changes to the current audited Statement of Accounts for financial year 2022/23 because of any residual issues relating to the Pension Fund Audit at Middlesbrough Council. The conditional decision be noted and it be agreed that upon receipt of the outcome of the Pension Fund Audit via MAZARS:

- Should a material error be discovered by the Pension Fund Auditor on the Teesside Pension Fund, as at 31 March 2023, which resulted in any changes to the Statement of Accounts, then its approval would be deferred back to the Governance Committee so that those changes could be fully considered by the Committee, supported by revised financial assurances if necessary; and

If the Pension Fund Audit did not result in any amendment to the

Monday, 5 February 2024

Statement of Accounts, the Committee's approval of the current version of the Statement of Accounts would stand confirmed and the Section 151 Officer be authorised to publish them accordingly.

11 **REVIEW OF TREASURY MANAGEMENT POLICIES & UPDATE**

The Chief Accountant, on behalf of the Managing Director (Head of Paid Service), presented the Council's capital and treasury management strategies for consideration prior to approval by the Council as part of the budget setting report on 29 February 2024.

A debate took place on the issues contained in the report. Some of the matters raised and discussed included:

- A discussion took place regarding the re-financing and reprofiling of loans, potentially deferring the burden of re-payment to future generations. A Member asked if such arrangements could be extended to other areas and Committee were advised that the Council has maximised what it can within tolerance limits.

There were no amendments or substantial changes to report to Cabinet on the back of comments; **NOTED**.

12 **COMPLAINTS HANDLING UPDATE**

The Assistant Director for Corporate Services presented a report to Members regarding the review of the Council's Corporate Complaints and Vexatious Complaints Procedures.

Members were advised that, owing to the development of a new joint Complaint Handling Code by the Local Government and Social Care Ombudsmen (LGO) and the Housing Ombudsman (HO), there would be a requirement to significantly change the current Corporate Complaints and Compliments procedure to conform to the new Code.

Revised procedures would be report to the meeting of Governance Committee taking place on 22 April 2024; **NOTED**.

Monday, 5 February 2024

13 **COMMITTEE WORK PROGRAMME.**

Members were advised that a review of contract procedure rules would be presented at a future meeting of Governance Committee; **NOTED.**

Governance Committee

ATTENDANCE RECORD - 2023/24

Surname	First name	10/07/2 3	07/08/2 3	25/09/2 3	27/11/2 3	05/02/2 3	22/04/2 3	20/05/2 3			Total Meetings Attended / total possible
Morgan	Carole	✓	✓	✓	✓	✓					
Berry	Peter	✓	✓	✓	✓	✓					
Bendelow	Neil	✓	✓	RA	Apols	✓					
Chaney	Peter	✓	✓	✓	✓	✓					
Martin	Stephen	✓	✓	✓	Apols	✓					
McCue	John	✓	✓	✓	✓	✓					
Nightingale	Glyn	✓	✓	✓	✓	✓					
O'Donoghue	Margaret	✓	✓	✓	✓	Apols					
Richardson	Carrie	✓	RA	✓	✓	Apols					
Rider	Vera	✓	Apols	✓	✓	✓					
Salvin	Paul	✓	✓	✓	Apols						
Blacklock	Alison	✓	Apols	✓	✓	Apols					
Lavelle	Irene	✓	✓	✓	✓	Apols					
Monson	Colin	✓	✓	✓	✓	✓					

Substitutes

Brook	Adam		✓								
Lavan	Jade			✓							

Key

✓	Attended
RA	Apologies Submitted (replacement attended)
Apols	Apologies Submitted (no replacement)
X	Did Not Attend (no apologies received)
C	Cancelled Meeting
n/a	Not a Member

Reason for Absence (NB Full details may not be provided for reasons of confidentiality)

1	Personal Commitment
2	Work Commitment
3	Illness/Medical
4	Conflicting Council Commitment
5	Other
6	Civic Duties

ASSESSMENT SUB-COMMITTEE

26 March 2024

ASSESSMENT SUB-COMMITTEE

A meeting of the Assessment Sub-Committee was held on 26 March 2024.

PRESENT

Mr Monson (Chair and Independent Member)
Councillors Berry and Morgan.

Mr Manship (Independent Person)

OFFICIALS

S James and A Nixon.

EXCLUSION OF THE PRESS & PUBLIC

RESOLVED that the press and public be excluded from the meeting on the grounds that the following items contained exempt information as defined in Paragraphs 1 and 2 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended).

DISCLOSURE/CONFLICTS OF INTERESTS

The Monitoring Officer circulated the Governance Committee Local Assessment/Conflicts of Interest Guidance for Members and Officers. The Sub-Committee considered the guidance and agreed that, in relation to the complaint, there were no conflict of interests of the Members or Officers in attendance - **NOTED**.

ARRANGEMENTS FOR DEALING WITH COMPLAINTS ABOUT THE CODE OF CONDUCT FOR MEMBERS.

For the Sub-Committee's information, the Monitoring Officer circulated a copy of the arrangements for dealing with complaints about the Code of Conduct for Members: - **NOTED**.

REPORT INTO ALLEGATIONS OF BREACH OF THE MEMBERS' CODE OF CONDUCT - REF: GC27/2023

The Sub-Committee were reminded that at its meeting on 12 December 2023 a report concerning allegations of breaches of the Members' Code of Conduct against a Town Councillor was considered.

The complaint alleged that the Subject Member had acted against the Code of Conduct by not treating people with respect and bringing the Town Council into disrepute. The Sub-Committee agreed that further information was required and an Investigating Officer was appointed to investigate and compile a report for this Sub-Committee.

ASSESSMENT SUB-COMMITTEE

26 March 2024

A copy of the Investigating Officers report was presented to the Sub-Committee who discussed it in detail and took into account the views of the Independent Person.

RESOLVED that in accordance with Sections 28(6)(a) and 28(6)(b) of the Localism Act 2011, the Assessment Sub-Committee of the Governance Committee unanimously agreed that:

- (1) in relation to Case Ref: GC/27/2023 the Sub-Committee decided upon - **OTHER ACTION** - to refer the matter back to the Monitoring Officer to offer to discuss the provisions of the Code of Conduct relating to respect and how these translate into practical day to day examples. The Panel also recommends that the Subject Member should be offered additional training in relation to the Code of Conduct.



Member Report

Internal audit and counter fraud work programmes

Report to: Governance Committee
Report from: Max Thomas – Chief Executive Veritau
Portfolio: Resources
Report Date: 22 April 2024
Decision Type: Committee
Council Priority: All

HEADLINE POSITION

1.0 Summary of report

1.1 This report seeks the committee's approval for the programme of internal audit work to be undertaken in 2024/25. It also includes, for information, the proposed programme of counter fraud work and an update on the new Global Internal Audit Standards.

2.0 Recommendation

It is recommended that Governance Committee:

- approves the internal audit work programme for 2024/25.
- notes the counter fraud work programme for 2024/25.
- notes the update on the Global Internal Audit Standards

DETAILED PROPOSALS

3.0 What are the objectives of the report and how do they link to the Council's priorities

3.1 Internal audit provides independent and objective assurance and advice about the Council's operations. It helps the organisation to achieve overall objectives by bringing a systematic, disciplined approach to the evaluation and improvement of the effectiveness of risk management, control and governance processes.

3.2 The Council's internal audit service has to comply with the Public Sector Internal Audit Standards (PSIAS), and the Council's own internal audit charter. The standards and charter require that the Head of Internal Audit gives an annual opinion on the adequacy and effectiveness of the Council's framework of governance, risk management, and control. The basis for the opinion is the programme of work that internal audit carries out. An indicative risk-based audit

work programme is drawn up at the start of each year, setting out proposed priorities for audit work over the coming twelve months. The work programme is revisited and updated throughout the year, to ensure it remains aligned with current risks and priorities.

- 3.3** The work programme is required to be approved by this committee as part of its responsibility for overseeing the work of internal audit. This report seeks approval for the indicative programme of internal audit work for 2024/25.

Internal audit work programme

- 3.4** The internal audit work programme at annex 1 outlines priorities for work in 2024/25. It includes proposed areas of audit coverage and is based on a risk assessment undertaken by Veritau. The work programme is also informed by discussions with senior officers and members, risk management arrangements, and by plans for development and change within the Council. The internal audit work programme is a flexible working document and adjustments will be made throughout the year to reflect changes in risks and priorities, and to address any issues that arise.

- 3.5** Total planned internal audit days for 2024/25 are 555. This is unchanged from 2023/24.

Global Internal Audit Standards

- 3.6** In January 2024, the International Internal Audit Standards Board released the new Global Internal Audit Standards. These will be effective from 9 January 2025 and all internal audit functions will be expected to adopt the new standards by then. In the meantime, we expect the PSIAS to be updated to reflect the new standards.

Counter fraud work programme

- 3.7** The Counter Fraud workplan is attached at annex 2. The plan sets out the areas of counter fraud work to be undertaken in 2024/25. Reactive investigations (determined by allegations of fraud received) will account for the largest proportion of work. Priorities for work in the remaining areas will be determined in accordance with the counter fraud strategy action plan and fraud risk assessment.

- 3.8** A total of 150 days are allocated to counter fraud work in 2024/25.

4.0 What options have been considered

Not relevant for the purpose of this report, there are no other options.

5.0 Impact Assessment

- 5.1 Climate Emergency** – there are no direct implications from this report, although elements of Council arrangements for managing climate risks may not be considered as part of the internal audit work programme. This applies to a

number of the other risk areas below.

- 5.2 Health and Safety** – the work of Veritau contributes to the effective management of the Council’s health and safety risks.
- 5.3 Social Value** – the work of Veritau supports overall aims and priorities by promoting probity, integrity and honesty and by helping to make the Council a more effective organisation.
- 5.4 Legal** – the work of Veritau contributes to the effective management of the Council’s legal and regulatory risks.
- 5.5 Financial** – the work of Veritau contributes to the effective management of the Council’s financial risks.
- 5.6 Human Resources** – the work of Veritau contributes to the effective management of employment related risks.
- 5.7 Equality and Diversity** – the work of Veritau contributes to the effective management of risks associated with equalities and diversity.

6.0 Consultation and Engagement

- 6.1** Senior officers and Members have been consulted in order to establish areas of risk to be included in the internal audit work programme.

7.0 Appendices and Background Papers

- Annex 1 – internal audit work programme 2024/25
- Annex 2 – counter fraud work programme 2024/25

8.0 Contact Officer

Name: Phil Jeffrey
Position: Assistant Director – Audit Assurance (Veritau)
Email address: phil.jeffrey@veritau.co.uk
Telephone Number: 01904 552926

Name: Daniel Clubb
Position: Assistant Director – Corporate Fraud (Veritau)
Email address: daniel.clubb@veritau.co.uk
Telephone Number: 01904 552927

INTERNAL AUDIT WORK PROGRAMME 2024/25

Date: 22 April 2024

Annex 1



CONTENTS



Introduction

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Approach

3



2024/25 Internal
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Rationale and
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Max Thomas
Head of Internal Audit



Phil Jeffrey
Assistant Director Audit Assurance



INTRODUCTION

- 1 This document sets out the proposed 2024/25 programme of work for internal audit, provided by Veritau for Redcar and Cleveland Borough Council.
- 2 The work of internal audit is governed by the Public Sector Internal Audit Standards and the Council's audit charter. In order to comply with those standards and the charter, internal audit work must be risk based and take into account the requirement to produce an evidence-based annual internal audit opinion. Accordingly, planned work should be reviewed and adjusted in response to changes in the business, risks, operations, programmes, systems and internal controls.
- 3 The Head of Internal Audit's annual opinion is formed following an independent and objective assessment of the effectiveness of the framework of risk management, governance and internal control. Our planned audit work includes coverage of all three areas to develop a wider understanding of the assurance framework of the Council, and to produce a body of work which allows us to provide that opinion.
- 4 Responsibility for effective risk management, governance and internal control arrangements remains with the Council. The Head of Internal Audit cannot be expected to prevent or detect all weaknesses or failures in internal control nor can audit work cover all areas of risk across the organisation.



APPROACH

Background

- 5 In order to best meet professional standards, internal audit is required to adopt flexible planning processes that are sensitive to risk. This flexibility and risk-based approach are driving principles for delivery of Redcar and Borough Cleveland Council's 2024/25 internal audit work programme.
- 6 The Council is facing unprecedented financial pressures as a result of the continued increase in demand for its services and the impact of inflation and economic uncertainty. In the Council's budget proposals report in February 2024 to Cabinet the Council's financial position was described as 'extremely challenging' and it set out a number of proposals to ensure the Council continues to operate on a stable footing.
- 7 The Council therefore needs to act to maintain a stable and resilient financial position while still delivering on the priorities set out in the Council's Corporate Plan 2024-27.
- 8 The priorities set out are:
 - Start life well
 - Live and age well
 - Prosper and flourish
 - Clean and tidy
 - A strong and sustainable Council

- 9 Internal audit work covers a range of risk areas to ensure that, overall, the work undertaken will enable us to meet the requirement to provide an overall opinion on the Council's framework of risk management, governance and internal control.

The opinion framework

- 10 In order to consider the requirements of the PSIAS and the Council's internal audit charter for producing an annual opinion Veritau has developed an opinion framework. Details on the opinion framework were provided to the committee in our consultation report in February 2024.
- 11 The opinion framework contains 11 key assurance areas as follows:
- strategic planning
 - organisational governance
 - financial governance
 - risk management
 - information governance
 - performance management and data quality
 - procurement and contract management
 - people management
 - asset management
 - programme and project management
 - ICT governance
- 12 Overlaid on these key assurance areas are two further components of the framework:
- Organisational objectives
 - Organisational risks
- 13 The Council's organisational objectives are set out above at paragraph 8. The risks considered when producing the work programme are those set out in the Council's Corporate Risk Register (CRR). There are many other risks associated with the wide range of services the Council delivers. However, the risks on the CRR are those considered most significant to the achievement of the Council's objectives. There are currently 8 risks on the CRR. Where appropriate, service risks are considered as part of individual audit assignments.
- 14 The current 8 risks on the CRR are:
- Balancing the Medium Term Financial Plan
 - Workforce capacity and loss of critical skills (recruitment and retention)
 - IT disruption due to attack
 - Increased exclusions from schools
 - Coastal erosion / land instability at Cowbar
 - Flooding
 - Non-compliance data protection legislation because of inadequate records management
 - Impact of increased numbers of children in care

- 15 The work programme has been developed by looking to have appropriate coverage across all 11 of the key assurance areas where we require information to enable us to provide the annual opinion. In deciding what work is a priority in each area, we have also considered which audits will also provide coverage of strategic risks and corporate ambitions and priorities.
- 16 In addition, we have also been running a pilot of assurance mapping over the past year. This has reviewed how the Council receives assurance on its risks from various sources including internal audit.
- 17 The assurance mapping exercise has involved holding workshops for each of the 11 key assurance areas with key Council officers. The output of this will be an assurance map for each of the areas. This has helped to inform our ongoing risk assessment.

Developing the work programme

- 18 The requirement to provide assurance across these areas to arrive at a strong, evidenced-based annual opinion is taken into account when identifying and prioritising work throughout the year. The process for developing the 2024/25 work programme has involved the following key steps:
- undertaking a detailed review of the Council's corporate risk register, including changes in risk profile over time, controls and actions
 - understanding the results of the assurance mapping exercise described in paragraphs 16 and 17
 - understanding the Council's longer- and shorter-term objectives through an extensive desktop review of committee reports, decisions, performance data, and Council Plan priorities
 - evaluating other known risk areas (for example, areas of concern highlighted by management or through our experience at other clients)
 - considering fundamental controls, the results of recent audit work, outcomes from any external reviews, and changes in Council services and systems
 - consulting with Members at the meeting of the Governance Committee on 5 February 2024
 - attending Directorate Management Team (DMT) meetings during March 2024 to understand their priorities and understanding of current risks; and
 - discussing current risks and priorities with the Chief Accountant and Director of Finance as part of regular liaison meetings.
- 19 The results of these assessments and considerations have been combined to allow us to evaluate the impact and value each potential audit would bring.
- 20 The overall programme, and the relative priorities for work within it, will be revisited and updated throughout the year. Work to be started will be based on the most immediate priorities at any point. We will regularly consult with officers on the priority, scope and timing of work to help ensure that we provide assurance in the right areas at the right time. We

will also provide regular updates on the scope and findings of our work to the Governance Committee throughout 2024/25.



2024/25 INTERNAL AUDIT WORK

- 21 The work programme is based on a total commitment of 555 days. Further details on the current priorities and expected timings for internal audit work during 2024/25 are provided in appendices A and B.
- 22 Appendix B also contains details of work that is currently ongoing and indicates the expected dates when the details of this work will be reported to the committee.
- 23 The programme is designed to ensure that limited audit resources are prioritised towards those areas which are considered to carry the most risk or which contribute the most to the achievement of the Council's strategic priorities and objectives.
- 24 Functionally, the indicative programme is structured into a number of sections, as set out below. In assessing the work to be included in each section, consideration is given to the Council's organisational objectives and risks as well as our 11 key assurance areas set out at paragraph 11.
 - **Corporate & cross cutting** – to provide assurance on areas which, by virtue of their importance to good governance and stewardship, are fundamental to the ongoing success of the Council.
 - **Technical / projects** – to provide assurance on those areas of a technical nature and where project management is involved. These areas are key to the Council as the risks involved could detrimentally affect the delivery of services.
 - **Financial systems** – to provide assurance on the key areas of financial risk. This helps provide assurance to the Council that risks of loss or error are minimised.
 - **Service areas** – to provide assurance on key systems and processes within individual service areas. These areas face risks which are individually significant but which could also have the potential to impact more widely on the operations or reputation of the Council if they were to materialise.
 - **Other assurance areas** – an allocation of time to allow for continuous audit planning and information gathering, unexpected work, and the follow up of work we have already carried out, ensuring that agreed actions have been implemented by management.
 - **Client support, advice & liaison** – work we carry out to support the Council in its functions. This includes the time spent providing support and advice, and liaising with staff.
- 25 It is important to emphasise two important aspects of the programme. Firstly, the audit areas included in this programme and the indicative days assigned to each of the areas in appendix A are not fixed. As described in paragraph 20, work will be kept under review to ensure that audit

resources continue to be deployed in the areas of greatest risk and importance to the Council. This is to ensure the audit process continues to add value.

- 26 Secondly, it will not be possible to deliver all of the audits listed in the programme. The programme has been intentionally over-planned, to build in flexibility from the outset while also providing an indication of the priorities for work at the time of assessment. Over-planning the programme enables us to respond quickly by commencing work in other areas of importance to the Council when risks and priorities change during the year.

APPENDIX A: Indicative Internal Audit Work Programme 2024/25

Area	Indicative Days	Potential activity
Corporate & cross cutting	150	Savings and transformation programmes Information governance (including Freedom of Information Act requests) Information security Records management Contract management Purchasing cards Decision making and governance Corporate complaints Diversity and inclusion Absence management Business continuity Volunteers Succession planning Asset management
Technical / projects	63	Major projects (including Eston Swimming Baths) Digitalisation / IT projects IT disaster recovery Cyber security (network security, firewalls, malware protection)

Area	Indicative Days	Potential activity
		Waste management project
Financial systems	60	Main accounting Debtors Payroll Council Tax and NNDR Benefits Creditors
Service areas	170	Planning applications Coastal erosion (including at Cowbar) Flood planning Car park income Homelessness Referrals and care assessments (Adult's) Budget and demand management (Adult's) Homecare Deprivation of Liberty Safeguards Adult safeguarding Special Educational Needs Schools' themed audits (including exclusions)

Area	Indicative Days	Potential activity
		Care assessments and quality assurance (Children's) Childcare and early education funding
Other assurance work	67	Follow-up of previously agreed management actions Continuous audit planning and additional assurance gathering to help support our opinion on the framework of risk management, governance and internal control Continuous assurance work, including data analytics and data matching projects Attendance at, and contribution to, governance- and assurance-related working groups including Risk Management Group Assurance mapping
Client support, advice & liaison	45	Committee preparation and attendance Key stakeholder liaison Support and advice on control, governance and risk related issues
TOTAL	555	

APPENDIX B: Current audit priorities / rationale for inclusion in the work programme / expected timings

Audit / Activity	Rationale / Comments on progress	Actual / Expected start	Expected finish
Corporate & cross cutting			
Category 1 (do now)			
Agency staff	Ongoing.	September 2023	May 2024
Health and safety	Ongoing. Fieldwork is nearly complete.	September 2023	May 2024
CCTV (Information governance)	Ongoing. Fieldwork is nearly complete.	August 2023	May 2024
Savings delivery and budget management	Fieldwork has now commenced.	January 2024	July 2024
Performance management and data quality	Planning is now underway.	April 2024	July 2024

Category 2 (do next)			
Information governance	Information governance is a significant risk for all organisations. The audit would include a review of how Freedom of Information Act requests are dealt with.	Q2 2024/25	December 2024
Contract management	The management of contracts in an efficient manner which provides value for money is a key priority for councils. The audit will follow-up some issues identified in a previous procurement audit.	Q2 2024/25	December 2024
Diversity and inclusion	Diversity and inclusion is an important area for the council to ensure that it is able to retain and recruit staff into key areas.	Q2 2024/25	December 2024
Corporate complaints	Essential for effective governance. This area has not been audited for some time.	Q2 2024/25	December 2024
Category 3 (do later)			
Major projects	The Council has several significant projects underway including the Eston Baths redevelopment. The project management arrangements associated with a sample of schemes will be reviewed.		
Information security	Considered high risk due to external threats and continuing pace of technological change. The Council has recently rationalised its office space.		
Absence management	Increasing absence of staff is a key risk for all local authorities with stress-related absence of particular concern. It also impacts on the ability of local authorities to recruit and retain staff.		

Records management	Records management is a significant risk for all organisations. Non-compliance with data protection legislation because of poor records management is included on the Council's corporate risk register.		
Purchasing cards	Use of purchasing cards can provide significant risk if misused and/or if usage is not monitored appropriately. An audit would consider these and other related risks.		
Decision making and governance	The Council is working in a challenging economic climate that will increase pressure on services and employees, and result in difficult decisions needing to be made. It is therefore essential that key governance, decision making, and control arrangements remain robust in this environment. This area has not been audited for some time.		
Asset management	Effective use of assets is a key priority for the Council and is one of our key assurance areas.		
Business continuity	Business continuity is a key tool to mitigate risks arising from unexpected changes in the external environment, for example increasing cybersecurity threats, supply chain issues resulting from global political activity and potential climate and energy related events. This area has not been audited for some time.		
Succession planning	Succession planning is vital for councils to ensure that loss of key staff does not impact significantly on the organisation. An audit would review the strategies in place.		
Financial / Corporate systems			
Category 1 (do now)			

Energy rebate scheme	Fieldwork is now underway.	September 2023	May 2024
Treasury management	Fieldwork is now underway.	January 2024	July 2024
Creditors	Fieldwork is now underway.	February 2024	July 2024
Main accounting	Planning has commenced.	April 2024	July 2024
Category 2 (do next)			
Benefits	Key financial system.	Q2 2024/25	December 2024
Category 3 (do later)			
Debtors	Key financial system.		
Payroll	Key financial system.		
Council Tax and NNDR	Key financial system.		
Creditors	Key financial system.		

IT			
Category 1 (do now)			
IT applications - LAS	Fieldwork is now underway.	April 2024	July 2024
Category 2 (do next)			
Cyber security	Cyber security is a significant risk for all organisations and is included on the Council's corporate risk register. An audit would likely include coverage of network security, firewalls or malware protections.	Q2 2024/25	December 2024
Category 3 (do later)			
IT disaster recovery	IT disaster recovery is a vital part of cyber security and managing the risk of disruption from cyber-attacks, as included on the Council's corporate risk register. This is a key area for regular assurance.		
Digitalisation / IT projects	The Council's Digital Strategy is key in delivering the organisation's priorities. This should be led by corporate requirements but will involve projects where IT delivery is key to success. Audit work could cover corporate programme management or could review specific projects.		
Operational audits			
Category 1 (do now)			

Recruitment of foster carers	Ongoing. Fieldwork is nearly complete.	June 2023	May 2024
Commissioning (Children and Families)	Ongoing.	September 2023	July 2024
Demand management (Children and Families)	Ongoing.	January 2024	July 2024
Continuing healthcare	Ongoing.	January 2024	July 2024
Schools themed audit	Ongoing. The theme of the audit is business continuity.	November 2023	July 2024
Social care financial assessments (Adult's)	Planning has commenced.	April 2024	September 2024
SEN Place Planning	Planning has commenced.	April 2024	September 2024
Safeguarding (Children and Families)	Planning has commenced.	April 2024	September 2024

Highways management	Planning has commenced.	April 2024	September 2024
Category 2 (do next)			
Planning applications	Planning applications can be a contentious area within local government an audit would provide assurance that the Council is complying with legislative requirements and is suitably transparent.	Q2 2024/25	December 2024
Flood planning	The risk of flood damage to residents is significant for the Council and is included on the Council's corporate risk register.	Q2 2024/25	December 2024
Budget and demand management (Adult's)	The management of budgets within Adult Social Care is a significant risk for all councils. An audit would review the accuracy of forecasting and management of demand.	Q2 2024/25	December 2024
Homecare	Homecare provision includes services provided in the community for daily living activities. An audit would review the supply of services including receipt of income and reconciliation to contracts and would follow-up on previous work carried out	Q2 2024/25	December 2024
Category 3 (do later)			
Referrals and care assessments (Adult's)	It is essential that clear arrangements for managing referrals and care assessments are in place, to balance the need to ensure the Council fulfils its obligations to provide care while taking account of financial constraints. This area has not been reviewed for some time.		

Deprivation of Liberty Safeguards	There have been significant legislative changes in this areas and an audit would review the Council's approach in comparison to other local authorities to ensure it is fit for purpose.		
Schools themed audit	An annual themed audit of schools. An area for consideration is exclusions as this is on the Council's corporate risk register.		
Care assessments and quality assurance (Children's)	It is essential that clear arrangements for managing care assessments are in place, to balance the need to ensure the Council fulfils its obligations to provide care while taking account of financial constraints. It is also important to ensure there are adequate quality assurance processes in place to identify poor practice and to improve the quality of service.		
Childcare and early education funding	The Council is responsible for administering free provision of places to childcare establishments. An audit would review the administration of this process.		
Coastal erosion	For councils on the coast of England, coastal erosion is a significant risk. Coastal erosion at the Cowbar cottages in Staithes is included on the Council's corporate risk register.		
Car park income	The Council has a number of car parks which generate income. The audit would review the processes involved in this.		
Homelessness	Homelessness continues to rise within the borough and nationally. The audit would review the Council's strategies to address this including the Homelessness Prevention and Rough Sleeping Strategy 2020 - 2025,		

Volunteers	A follow up review to ensure previously agreed actions have been implemented.		
Adult safeguarding	Adult social care is a significant area of spend for the Council. An audit would review the controls in place to address safeguarding and to ensure value for money.		
Waste management	It is essential that robust governance arrangements are established where the Council works through partnership arrangements or other delivery vehicles. The audit will review governance arrangements for the Tees Valley Waste Partnership, and the wider Tees Valley Energy Recovery Facility (TV ERF) project (which includes Durham County Council and Newcastle City Council).		

COUNTER FRAUD WORK PROGRAMME 2024/25

Date: 22 April 2024

ANNEX 2





Daniel Clubb
Assistant Director - Corporate Fraud



Max Thomas
Head of Internal Audit

INTRODUCTION

- 1 Veritau undertakes counter fraud work on behalf of Redcar and Cleveland Borough Council. This document summarises planned areas of counter fraud work for 2024/25.
- 2 A total of 150 days of counter fraud work has been agreed for 2024/25. A large proportion of this work will focus on reactive investigations in response to information received from officers and the public about suspected fraud. Other work will be undertaken in accordance with priorities detailed in the Council's Counter Fraud Risk Assessment and Counter Fraud Strategy Action Plan. The risk assessment and strategy action plan are reviewed annually and were last presented to this committee in September 2023.
- 3 A high-level summary of planned areas of work is set out in the table below. An estimated number of days for each area is provided but this will be flexible to reflect the work that arises during the year.



2023/24 COUNTER FRAUD SUMMARY

Area	Days	Scope
Counter Fraud General	10	Monitoring changes to regulations and guidance, reviewing counter fraud risks, and supporting the Council with maintenance of the counter fraud policy framework. Updates on significant fraud trends and counter fraud activities will be provided to the Governance Committee during the year.
Proactive Work	20	This includes: <ul style="list-style-type: none"> raising awareness of counter fraud issues and procedures for reporting suspected fraud - for example through training and provision of updates on fraud related issues. targeted proactive counter fraud work - for example through local and regional data matching exercises. support and advice on cases which may be appropriate for investigation and advice on appropriate measures to deter and prevent fraud. advice and guidance on measures to deter and prevent fraud.
Reactive Investigations	105	Investigation of suspected fraud affecting the Council. This includes feedback on any changes needed to procedures to prevent fraud reoccurring.
National Fraud Initiative	15	This includes: <ul style="list-style-type: none"> Collection and submission of data for bi-annual exercise and annual Single Person Discount exercise. Coordinating the review of data matches produced by the National Fraud Initiative and advising on cases which may be appropriate for investigation.

Auditor's Annual Report - **DRAFT**

Redcar and Cleveland Borough Council
– year ended 31 March 2023

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[Appendix A: Further information on our audit of the financial statements](#)

Our reports are prepared in the context of the 'Statement of responsibilities of auditors and audited bodies' issued by Public Sector Audit Appointments Ltd. Reports and letters prepared by appointed auditors and addressed to members or officers are prepared for the sole use of the Council. No responsibility is accepted to any member or officer in their individual capacity or to any third party.

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01

Section 01: **Introduction**

1. Introduction

Purpose of the Auditor's Annual Report

Our Auditor's Annual Report (AAR) summarises the work we have undertaken as the auditor for Redcar and Cleveland Borough Council ('the Council') for the year ended 31 March 2023. Although this report is addressed to the Council, it is designed to be read by a wider audience including members of the public and other external stakeholders. **This is a DRAFT report, as we have not yet issued our audit opinion. The report will be finalised when we issue our audit opinion, anticipated in April 2024.**

Our responsibilities are defined by the Local Audit and Accountability Act 2014 and the Code of Audit Practice ('the Code') issued by the National Audit Office ('the NAO'). The remaining sections of the AAR outline how we have discharged these responsibilities and the findings from our work. These are summarised below.



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Opinion on the financial statements

We issued our audit report on [insert date]. Our opinion on the financial statements was unqualified. **[At this stage, we anticipate being able to issue an unqualified opinion, subject to finalisation of remaining issues.]**

Value for Money arrangements

In our audit report issued **[not yet issued]** we reported that we had completed our work on the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources and had not issued recommendations in relation to identified significant weaknesses in those arrangements. Section 3 provides our commentary on the Council's arrangements.



Wider reporting responsibilities

The NAO, as group auditor, requires us to complete the WGA Assurance Statement in respect of its consolidation data. **We are unable to respond to NAO until we have issued our audit opinion [not yet issued].** As in previous years, we anticipate a significant delay before we will be able to issue our 2022/23 audit certificate, as we await NAO clearance on whether we will be required to undertake additional procedures as a sampled component.

02

Section 02:

Audit of the financial statements

2. Audit of the financial statements

The scope of our audit and the results of our opinion

Our audit was conducted in accordance with the requirements of the Code, and International Standards on Auditing (ISAs). The purpose of our audit is to provide reasonable assurance to users that the financial statements are free from material error. We do this by expressing an opinion on whether the statements are prepared, in all material respects, in line with the financial reporting framework applicable to the Council and whether they give a true and fair view of the Council's financial position as at 31 March 2023 and of its financial performance for the year then ended. Our audit report, issued on [insert date] gave an unqualified opinion on the financial statements for the year ended 31 March 2023. [At this stage, we anticipate being able to issue an unqualified opinion, subject to finalisation of remaining issues.]

A summary of the significant risks we identified when undertaking our audit of the financial statements and the conclusions we reached on each of these is outlined in Appendix A. In this appendix we also outline the uncorrected misstatements we identified and any internal control recommendations we made.

Qualitative aspects of the Council's accounting practices

We have reviewed the Council's accounting policies and disclosures and concluded they comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets, published in November 2022, appropriately tailored to the Council's circumstances.

Draft accounts were received from the Council on 26 July 2023 and were of good quality.

Significant difficulties during the audit

We had positive co-operation from management throughout the audit and we would like to thank management for their assistance, courtesy and patience during our work. The following issues presented some difficulties on the audit this year.

Pension asset recognition

Each year, employers within the Local Government Pension Scheme (LGPS) receive an actuarial accounting report prepared in accordance with IAS19 Employee Benefits. The report sets out the movement in the employers' interest in the LGPS assets and liabilities during the year, and their share of assets and liabilities at the year end. At 31 March 2023 some employers have, for the first time in many years, have a net IAS19 pension asset (surplus) and this was also the case for Redcar and Cleveland Borough Council. When an employer has a net IAS19 pension liability, the liability is included in the financial statements in full. Where there

is a surplus, there are circumstances under which the surplus is not recognised in full in the financial statements and therefore there was some uncertainty as to the accounting treatment to follow. To demonstrate full recognition of the surplus, the Council had to obtain an additional 'asset ceiling' report from the Actuary and we had to undertake further work to establish that the accounting treatment was appropriate.

Land and building valuations

The valuation of land and buildings under the depreciated replacement cost (DRC) method did not include an allowance for external works or a location factor for building cost (BCIS) indices. This required a full revaluation of all DRC assets (circa £132m) to demonstrate that there was no material misstatement in the balance as at 31 March 2023. This resulted in an unadjusted error of £3.356m.

Pension fund assurance

There was a delay in obtaining the pension fund letter of assurance from the auditors of the Teesside Pension Fund which meant that we could not complete our audit until [insert date]. [At the time of drafting this report, the Pension Fund auditor has informed us that they expect to report to us by 15 April 2024.]

Reporting responsibility	Outcome
Annual Governance Statement	We did not identify any matters where, in our opinion, the governance statement did not comply with the guidance issued by CIPFA/LASAAC Code of Practice on Local Authority Accounting 2022/23, as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets, published in November 2022.

03

Section 03:

Commentary on VFM arrangements

3. Commentary on VFM arrangements

Overall summary

Page 45



3. VFM arrangements – Overall summary

Approach to Value for Money arrangements work

We are required to consider whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out and sets out the reporting criteria that we are required to consider. The reporting criteria are:



Financial sustainability - How the Council plans and manages its resources to ensure it can continue to deliver its services



Governance - How the Council ensures that it makes informed decisions and properly manages its risks



Improving economy, efficiency and effectiveness - How the Council uses information about its costs and performance to improve the way it manages and delivers its services

Our work is carried out in three main phases.

Phase 1 - Planning and risk assessment

At the planning stage of the audit, we undertake work so we can understand the arrangements that the Council has in place under each of the reporting criteria; as part of this work we may identify risks of significant weaknesses in those arrangements.

We obtain our understanding of arrangements for each of the specified reporting criteria using a variety of information sources which may include:

- NAO guidance and supporting information
- Information from internal and external sources including regulators
- Knowledge from previous audits and other audit work undertaken in the year
- Interviews and discussions with staff and directors

Although we describe this work as planning work, we keep our understanding of arrangements under review and update our risk assessment throughout the audit to reflect emerging issues that may suggest there are further risks of significant weaknesses.

Phase 2 - Additional risk-based procedures and evaluation

Where we identify risks of significant weaknesses in arrangements, we design a programme of work to enable us to decide whether there are actual significant weaknesses in arrangements. We use our professional judgement and have regard to guidance issued by the NAO in determining the extent to which an identified weakness is significant.

We outline the risks that we have identified and the work we have done to address those risks on page 10.

Phase 3 - Reporting the outcomes of our work and our recommendations

We are required to provide a summary of the work we have undertaken and the judgments we have reached against each of the specified reporting criteria in this Auditor's Annual Report. We do this as part of our Commentary on VFM arrangements which we set out for each criteria later in this section.

We also make recommendations where we identify weaknesses in arrangements or other matters that require attention from the Council. We refer to two distinct types of recommendation through the remainder of this report:

- **Recommendations arising from significant weaknesses in arrangements**

We make these recommendations for improvement where we have identified a significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. Where such significant weaknesses in arrangements are identified, we report these (and our associated recommendations) at any point during the course of the audit.

- **Other recommendations**

We make other recommendations when we identify areas for potential improvement or weaknesses in arrangements which we do not consider to be significant but which still require action to be taken.

The table on the following page summarises the outcomes of our work against each reporting criteria, including whether we have identified any significant weaknesses in arrangements or made other recommendations.

3. VFM arrangements – Overall summary

Overall summary by reporting criteria

Reporting criteria	Commentary page reference	Identified risks of significant weakness?	Actual significant weaknesses identified?	Other recommendations made?
 Financial sustainability	11	No	No	No
 Governance	15	No	No	No
 Improving economy, efficiency and effectiveness	18	No	No	No

3. Commentary on VFM arrangements

Financial Sustainability

How the body plans and manages its resources to ensure it can continue to deliver its services

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3. VFM arrangements – Financial Sustainability

Overall commentary on the Financial Sustainability reporting criteria - continued

How the Council identifies significant financial pressures that are relevant to its short and medium-term plans

The Council approved its Medium Term Financial Plan (MTFP) in February 2022 covering a 5 year timeframe from 2022/23 to 2026/27 (previously a 2 year MTFP). Financial sustainability and resilience remain a key ingredient of the current plan as well as seeking external funding for capital investments and managing the Council's borrowing requirements. The plan required savings of £2.85m in 2022/23 with a further £1.36m required across the MTFP up to 2026/27.

The 2022/23 MTFP considered income and funding, service investment and the 'Driving Change' efficiency improvements and recognised the risks and uncertainties facing the Council. The MTFP was supported by consultation with the public, staff, partners and other stakeholders. Our review of the MTFP and associated assumptions identified no evidence of significant weaknesses in arrangements. The Council utilises some scenario planning in the development of its budget and MTFP and has undertaken to progress this further as per the recommendation in the CIPFA Local Government Review Report.

Budgets are assigned to operational managers who monitor budgets on a monthly basis and this is reported to Members on a quarterly basis. At the end of the 2022/23 financial year, the Council reported an overspend of £4.64 million. This is largely due a £10m overspend on Children and Families including an overspend of £6.8m for children in care. This is offset by a number of underspends, most notably £4m in Adults and Communities.

The level of general fund balances and earmarked reserves (excluding collection fund reserves and school balances) available to the Council as at 31 March 2023 was £36.318m which is a reduction of £6.4m on the balance for 2021/22 of £42.718m. The level of general fund balances has been set at £5.747m which is the agreed minimum level of 5% of the Council's net budget provision and remains the same as in 2021/22. The financial position reflects the significant pressure that the Council is facing at the current time including inflationary pressures on both pay and non-pay budgets.

The financial position is very challenging, but our work did not identify any evidence to indicate a significant weakness in arrangements for 2022/23.

How the Council plans to bridge funding gaps and identifies achievable savings

The 2022/23 MTFP recognised the risks and uncertainties facing the Council in terms of cost pressures, future funding arrangements, volatile income levels and potential variations in the costs of the delivery of demand led services in particular.

The Council's 'Driving Change' efficiency improvements programme seeks to improve productivity & efficiency, streamline operations, and promote financial resilience and sustainability. The 2022/23 MTFP set out a savings plan of £4.2m over the 5 years of the MTFP with £2.85m planned for 2022/23. The outturn report showed that £2.35m (82%) was classified as being achieved out of the £2.85m target. The £0.5m not achieved relates to the ongoing challenges in relation to children in care. Whilst the Council did not fully meet the target, this does not represent a significant weakness in arrangements given the amounts involved.

The MTFP has been updated for 2023/24 and we will consider this in more detail as part of our work on our 2023/24 value for money commentary. As at quarter 3 (December 2023), the Council is reporting an anticipated year-end overspend of £4.8m million largely due to significant overspends in Children and Families (£10.5m). Work is ongoing to reduce the overspend at year end. Reserves at quarter 3 are £28.8m which is a reduction of £7.5m on the £36.3m balance as at 31 March 2023. Nearly £4m (£3.7m) of this total is in relation to the planned use of earmarked reserves for the collection fund risk reserve and business rates funding reserve. There is some financial resilience to withstand the additional pressures but a number of reserves are held for future contractual commitments and not for supporting overspends on the budget.

To address the significant financial challenges, in 2023/24 the Council has revised its driving change programme and committed to deliver £6.4m efficiency savings in 2023/24. As at quarter 3, £5.73m (90%) has been achieved. A further £0.4m (6%) is in progress and £0.27m (4%) is outstanding. This is incorporated into the overall projected revenue position. The efficiency savings across the MTFP from 2024/25 to 2028/29 has been increased to £8.8m with the majority of this (£7.5m) programmed for 2024/25. The Council has a good track record of delivery but this will be challenging.

Further measures will need to be identified to find additional budgetary solutions to mitigate the remaining planned budgetary drawdowns from reserves assumed for 2024/25 and later years. This will involve finding additional savings over and above the driving change measures already approved & achieved to ensure financial sustainability and minimise the further reliance on already depleted reserves. Furthermore, the Council will continue to ensure it plans for varying levels of demand, cost inflation and funding levels in later years.

The Capital Investment Plan is financed in such a way that the costs to the Council's budgets of any borrowing linked to the financing of the capital programme can be spread over the life of the asset being invested in. The CIPFA Report highlighted that the Council holds considerable amounts of debt and the financing costs of this present a considerable revenue cost. The Council has a significant capital investment programme to support its strategy and will need to carefully manage this.

3. VFM arrangements – Financial Sustainability

Overall commentary on the Financial Sustainability reporting criteria - continued

Our work did not identify any evidence to indicate a significant weakness in arrangements. However, like many other Councils, we recognise the significant financial pressure that the Council is dealing with at this time with reported overspends of £4.6m in 2022/23 and projected overspends of £4.8m in 2023/24. This has meant that the Council has had to make some unplanned contributions from its earmarked reserves to support the budget and it is likely that the overall reserves position will reduce from £36m in March 2023 (£42m in March 2022) to circa £25m as at 31 March 2024. As noted previously, some of these reductions are planned and not all due to overspends in year. The Council has taken swift action to improve the financial position by managing the spend in year and increasing the savings targets across the MTFP as part of its 'Driving Change' efficiency improvements programme. Whilst the Council has a good record of achieving its savings targets, this is nevertheless a challenging programme to deliver.

We make 'other recommendations' when we identify areas for potential improvement or weaknesses in arrangements which we do not consider to be significant but which still require action to be taken. We have raised an 'other recommendation' below to recognise the challenging financial position across the MTFP. In this case, we are not highlighting a weakness in arrangements but reinforcing the seriousness of the financial position and the importance of the Council delivering its own plans.

Matter arising	Our recommendation
1 The Council faces a challenging financial position in 2024/25 and the future years of the MTFP.	The Council needs to manage existing cost pressures particularly in Children and Families where there have been significant overspends in the previous two years. Further measures will need to be identified to find additional budgetary solutions to mitigate the remaining planned budgetary drawdowns from reserves assumed for 2024/25 and later years. This will involve finding additional savings over and above the driving change measures already approved and achieved to ensure financial sustainability and minimise the further reliance on already depleted reserves. Furthermore, the Council will need to continue to plan for varying levels of demand, cost inflation and funding levels in later years.

How the Council plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities

A new corporate plan 'Our Flourishing Future' has been developed for 2021 to 2024. The current set of Corporate Priorities fall under the following four areas:

- Tackling Climate Change and Enhancing the Natural Environment;
- Meeting Residents' Needs;

- Improving the Physical Appearance of the Borough and Enhancing Prosperity; and
- Investing for the future.

The annual business planning process provides the link between finances and the Council's strategic and statutory priorities. The plan drives the resourcing and financial plans for the organisation, resulting in the annual budget and the MTFP. The financial plans recognise the ongoing pressure the Council faces and the impact on its reserves strategy. In-year monitoring reports detail the pressures faced by the Council and highlight where mitigating action is required.

Our work did not identify any evidence to indicate a significant weakness in arrangements.

How the Council ensures that its financial plan is consistent with other plans

The MTFP report considers the implication on the workforce, health and safety, social value, legal, financial and equality and diversity.

A Treasury and Capital Strategy is updated on a regular basis and sets out how the Council manages risks and benefits associated with cash-flow, treasury management and borrowing. The strategy sets out how the Council can fund a multi-year capital programme in a financially sustainable way using a series of prudential indicators to monitor the position. This is supported by 'Business Case' documentation to ensure capital projects go through a robust business case documentation process and the revenue implications of capital investment decisions are fully considered and form part of the MTFP planning and budget setting process. These plans and strategies are considered and approved by Council alongside the MTFP and budget decisions each year

Risk management is also considered in terms of financial plans and risk-registers are regularly updated and reported to the Cabinet throughout the year.

Cabinet consider the updated financial position at various stages throughout the year and allows for Member scrutiny and challenge. The MTFP for 2022/23 and 2023/24 were considered in February 2022 and February 2023 respectively.

The annual budget process includes reviewing the Council's reserves. We confirmed a review was completed in 2022/23 and 2023/24 to ensure funding set aside remains in line with strategic and statutory priorities. This is evidenced in the outturn reports presented to the Cabinet during the financial year.

Our work did not identify any evidence to indicate a significant weakness in arrangements.

3. VFM arrangements – Financial Sustainability

Overall commentary on the Financial Sustainability reporting criteria - continued

How the Council identifies and manages risks to financial resilience

The financial plan recognises the risks and uncertainties facing the Council in terms of cost pressures, future funding arrangements and potential variations in the costs of the delivery. Our review of the financial plan shows that there is no evidence that assumptions are unrealistic or that reserves have dropped below the minimum levels required for a Council of this size and complexity with the risk it faces. However, clearly the Council has faced significant inflationary pressure in 2022/23 on both pay and non-pay budgets.

The Council has an established risk management framework and the Governance Committee receives regular risk management updates.

Financial reports contain evidence of a summary of the Council's performance, detailing significant variances and providing adequate explanation of the causes.

We are satisfied that there are saving plans in place and that the Council has a good record of delivering on its plans in previous years. However, as noted previously, the scale of the savings required over the MTFP will be challenging and we have raised an 'other recommendation' in this respect.

Our work did not identify any evidence to indicate a significant weakness in arrangements.

3. Commentary on VFM arrangements

Governance

How the body ensures that it makes informed decisions and properly manages its risks

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3. VFM arrangements – Governance

Overall commentary on the Governance reporting criteria - continued

How the Council monitors and assesses risk and how the Council gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud

Redcar and Cleveland Borough Council has approved and adopted a Code of Corporate Governance, consistent with the principles of the CIPFA/SOLACE Framework, Delivering Good Governance in Local Government.

The Council has a Risk Management Framework that is used and monitored by a Risk Management Group and is periodically reviewed, amended and approved by the Governance Committee. The Corporate Risk Register is reviewed, updated and challenged regularly and presented to Directorate Management Teams and the Executive Management Team and reported to the Governance Committee and Cabinet. This creates a framework within which risks are identified and evaluated prior to mitigation plans being put in place.

The Council has outsourced its internal audit and counter-fraud services to Veritau which is a partnership that specialises in local government provision. The Internal Audit Plan and Head of Internal Audit Report is reviewed by the Council's Governance Committee. As detailed in the plan, the Council uses a risk-based approach to determine the priorities of the internal audit activity, consistent with the Council's objectives. The Head of Internal Audit Opinion was presented to the Governance Committee meeting on 7 August 2023 and the overall opinion on the framework of governance, risk management and control operating at the Council is that it provides 'Reasonable Assurance'. This means that there is a generally sound system of governance, risk management and control in place but some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.

A Counter Fraud Plan is in place which is reported to the Governance Committee. We confirmed there is also regular reporting to the Governance Committee on counter fraud activities, including fraud investigations where applicable.

The Council has a framework of written procedures and controls. Central to these are detailed rules for decision making, and rules of procedure, including; a Constitution, Standing Orders, Contract Procedure Rules, Financial Regulations, Member, Officer Codes of Conduct, and a Whistleblowing Policy. The Council has a dedicated counter fraud response and strategy which includes fraud governance and arrangements to prevent, detect and pursue fraud including Anti-Fraud, Anti-Bribery & Anti-Corruption Policies.

Our work did not identify any evidence to indicate a significant weakness in arrangements.

How the Council approaches and carries out its annual budget setting process

The MTFP recognises the risks and uncertainties facing the Council in terms of future cost pressures, funding arrangements, volatile income levels and potential variations in the costs of the delivery of demand led services in particular. The MTFP is supported by consultation with regional local authority partners and other stakeholders.

We have reviewed the budget setting arrangements through review of minutes, observation and discussions with officers. No matters have been identified indicating a significant weakness in arrangements. Overall the Council is aware of the financial pressures it faces.

How the Council ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed

The Council produces monthly budget monitoring reports to all budget holders and regular meetings are held with finance to discuss variances. Quarterly forecasts of outturn reports are presented to the Cabinet. The Chief Finance Officer is a member of the Executive Management Team and attends Cabinet Member meetings.

There is a delegated framework of financial accountability, including named cost centre managers assigned to cost centres, identified senior managers to be responsible for financial performance in each service area and a financial reporting timetable for monitoring. The 'Driving Change Programme' helps to ensure the Council identifies and implements efficiency and savings opportunities, which is reviewed on a quarterly basis.

Each Directorate Management Team is provided with dedicated Finance Managers resource to provide advice and support on business decisions. Finance Managers also take regular consolidated budget monitoring information into the Directorate Management Teams for review

The financial statements were submitted for audit in 2022/23 on 26 July 2023. Whilst we did identify some material errors in respect of valuations of property, plant and equipment, our audit of the financial statements did not identify any matters to indicate a significant weakness in the integrity of the financial information reported or the process for preparing the accounts. It is our experience that management takes action to address audit matters in a timely and appropriate manner.

Our work did not identify any evidence to indicate a significant weakness in arrangements.

3. VFM arrangements – Governance

Overall commentary on the Governance reporting criteria - continued

How the Council ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency.

Redcar and Cleveland Borough Council's governance arrangements are set out in its Constitution which sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that decisions are efficient, transparent, and accountable to local people. This includes the financial procedures and the scheme of delegation. The Council's procedures help to ensure that appropriate legal, financial, and other professional advice is considered as part of the decision-making process and observes specific requirements of legislation.

Cabinet reports, other member reports and delegated decision-making powers are reviewed by Finance and financial implications are assessed and reviewed. Reports specifically consider risk, legal issues, finance matters and other key corporate decision-making factors. Equality impact assessments are produced to assess relevant key decisions and policies, which are published on the Council's website. All other key documents and decision-making reports are accessible via the Council's website, except where they address confidential issues and there is a reason for them to be exempt

At Scrutiny and Improvement Committees, members review progress against objectives through discussion with Cabinet Members and through quarterly monitoring of financial and performance information. Joint Scrutiny Committee arrangements are also in place with neighbouring authorities to provide oversight and accountability reflecting more collaborative approaches to service design and delivery, particularly in relation to health matters, and the key functions of the Tees Valley Combined Authority. There are also monitoring and reporting arrangements in place to assess performance against priority objectives – undertaken on a quarterly basis.

A Forward Plan of Key decisions is maintained, refreshed and published on a regular basis. Key decisions taken are published on its website giving notice of key decisions to be taken by Cabinet and Council and those taken using delegated powers. The Public has the opportunity to ask questions at Cabinet and Council.

A Governance Committee is maintained which is independent of the Cabinet and Scrutiny Committees. The Governance Committee is tasked with ensuring, amongst other things, good stewardship of the Council's resources and promoting proper internal control by reviewing the Council's control systems and monitoring its compliance with legislation, relevant standards, codes of practice and policies.

The Council publishes the outcomes from external reviews and inspections from regulatory bodies and monitors the implementation of any recommended actions through the performance management framework.

Our work did not identify any evidence to indicate a significant weakness in arrangements.

How the Council monitors and ensures appropriate standards are maintained

The Council has in place a framework of written procedures and controls. Central to these are detailed rules for decision making and rules of procedure, including; the Constitution, Standing Orders, Contract Procedure Rules, Financial Regulations, Member, Officer Codes of Conduct, and a Whistleblowing Policy. The Constitution sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that decisions are efficient, transparent, and accountable to local people.

There are established codes of conduct for members and officers and a register of gifts and hospitality which is available on the Council's website and supported by relevant training. Related parties are recorded on an annual basis and disclosed in the statement of accounts as well as senior officer remunerations. In addition, there is confidential reporting of unethical behaviour (whistle-blowing, anti-fraud, anti-money-laundering and anti-bribery policies) in place.

The Annual Governance Statement (AGS) is published and reviews the effectiveness of the Council's Governance Framework.

The Council appoint an independent person to support the complaints process in accordance with the requirements of the Localism Act 2011 and publish an Annual Complaints Report which considers the outcome of the complaints raised during the year.

There is regular reporting of treasury management activity that details the Council's investments, cash and borrowing positions. The Treasury Management Strategy was approved ahead of the 2022/23 financial year and sets out the Council's measures against which treasury management can be assessed. The measures include those designed to mitigate risk to the Council's finances. Our work did not identify any evidence to indicate a significant weakness in arrangements.

The Council provides training to members and officers through a Member Induction Programme and Corporate Induction process.

There were no areas of significant non-compliance with the CIPFA Code in terms of the financial statements.

Our work did not identify any evidence to indicate a significant weakness in arrangements.

3. Commentary on VFM arrangements

Improving economy, efficiency and effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services

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3. VFM arrangements – Improving Economy, Efficiency and Effectiveness

Overall commentary on the Improving Economy, Efficiency and Effectiveness reporting criteria - continued

How financial and performance information has been used to assess performance to identify areas for improvement

Directorates have well established processes for reviewing financial and performance information and use this to inform areas for improvement. Key volume and price metrics are monitored by Directorates to inform service and improvement planning – such as adult social care, waste management and children in social care. Performance information is shared with Cabinet Members and Scrutiny. Performance information relating to cost drivers and demand pressures are used to inform budget setting & monitoring.

Areas of adverse performance feed into the Council's risk register where relevant. Our review of the risk register and attendance at Governance Committee confirms that it covers areas such as secondary school attainment and performance, balancing the MTFP, costs for waste treatment.

The Leadership Team receive financial information to inform the budget setting process. Key members of the Executive Management Team are involved in decision-making around service investment and the 'Driving Change' savings. Quarterly financial reports to Cabinet provide an assessment of the financial outturn position for the year in relation to approved budgets for Revenue, Capital and usable reserves, Collection Fund and Treasury Management issues and also progress against the 'Driving Change' plans.

The Council has undertaken reviews through the CIPFA Financial Resilience Index, to assess and compare various indices on levels of expenditure of key service areas as a proportion of the revenue budget. Other benchmarking data provided by Arlingclose and Pixel is also referenced and used. The Council also undertake internal benchmarking exercises to assess areas such as council tax and business rate collection.

Services are involved in service improvement initiatives such as:

- Occupational therapy: launching an Integrated Therapy Triage Pilot, working with NHS Community Therapies across South Tees, providing a single point of access for referrals, ensuring the adult receives the right service for them, it is hoped this will reduce referral duplication and waiting times;
- Care and support: Work is near completion for supported living care community at Kirkleatham for older people and people with disabilities;
- Climate: First net zero road resurfacing schemes in the North East;
- Mockingbird fostering model with a Hub Carer and constellation developed;
- Opening of the new No Wrong Door Hub to support children on the edge of care and in the Council's care.

- Early help – Family Hubs launched to provide improved outcomes for children at an earlier age;

Corporate performance against key performance indicators is reported to Cabinet. Our review identified no evidence of a significant weakness in arrangements.

The Council's financial performance is reported on a regular basis to Cabinet with details of the financial position along with rationale for any changes and factors to be taken into account. Reports include HR implications and impact assessments.

The recent CQC inspection on 'Health Visiting and School Nurseries' received ratings of 'good' across all areas. OFSTED's review of Children's Services identified a number of areas which required improvement to reach a good rating but none were considered inadequate.

Our work did not identify any evidence to indicate a significant weakness in arrangements.

How the Council evaluates the services it provides to assess performance and identify areas for improvement

Scrutiny Committees receive performance updates and feedback from inspections. There is a range of benchmarking undertaken including Children and Families for example which take part in a North East Benchmarking comparison regarding elements of children in care performance. Other areas of benchmarking are undertaken in adult social care and waste services. The Council uses information from Pixel as well as the CIPFA resilience index for example.

Performance monitoring takes place across Directorates and this is supplemented with surveys across the Council's stakeholders to help improve performance. The Cabinet monitor performance during the year against the Corporate Plan and monitor the non-financial key performance information.

Based on our review of a sample of reports and our understanding of the reporting framework, there is evidence to support the monitoring, reporting and overall scrutiny of both the performance and the financial position of the Council.

Our work did not identify any evidence to indicate a significant weakness in arrangements.

3. VFM arrangements – Improving Economy, Efficiency and Effectiveness

Overall commentary on the Improving Economy, Efficiency and Effectiveness reporting criteria - continued

How the Council ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve

The Council works with local communities, volunteers, voluntary and community organisations, the NHS, care providers, police, probation, schools, colleges and universities, businesses and many more. Some examples include:

- The Council has supported the independent Redcar Town Deal Board to develop multi-million-pound plans to transform Redcar. As part of the Clean Energy Education Hub – a training centre created with Redcar and Cleveland College which will help deliver the skills needed for 'our areas' growing green economy;
- The Council's Empowering Communities Team has worked with charities and voluntary organisations to engage with more than 500 residents to support their mental well-being;
- The Council became the first area in the Tees Valley to launch an award-winning scheme to give extra support to fostered children and their families;
- The Regent Cinema opened its doors to the public in October 2024 and also won 'Building Project of the Year' at the Constructing Excellence North East awards;
- South Tees Safeguarding Children's Partnership - a multi-agency partnership between Middlesbrough Council, Redcar & Cleveland Council, Tees Valley Clinical Commissioning Group (now ICB), and Cleveland Police. It aims to support and enable local organisations and agencies to work together in a system which places the child at the heart of the process, with a key focus on both improving practice, and enhancing outcomes for children and their families;
- Working in Partnership with other North East councils to procure an 'Energy from Waste' Facility which is expected to be located in the Borough and will go live from 2026;
- The Council has worked with the Redcar Town Deal Board to develop multi-million plans to transform Redcar, which include creating an outdoor adventure play area, coastal activity hub adventure golf and a major leisure attraction.
- No Wrong Door Partnership with North Yorkshire County Council to develop more robust arrangements for supporting children in care to optimise a child's development and outcomes.
- Children and Young People's Partnership Board - a local multi agency meeting of statutory partners, including the police, education and health with responsibility for delivery of the council's early help strategy to support children and young people;

- The South Tees Changing Futures programme is a joint initiative by Middlesbrough and Redcar & Cleveland Councils enabling all local organisations to work in partnership to better support those who experience multiple disadvantages.

As noted on the previous page, there are performance management arrangements in place to monitor performance against expectations and ensure action is taken where necessary to improve,

The Council's vision, priorities and outcomes are communicated directly to residents through a variety of media and includes for example:.

- Delivering 'This is Redcar & Cleveland' residents' magazine periodically to all households in the Borough;
- Publishing key documents and strategies on the website, including the Annual Statement of Accounts and financial and performance out-turns;
- Undertaking statutory consultations on issues such as the budget;
- Promoting Council services and activities through social media;
- Conducting formal periodic residents' surveys.

Our work did not identify any evidence to indicate a significant weakness in arrangements.

How the Council commissions or procures services, how the Council ensures this is done in accordance with relevant legislation, professional standards and internal policies, and how the Council assesses whether it is realising the expected benefits

Key commissioning and procurement decisions are taken by staff to ensure compliance with legislation, professional standards and internal policies. A legal and procurement team provides advice on all relevant procurement decisions. A brokerage team support the procurement of adult and children social care packages. There is a Procurement Strategy in place to meet the Council's wider objectives and Contract Procedures Rules. Contract procedures rules are set out within the Council's constitution.

The Council has outsourced key functions to provide resilience and cost efficiencies. For example, revenues and benefits and internal audit and counter-fraud services.

There is evidence that the Council has arrangements in place to ensure procurement is in accordance with relevant legislation, professional standards and internal policies.

Our work did not identify any evidence to indicate a significant weakness in arrangements.

04

Section 04:

Other reporting responsibilities and our fees

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4. Other reporting responsibilities and our fees

Matters we report by exception

The Local Audit and Accountability Act 2014 provides auditors with specific powers where matters come to our attention that, in their judgement, require specific reporting action to be taken. Auditors have the power to:

- issue a report in the public interest;
- make statutory recommendations that must be considered and responded to publicly;
- apply to the court for a declaration that an item of account is contrary to the law; and
- issue an advisory notice.

We have not exercised any of these statutory reporting powers.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. We did not receive any such objections or questions.

Reporting to the NAO in respect of Whole of Government Accounts consolidation data

The NAO, as group auditor, requires us to complete the WGA Assurance Statement in respect of its consolidation data. We are unable to respond to NAO until we have issued our audit opinion **[not yet issued]**. As in previous years, we anticipate a significant delay before we will be able to issue our 2022/23 audit certificate, as we await NAO clearance on whether we will be required to undertake additional procedures as a sampled component.

The NAO timetable for 2022/23 WGA is for completion by the end of October 2024, so we anticipate receiving the clearance which will enable us to issue our audit certificate by this date.

4. Other reporting responsibilities and our fees

Fees for work as the Council's auditor

We reported our proposed fees for the delivery of our work under the Code of Audit Practice in our Audit Strategy Memorandum presented to the Governance Committee in September 2023. Having completed our work for the 2022/23 financial year, we can confirm that our fees are as follows: **The fees as they currently stand make no allowance if extra work is needed once again in relation to the PF auditor assurance, once received.**

Area of work	2021/22 fees	2022/23 fees
Planned fee in respect of our work under the Code of Audit Practice – PSAA scale audit fee	£95,733	£95,733
Recurring increases in the base audit fee arising from regulatory pressures (as reported in the 2019/20 audit, from 2021/22 we increased this fee by 25% to reflect a 25% increase in the PSAA fee rates for this work)	£17,978	£17,978
Additional fees in respect of the new VFM approach (recurring, as agreed from the 2020/21 audit)	£10,000	£10,000
Additional fees in respect of new ISA540 requirements in relation to Accounting estimates and related disclosures (recurring, as agreed from the 2020/21 audit)	£4,400	£4,400
Additional fees for the valuation of property, plant and equipment (extended valuations process in both 2021/22 and 2022/23) (not recurring)	£6,300	£5,400
Additional fees in respect of the Council's infrastructure (additional work required in relation to the national issue in this 2021/22 audit only – not recurring)	£10,000	£nil
Additional fees in respect of the issues with Pension Fund auditor assurance, the updating of accounts for triennial pensions, and follow up of the PF auditor's letter – not recurring.	£7,000	£Nil
Additional fees in respect of the issues with the disclosure of a Pension fund asset for 2022/23 – not recurring	£Nil	£4,000
ISA 315 revised – additional work in relation to understanding the entity, including documenting risks, risk assessments, and an additional focus on IT general controls (new standard applied from 2022/23 for the first time) – not recurring	£Nil	£7,500
Total fees	£151,411	£145,011

* The 2022/23 fee is subject to a 5.2% inflationary increase, not included in the table above. As set out in the PSAA's 'Consultation on 2022/23 audit fee scale' published in August 2022, PSAA will fund the inflationary increase using "surplus funds not required for PSAA's operations, which would otherwise be distributed to opted-in bodies" (p8 of the consultation).

4. Other reporting responsibilities and our fees

Fees for other work

We confirm that we have undertaken the following audit-related assurance services for the Council in 2022/23:

- Housing Benefit Assurance - £14,250 plus VAT (£12,950 in 2021/22); and
- Teachers Pension Assurance - £5,320 plus VAT (£4,840 in 2021/22).



Appendix

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A. Further information on our audit of the financial statements

Significant risks and audit findings

As part of our audit, we identified significant risks to our audit opinion during our risk assessment. The table below summarises these risks, how we responded and our findings.

Risk	Our audit response and findings
<p>Management override of controls</p> <p>In all entities, management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Because of the unpredictable way in which such override could occur, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits.</p>	<p>We addressed this risk by carrying out audit work in the following areas:</p> <ul style="list-style-type: none"> • accounting estimates and judgements impacting amounts included in the financial statements; • consideration of identified significant transactions outside the normal course of business; and • journals recorded in the general ledger and other adjustments made in preparation of the financial statements. <p>Overall findings</p> <p>We did not identify any material issues to report.</p>
<p>Pensions – net defined benefit valuation</p> <p>The financial statements contain material pension entries in respect of retirement benefits. The calculation of these pension figures, both assets and liabilities, can be subject to significant volatility and includes estimates based upon a complex interaction of actuarial assumptions. This results in an increased risk of material misstatement.</p> <p>For 2022/23, a net asset position is being reported for the LGPS for the first time.</p>	<p>We addressed this risk by:</p> <ul style="list-style-type: none"> • discussing with key contacts any significant changes to the pension estimates. In addition to our standard programme of work in this area, we evaluated the management controls you have in place to assess the reasonableness of the figures provided by the Actuary and considered the reasonableness of the Actuary's output, referring to an expert's report on all actuaries nationally; • reviewing the appropriateness of the key assumptions included within the valuations, comparing them to expected ranges and reviewing the methodology applied in the valuation. We considered the adequacy of disclosures in the financial statements; and • We also sought assurance from the auditor of the Teesside Pension Fund. <p>Overall findings</p> <p>We did not identify any material issues to report.</p>

A. Further information on our audit of the financial statements

Significant risks and audit findings - continued

Risk

Valuation of land and buildings

The financial statements contain material entries on the Balance Sheet as well as material disclosure notes in relation to the Council's holding of PPE. Although the Council uses a valuation expert to provide information on valuations, there remains a high degree of estimation uncertainty associated with the revaluation of PPE due to the significant judgements and number of variables involved in providing revaluations.

We have therefore identified the valuation of PPE to be an area of significant risk.

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Our audit response and findings

We addressed this risk by

- assessing the Council's arrangements for ensuring that land and building valuations are reasonable;
- assessing the methodology and basis of the valuations, using third party trend data where appropriate, as part of our challenge of the reasonableness of the valuations provided by Valuer including those assets not subject to valuation in 2022/23;
- considering the competence, skills and experience of the Valuer; and
- testing a sample of valuation movements to gain assurance that the accounting treatment is appropriate and there is sufficient evidence to support source data.

Overall findings

We identified one material error for £11.1m relating to the accounting treatment of valuations where there have been transfers from land and buildings to investment properties in year. Within the comprehensive income and expenditure statement (CIES), the £11.118m is moved from the financing and investment line to the net cost of services. There is therefore no overall impact on the surplus/deficit line of the CIES.

We have also identified one non-trivial unadjusted error for £3.356m and this is set out on the following page.

A. Further information on our audit of the financial statements

Summary of uncorrected misstatements

		Comprehensive Income and Expenditure Statement Debit (£'000)	Comprehensive Income and Expenditure Statement Credit (£'000)	Balance Sheet Debit (£'000)	Balance Sheet Credit (£'000)	Description of unadjusted misstatement
1 Page 65	Debit: Revaluation reserve			3,356		Depreciated replacement costs (DRC) valuations of land and buildings did not include location factors or external works which would normally be expected in DRC valuations.
	Credit: Land and buildings				- 3,356	The revised DRC valuations were £128.792m which were £3.356m lower than the original DRC valuations of £132.148m. As this is not material, management has decided not to adjust the financial statements.
	Total unadjusted misstatements			3,356	-3,356	

A. Further information on our audit of the financial statements

Internal control observations

As part of our audit of the financial statements, we obtained an understanding of internal controls sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control, we are required to communicate to the Governance Committee any significant deficiencies identified during the course of our work.

The purpose of our audit was to express an opinion on the financial statements. As part of our audit we have considered the internal controls in place relevant to the preparation of the financial statements in order to design audit procedures to allow us to express an opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of internal control or to identify any significant deficiencies in their design or operation.

The matters reported are limited to those deficiencies and other control recommendations that we have identified during our normal audit procedures and that we consider to be of sufficient importance to merit being reported. If we had performed more extensive procedures on internal control we might have identified more deficiencies to be reported or concluded that some of the reported deficiencies need not in fact have been reported. Our comments should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

Our findings and recommendations are set out below. We have assigned priority rankings to each of them to reflect the importance that we consider each poses to your organisation and, hence, our recommendation in terms of the urgency of required action. In summary, the matters arising fall into the following categories:

Priority ranking	Description	Number of issues
1 (high)	In our view, there is potential for financial loss, damage to reputation or loss of information. This may have implications for the achievement of business strategic objectives. The recommendation should be taken into consideration by management immediately.	0
2 (medium)	In our view, there is a need to strengthen internal control or enhance business efficiency. The recommendations should be actioned in the near future.	1
3 (low)	In our view, internal control should be strengthened in these additional areas when practicable.	0

Significant deficiencies in internal control – Level 2

Description of deficiency

There were 5 Officer related party declarations not completed for 2022/23.

Potential effects

There could be undisclosed related party transactions.

Recommendation

Officers should return their declaration of interest forms as soon as possible to avoid delays in accounts preparation and audit. There should be arrangements in place to capture this information should any employee or member leave the Council during the period.

Management response

The Council took a range of proactive measures to chase up incomplete returns. The remaining outstanding officer returns relate to officers who have since left the local authority or left immediately before or just after the end of the financial year in question.

A. Further information on our audit of the financial statements

Follow-up on previous years recommendations

Description of deficiency: Software testing documentation Level 3

Changes are tested by developers and submitted to user testing on a Teams call. However, tests are not documented.

Potential effects

Unauthorised changes are deployed, compromising the confidentiality, integrity and availability of information.

Recommendation

In order to ensure traceability and accountability of changes being deployed, as well as to support the monitoring process, we recommend documenting the testing performed, and formalising the user acceptance.

2022/23 update

The Council has developed the new test script and has been trialled during the last Agresso update. Full implementation for this will be in force for The Agresso Version 12 update (due by end of March 2024) and our team will save the collection of info from all workstreams on the one form.

This will make sure any system changes go through the appropriate processes by officers that know the subject matter.

Gavin Barker

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Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services*. Operating in over 90 countries and territories around the world, we draw on the expertise of 40,400 professionals – 24,400 in Mazars' integrated partnership and 16,000 via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

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Member Report

Financial Accounting Updates 2022/23 and Changes to Accounting Polices for 2023/24

Report to: Governance Committee

Report from: Phil Winstanley

Portfolio: Resources

Report Date: 22 April 2024

Decision Type: Governance Committee – for information

Council Priority: All

HEADLINE POSITION

1.0 Summary of report

1.1 This report provides Governance Committee with an update on the 2022/23 financial accounts, the key dates for the Council to produce draft and audited financial accounts for 2023/24 and Accounting Policies for the financial accounts process in 2023/24 & future years.

2.0 Recommendation

2.1 That Governance Committee note:

- The cause of ongoing delays to the external audit of the 2022/23 financial accounts,
- The proposed statutory dates for producing financial accounts in draft and audited form, for 2023/24,
- The amendments to the accounting policies of the Council in 2023/24 and future years.

DETAILED PROPOSALS

3.0 What are the objectives of the report and how do they link to the Council's priorities.

Each year the Council is expected to produce a Statement of Financial Accounts which provides information to all stakeholders, explaining how resources are used, the net value of the Council's assets and liabilities, and provides an indication of the financial health of the Council. These financial accounts are subject to an external audit assessment which is performed by Mazars.

4.0 Progress update on completion of the Financial Accounts

4.1 2022/23 Draft Financial Accounts

The 2022/2023 accounts have been conditionally approved by Governance Committee subject to final confirmation from Mazars that there are to be no further changes. Mazars are awaiting assurances from the External Auditors of the Teesside Pension Fund to complete their final due diligence work. As previously reported to Governance Committee, Mazars anticipated the conclusion of the 2022/23 audit by late March 2024. A verbal update will be provided by Mazars on the day of the governance committee meeting.

4.2 The statutory deadline for the completion of the audit of the 2022/23 accounts was 30 September 2023. This deadline was missed due to the prioritisation of the completion of the 2021/22 accounts and delays auditing the Teesside Pension Fund. As mentioned in previous reports, the statutory deadline was also missed by most English local authorities, for similar reasons experienced by the Council, so therefore we are not in a unique position in this respect.

4.3 DLUHC, working with the Financial Reporting Council (FRC) and other partner organisations have published proposals to address the delays to audit completion across the sector. The measures involve three phases of activity:

1. Reset – Legislating for a statutory backstop date for the publication of audited financial statements up to and including financial year 2022/23. Auditors should issue opinions based on the work they have completed by the back stop date – which may lead to a modified opinion. Auditors are expected to prioritise to ensure that their audit work provides as much assurance as possible ahead of this date. The proposed backstop date for the reset phase is 30 September 2024.
2. Recovery – a series of statutory backstop dates covering the financial years 2023/24 to 2027/28 to allow auditors to rebuild assurance over a five-year period of local bodies' financial information, which has been subject to a modified opinion as part of the reset. To reduce burdens on preparers and auditors, CIPFA will make temporary changes to the Code of Practice on Local Authority Reporting.
3. Reform - the FRC, alongside DLUHC and other system partners, will continue to work to address systemic challenges in the local audit system and embed timely financial reporting and audit.

4.4 It is anticipated that the 2022/23 accounts will be signed off well in advance of the reset backstop date of 30 September 2024, however this will depend on the progress of the audit of the Teesside Pension Fund and the subsequent work required by Mazars to complete their work.

4.5 Statutory Dates for the preparation of the year-end financial accounts:

The Government has published instructions advising that local authorities need to have prepared draft financial accounts (which are signed by the Section 151 (Chief Finance) Officer by 31 May 2024.

- 4.6 Officers have put in place a closedown timetable to try to achieve this deadline however the timescales are extremely challenging. Officers may require extra time beyond 31 May 2024 depending on whether the sign off of the 2022/23 year-end accounts has been completed with no further adjustments. Time scales to produce draft accounts are also influenced by the requirement to obtain external information and valuations from third parties, which can prove challenging to obtain in a timely fashion. The Council will seek to publish draft accounts and report to Governance Committee on the key features of the Accounts in early July 2024. The 2022/2023 accounts were published in draft on 30 June 2023 (1 month late). Less than 30% of Unitary authorities met the deadline of 31 May 2023 last year.
- 4.7 The audit backstop proposal for 2023/24 would require the audit of the 23/24 accounts to be completed by 31 May 2025. Auditors are focussed on clearing the backlog of overdue audits. Some Local Authorities are still awaiting audit completion of 2021/22 and earlier years. To provide assurance to as many organisations as possible, auditors are prioritising clearing overdue audits before the backstop date of 30 September 2024. This may impact on the speed that the 2023/24 audit progresses, however, Mazars have indicated, for the moment, they consider there to be sufficient time to complete the Council's audits within the backstop dates.
- 4.8 For the 2023/24 Accounts and Audit, Mazars have appointed a new Audit Engagement Lead, James Collins, who will replace Gavin Barker. Auditing Standards require that a firm must rotate Engagement Leads after 5 years. Campbell Dearden will remain as Engagement Manager, which will ensure continuity.
- 4.9 As part of the draft financial accounts reporting process, Governance Committee shall also be provided with a refreshed Annual Governance Statement for 2023/24 which sets out the Governance arrangements in place to conduct the Council's functions and operations effectively.

4.10 Accounting Policies

The Council's accounting policies are included within the annual Statement of Financial Accounts and provide a framework for how the Council accounts for all financial transactions and measures the net financial worth of the value of assets, liabilities and reserves held on the Balance Sheet. These policies do not directly impact on the Council's Corporate Priorities. However, these policies underpin the way in which we prepare our annual financial statements and reflect how financial resources are managed by the Council in a sustainable way. These accounting policies are set out in such a way as to comply with 'the Code of Practice on Local Authority Accounting in the United Kingdom' (the Code) and International Financial Reporting Standards (IFRS).

- 4.11 One of the terms of reference for the Governance Committee is to annually approve the audited Statement of Accounts for the Council. Each year the Committee must consider any changes in accounting policy before the preparation of the year end accounts. The Council's current accounting policies are set out in the latest unaudited Statement of Accounts for 2022/23 which were last

considered by Governance Committee on 5 February 2024.

4.12 A consultation was published in February 2024 to introduce possible changes to the 2023/24 Code. These will affect financial years 2023/24 and 2024/25 only and are being considered to aid the recovery of local authority reporting and audit. The two areas being considered are an option to simplify measurement of operational property, plant and equipment using specified indexation and reducing the required disclosures for pensions reporting. The consultation closed on the 28th March and the outcome will be reviewed for any impact on the production of the annual accounts.

4.13 As with the 2022/23 Accounts, the Council will need to be mindful of its Group Company arrangements, particularly Cygnet Family Law and Veritau, and ensure suitable disclosures are made about these arrangements, including the financial transactions and balances held with these organisations.

4.14 Future Years

A more significant accounting policy change for future years, for which the Council needs to make early preparations is IFRS 16 – Leases. This financial reporting standard will be applied to local government accounts from 2024/25 and will require the Council to undertake a wholesale review of all lease arrangements. Far more lease arrangements will be brought into the scope of this accounting standard and require more lease-type arrangements to be brought on balance sheet – in terms of the value of the asset being leased by the Council and the estimated value of the long-term lease liabilities, which in turn will cause an additional level of borrowing held by the Council. Governance Committee will be briefed in more detail about this development in due course.

4.15 HM Treasury are currently consulting on significant changes to how public sector non-investment assets are revalued, in terms of the valuation method used and the frequency of the valuation process. The consultation is proposing options to simplify the valuation process, reduce costs of undertaking valuations of these categories of asset and in turn seek to reduce the costs of externally auditing these valuations. This is anticipated to be implemented from 1st April 2025.

5.0 Impact Assessment

5.1 Social Value - The Council's accounting policies and arrangements for producing financial accounts promote a high level of transparency in reporting financial transactions, how balance sheet items are valued and the wider financial arrangements it has in place.

5.2 Legal - The Council are required by statute to prepare financial accounts in line with specified accounting practices. The Council must adhere to the CIPFA Code of Practice for Local Authority Accounting. The Code of Practice is influenced by International Financial Reporting Standards.

5.3 Financial - The Council's accounting policies and external audit arrangements are a fundamental aspect of the Finance Function's annual activities. The accounting standards are complex and require a significant

level of input and due diligence to ensure compliance with these policies. A major risk of not adhering to changing accounting policies is the potential risk of qualification of the Council's statement of financial accounts by Mazars. This would create significant reputational risk for the Council.

- 5.4 **Human Resources** - Staff time is required to implement the accounting policies of the Council and prepare financial statements by the statutory timescales prescribed by Government.

6.0 Implementation Plan

6.1 Timetable for Implementing Decision: The 2022/2023 Accounts have been conditionally approved subject to any issues identified in the audit of the Teesside Pension Fund. Governance Committee will be advised when the 2022/23 audit certificate has been signed. Officers are working to a timetable of 31 May 2024 to produce draft financial accounts for 2023/24 which need to be authorised for issue by the Council's Director of Finance (Section 151 Officer). Governance Committee will be reported to on progress in July 2024. However there remains a risk this deadline will not be achieved. The National Government have proposed a statutory deadline for all local authority 2023/24 accounts to be audited by 31 May 2025 under the transitional audit backstop arrangements. Progress updates will be provided to Governance Committee during the year.

6.2 Lead Officer – Phil Winstanley

6.3 Reporting Progress – Governance Committee shall be given regular updates on progress during planned Governance Committees (meeting dates to be confirmed following Borough Council elections) during 2024/25.

6.4 Communications Plan - The published financial accounts will be uploaded on the Council's website and the Council will need to commence a Public Inspection Notice Period, where electors can raise questions and request more information about the Council's financial accounts for 2023/24.

7.0 Consultation and Engagement

Governance Committee will continue to receive updates on developments arising from the delays and backlogs in signing off the financial accounts of the Council and other local authorities. DLUCH's three stage plan to tackle overdue audits may result in qualified opinions where completion has not been achieved by backstop dates. The Council is in a more favourable position than some other Local Authorities as the 2022/23 audit is close to completion. Mazars will remain in place as auditors ensuring continuity, this eliminates the potential problems that may have occurred with a change in auditor, for instance auditing opening balance positions where prior years have been qualified by default due to the imposed audit backstop dates.

The Updates on changes to the Council's accounting policies are made by the Director of Finance to Governance Committee. In addition, the impact of these

changes is discussed at regular update meetings with Mazars. Any significant issues or changes in policy will be discussed with Mazars in more detailed in advance of the Draft Financial Statements being produced.

8.0 Appendices and Background Papers

None

9.0 Contact Officer

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9.2 Position: Director of Finance (Section 151 Officer)

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9.4 Telephone Number: 07825 228036



Member Report

Corporate Risk Register Update

Public

To:	Governance Committee	Date:	22 April 2024
From:	Managing Director (Head of Paid Services)	Decision type:	For information
Portfolio:	Resources	Forward Plan Reference:	
Priority:	All Priorities		

1 Summary of report

The Governance Committee has responsibility for reviewing the adequacy of the Council's corporate governance arrangements and this includes risk management arrangements. To enable the Committee to do this, Members receive updates twice per year on the current corporate risks, and a full review of corporate risks is undertaken.

2 Recommendation

It is recommended that Members of the Governance Committee

- (A) Note the bi-annual update of the current corporate risk register and update on red risks at Appendix 1 and 2.
- (B) Consider and approve the revised Risk Management policy, which is updated every two years and attached to this report at Appendix 3.
- (C) Note the Rating a Risk guidance document attached to this report at Appendix 4.

3 What are the objectives of the report and how do they link to the Council's priorities?

To achieve the Corporate Plan's priorities, vision, and values, it is essential that the Council manages the range of risks that could threaten the realisation of these. By having effective risk management, the Council can also have the confidence to pursue suitable opportunities. It is important to note that effective risk management is not just about avoidance, but about understanding risk to enable appropriate opportunities to be taken. The Council recognises that effective risk management is a key element of effective corporate governance and supports the maintenance of a robust internal control environment.

4 What options have been considered

Since the last update to committee, we have reviewed the risks, and the corporate risk register now contains 8 corporate risks, of which 5 have a residual scoring of 16 or more, thereby making them red-rated risks. The remaining 3 risks are amber. All green risks are treated as directorate-only risks and are not, therefore, included on the corporate risk register.

4.1 Update on risks

Appendix 2 provides a new look and approach for Members on updates for red risks, this follows on from feedback at previous meeting of the Governance Committee where Members requested more details on these risks. The additional information provides further clarity on the risk to the Council, updates on progress to mitigate the risk and on control measures and evidence to support the impact of these measures. Hopefully, these changes address the comments made by Members at previous meetings, but any suggestions regarding further improvement would be welcomed and incorporated

into future reports.

4.2 Proposed change to red risks

After review, the current red risk for coastal erosion has been revised and the risk score moves this to an amber level risk. As the Coastal Strategy has now been agreed and a long term, five, ten and twenty-year plan is in place, the risk mitigations are predominantly monitoring of any further damage to the coast, and to make sure that the strategy is on track and there is no further deterioration. Due to these ongoing mitigations, the risk changes to an amber risk, which we can continue to monitor and this can be escalated going forward, if the risk does increase significantly.

4.3 Amber risk update

There have been no changes to the amber risk scores for this update.

5 Policy update

The Risk Management policy has been reviewed. The main change within the policy is within Section 6.4 which includes an update for the section on risk appetite for the Council and considerations to be made when assessing this for each risk. This is a structured approach to make sure that strategic decisions are aligned with the appropriate risk appetite, and that they are being made with consistency, reflecting areas that we would consider to be either more or less risk averse or risk tolerant. This will be used by DMT's and EMT's when making decisions so that the criteria can be used, to make sure it is aligned with the Council's risk appetite, this should be checked off before decisions are made.

6 Rating a risk guidelines

At the last Governance Committee, a request was made by the group to have guidance on how a risk is scored and how we determine the risk rating. Attached is the Rating a Risk guidance. This details the criteria to score each risk, based on severity and likelihood and gives each a score, which will determine which risk register the risk will sit on, the document does not contain every scenario but is helpful tool for risk owners to use for guidance. Each risk will have an initial score as if there were no control measures in place, and then a residual score which is the score if all risk mitigations/control measures are put in place. The control measures are then reviewed to make sure they are being implemented and that the residual score is being met.

7 Risk Management Audit

Recently, a risk management internal audit was carried out by Veritau. This audit achieved Substantial Assurance, with only three minor recommendations, one of which had already been implemented, by the time the report was issued. The other two outstanding audit actions will be implemented by 30 April 2024. This shows a sound system of governance, risk management and control exist, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

8 Impact assessment

Climate Emergency Impact

No specific impact, Officers have reduced travel time with meetings held via Teams.

Health and Safety

The assurance of the Health and Safety team, which is charged with validating health & safety practices are operating in accordance with policy will ensure that the Council is performing as required in relevant areas. Effective risk management includes effective health and safety risk management.

Social Value

Effective risk and opportunity management is aimed at supporting management to take the right decisions for the benefit of service improvement to the local community. It is aimed at mitigating the materialisation of risks that could cause harm or damage.

Legal

By managing risks, the Council has a process in place for identify and mitigating against the risks of failing to comply with legislation.

Financial

There are clear links from risk management to the financial spend of the Council. By managing risks, the Council can highlight any trends and manage these to ensure that there is no detrimental financial impact. Risk appetite is closely linked to the cost of insurance.

Human Resources

No Implications

Equality and Diversity

There are no direct implications from this report on equality and diversity although aspects of risk management work may involve a review of issues affecting equality and diversity.

9 Consultation and Engagement

The Managing Director, Executive Management Team, Directorate Management Team, Assistant Directors, and Risk Management Group work together to ensure risks are managed well and that the organisation's risk culture is promoted. Risk owners are responsible for updating their risk profiles and for reporting on mitigation actions.

10 Appendices and background papers

Appendix 1 – Summary of Corporate Risk Register

Appendix 2 – Update on Corporate Red Risks

Appendix 3 – Reviewed Risk Management Policy

Appendix 4 – Rating a Risk Guidelines

11 Contact officer

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Appendix 1 - Corporate Risk Register

Risk Reference	Risk Title	Risk Description	Risk Owner	Responsible Officer	Initial Evaluation				Residual Evaluation			
					Total Impact	Likelihood	Total Assessment	Assessment Label	Total Impact	Likelihood	Total Assessment	Assessment Label
RG02	Balancing the Medium Term Financial Plan	There are increasing pressures on the costs of delivering council services, particularly statutory duties like adults and children's social care, driven by increased demand and high inflation. With funding levels not keeping pace, significant savings are required to ensure the council's finances are sustainable over the medium term. The main driver of the financial pressures is increased placements costs for children needing to come into care due to increased demand and complexity of need and market insufficiency.	John Sampson	Phil Winstanley	Catastrophic	Almost Certain	25	High (Risk) / Low (Opportunities)	Critical	Very Likely	16	High (Risk) / Low (Opportunities)
RG05	Workforce capacity and loss of critical skills through an inability to recruit new employees and retain current employees in some areas.	The Council has been facing difficulties in recruiting to key and critical posts due to national and local issues with workforce shortages. The risk is that we are not able to fill key roles and offer the services to residents and communities and meeting the objectives and priorities in Our Plan. Some key areas of concern include Engineers, HGV Drivers, or Social Workers. Social work capacity may result in poorer outcomes for children and young people resulting from a lower quality safeguarding services which in turn is the result of difficulties in attracting/retaining high quality, experienced children's social work staff. This risk will cover the corporate wide issues facing teams who are recruiting but will have specific reference to Social Work teams.	John Sampson	Steven Newton	Critical	Almost Certain	20	High (Risk) / Low (Opportunities)	Critical	Likely	12	Medium
RG07	IT Disruption due to Attack	Failure to protect the Council's network from external and internal attacks which could lead to a loss of service for a period to our citizens potentially resulting in harm to individuals, damage to reputation and financial consequences.	John Sampson	John Bulman	Critical	Almost Certain	20	High (Risk) / Low (Opportunities)	Critical	Very Likely	16	High (Risk) / Low (Opportunities)
CF25	Young people facing exclusion from school, and lack of inclusivity of young people in education, impacting best outcomes and educational attainment levels	There are a high number of young people being excluded both for short periods (suspension) and permanently. This high level of exclusion places extra pressure upon other schools and upon the Pupil Referral Unit. Factors impacting inclusion and young people's outcomes include poverty, contextualised safeguarding, SEND, mental health and emotional wellbeing. The outcome if not addressed will be poor attendance, social isolation, higher numbers of electively home educated young people, children not in full time education as there are not suitable placements, not being ready for school in the early years, and more young people not remaining in education or employment beyond 16. The impact of this will be poor attainment levels of young people impacting on being able to achieve their best outcomes leaving school.	Kathryn Boulton	Clare Mahoney	Critical	Almost Certain	20	High (Risk) / Low (Opportunities)	Critical	Very Likely	16	High (Risk) / Low (Opportunities)
GEE32	Flooding	The impact of flooding to our residents' properties, Council services and access around the borough and financial risk to mitigate the impact. There has been an increase in the concerns relating to flooding of the highway for which the council has responsibility, and flooding of council land and residential properties resulting from water runoff from private land as well as becks and rivers.	Robert Hoof	Robert Hoof	Major	Almost Certain	20	High (Risk) / Low (Opportunities)	Major	Likely	16	High (Risk) / Low (Opportunities)
RG17	Non-compliance with data protection legislation because of inadequate records management practices across the Council.	Non-compliance with the requirements of data protection legislation including the Data Protection Act 2018 and the UK GDPR because of records management practices across all council directorates. Outdated policies, inadequate disposal of documents and poor handling practices could lead to claims by data subjects, Information Commissioner's intervention, penalties and / or reputational damage for the Council.	Steven Newton	Steven Newton	Major	Almost Certain	20	High (Risk) / Low (Opportunities)	Major	Possible	12	Medium
CF38	Impact of increased numbers of children in our care	Potential risk to the council if the number of children requiring care due to complex safeguarding needs increases. There is a need to make sure that the measures in place remain robust in supporting children and young people to stay at home or within their family network when it is safe to do so. There is a risk that if the needs and demands cannot be fully met, it could lead to poor outcomes for our children and our ability to fulfil our statutory duties, which may result in significant safeguarding concerns which adversely impact our children. This could include a lack of adequate and suitable placements, locally or regionally to meet the needs of children who require care and the risk that demand cannot be met through regulated provision.	Kathryn Boulton	Vicky McLeod	Catastrophic	Almost Certain	25	High (Risk) / Low (Opportunities)	Major	Likely	16	High (Risk) / Low (Opportunities)
GEE31	Coastal Erosion / Land Instability at Cowbar	Potential risk and impact to residents, partner organisations and property due to the coast eroding. This includes financial risk to mitigate the impact, the risk of legal challenge in relation to the Council's responsibilities and the reputational risk from perceived inaction or response. In particular, Cowbar Lane is at risk from coastal erosion, current erosion rates would predict that impact to the road will be expected within the next 50 years.	Robert Hoof	Robert Hoof	Critical	Almost Certain	20	High (Risk) / Low (Opportunities)	Critical	Likely	12	Medium

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Appendix 2 – Update on Corporate Red Risks

Balancing The Medium-Term Financial Plan

What is the risk to The Council – There are increasing pressures on the costs of delivering council services, particularly statutory duties like adults and children’s social care, driven by increased demand and high inflation. With funding levels not keeping pace, significant savings are required to ensure the councils finances are strong and sustainable over the medium term. The main driver of the financial pressures is increased placements costs for children needing to come into care due to increased demand and complexity of need and market insufficiency.

Brief update on progress since last meeting in mitigating the risk – The 2023/24 Quarter 3 financial position was reported to Cabinet in March 2024. The projected overspend is £4.9 million which is a small increase on the Quarter 2 position which was £4.7 million., This is a significant improvement on the Quarter 1 projected overspend of £7.7 million reported in September 2023 due to a number of mitigation measures which were put in place.

At the start of the financial year, the Council held £36.3 million in usable reserves. However, the Council’s reserves are forecast to drop to around £24 million by the end of this financial year as a result of the need to use reserves to balance the 2023/24 budget and the expected significant overspend pressures of around £4.9 million, and some reserves may be required to balance next year’s budget. The use of reserves is entirely unsustainable, as they can be only used once.

As part of the medium-term financial strategy the Council has identified savings of £8.7 million, over the next five financial years (the majority of which - £7.6 million – will have to be delivered during 2024/25). However additional emerging cuts over and above this of around £3.0 million will also have to be made as a result of the financial settlement which was announced by the Government in February 2024. Although additional grant funding of £1.5 million was identified after the draft finance settlement there has been no confirmation that this will be on-going. There is also the prospect of additional costs coming through for payroll and social care costs as a result of a significant increase in the national living wage of 9.8%. The financial position has been driven by significant inflationary cost pressures and an unprecedented increase in demand for children’s social care services, with particular pressures caused by children requiring residential care where we are unable to place these children with foster carers. The Council is also having to deal with very challenging demand and price increases for adult social care and potentially further large increases in payroll costs.

The Council has consistently lobbied the government for a fairer share of funding from Central Government. The region does not get its fair share of funding from Local Government, and the Council struggles to generate as much income from its own tax base as councils in other parts of the country. The funding formulae used to allocate funding to councils is 12 years out of date and is in urgent need of reform. However, we cannot anticipate these funding reforms will take place until after the next general election, and perhaps not until 2026/27 at the earliest.

Update on the controls/actions – The Council has sought as far as possible to minimise the impact on frontline services, but after successive years of financial challenges, this has become very challenging. A number of savings relate to items which should not affect frontline services including the holding of vacancies and how Council services are structured; how much we set aside to repay debt each year; rationalising council accommodation and increasing how much we charge for services – including asking our businesses and residents to pay more for some services (such as garden waste collections). The Council are however also looking at changing the way services are delivered in areas such as Youth Services,

Libraries, community services and transport.

Impact/evidence to support/mitigate risk – The projected overspend has improved from Q1, through to Q3 and further measures have been put in place, by using reserves and making savings. A further update will be given at the end of the financial year, in hope that the overspend will be reduced further.

IT disruption due to attack

What is the risk to The Council – Failure to protect the Council's network from external and internal attacks which could lead to a loss of service for a period to our citizens potentially resulting in harm to individuals, damage to reputation and financial consequences.

Brief update on progress since last meeting in mitigating the risk – We are implementing a trial security system from Microsoft (Sentinel) that will give further insight into the Council's systems. This provides attack detection, threat visibility, proactive hunting, and threat response to help the Council stop threats before they cause harm. We have also commissioned cyber security specialists to review privileged access for key IT systems.

Update on the controls/actions – All the existing controls remain in place. Training for key IT staff members has been completed. Ongoing training for all staff around cyber security continues. A cyber security apprentice has been recruited as an additional resource to help secure the Council's cyber security. External cyber response expertise resource will be secured. Agreements will be put in place that in the event of a cyber incident third party assistance to investigate and remediate it is already in place reducing the time to respond appropriately to any incident.

Impact/evidence to support/mitigate risk – These controls help reduce the risk of initial attacks. The Council have recently had their IT access controls for staff audited, this has been completed with substantial assurance (the highest level) being given for the Council's controls. Even though there are a number of controls in place, we are aware of regular attempts of attacks, to other organisations each week, and therefore this remains as a corporate red risk as the risk of a cyber attack remains a real threat.

Young people facing exclusion from school, lack of inclusivity of young people in education, impacting on the best outcomes and educational attainment levels

What is the risk to The Council – There are a high number of young people being excluded both for short periods (suspension) and permanently. This high level of exclusion places extra pressure upon other schools and upon the Pupil Referral Unit. Factors impacting inclusion and young people's outcomes include poverty, contextualised safeguarding, SEND, mental health and emotional wellbeing. The outcome if not addressed will be poor attendance, social isolation, higher numbers of electively home educated young people, children not in full time education as there are not suitable placements, not being ready for school in the early years, and more young people not remaining in education or employment beyond 16. The impact of

this will be poor attainment levels of young people impacting on being able to achieve their best outcomes leaving school.

Brief update on progress since last meeting in mitigating the risk – We are working with all schools on four key priority areas of contextualised safeguarding, special educational needs and disabilities (SEND), poverty and mental health and emotional wellbeing. Executive leaders from the schools met at a Strategic Education Board in October 2023 to agree these priority areas. We will further develop these areas so that there is agreement of what the schools can consider doing under each priority area. We expect to see an improvement in attendance and a reduction in suspension and permanent exclusions by trying to better understand the barriers to learning and engagement under these four areas, by the end of the current school year.

We hosted a Tees Valley contextualised safeguarding conference in November 2023 and had 60% of our schools represented. There were national speakers with lived experience explaining what could have helped them earlier as well as local agencies offering support into the schools. The schools are actively looking for alternatives to permanent exclusions and are using managed placements to other schools as an alternative.

The schools have been supported by external agencies, both primary and secondary, around these areas. Additional training for staff on contextualised safeguarding and a pupil inclusion panel has been put in place, all to be introduced to mitigate this risk. We have completed the first part of an attendance project, making attendance everyone's business, and have secured external funding for a further two years to develop a clear understanding of reasons for absence. We are working alongside the health determinants research collaboration to see if we can conduct a piece of research around health absence. In addition, the first meeting has taken place to develop a School Readiness Strategy alongside colleagues from the family hubs, nurseries, schools, community providers and education staff.

Executive leaders from all schools attended workshop sessions to understand the wider issues across the borough impacting schools, attended by all local authority education leads, social care and early help representatives and priorities agreed to tackle the issue. There will be closer working with teams across social care and external partners such as the Schools Alliance for Excellence team to ensure schools have more support in dealing with contextualised safeguarding issues. A theory of change process has been completed and will help schools and others understand the lived experience of young people and support better attendance.

Update on the controls/actions – A Transition Visioning event in March 2024 that was attended by over 80 people, including schools, governors, headstart, parent carer forum and our internal staff. This will help to shape what transition should be at all stages from cradle to career. Information sharing is key but the children and young people need to be known and feel like they belong.

We have arranged primary head teacher meetings which will have attendance from multiagency partners, so we have a collaborative approach to early identification and appropriate support.

We have been successful with two bids. The first one is to lead with health on the Partnerships for Inclusion of Neurodiversity in Schools (PINS) project. This will bring health and education specialists and expert parent carers into mainstream primary settings to, help shape whole school SEND provision, provide early interventions at a school level, upskill school staff and support strengthening of partnerships between schools and parent carers. 20 primary schools will work on this project.

The second successful bid was for a 50-place alternative provision free school. Only 20 local authorities have been successful with their bid. This provision will be run by River Tees Multi Academy Trust and schools will be able to use the places to support young people who find it difficult in mainstream school to access part time or full time and then reintegrate back into mainstream.

Impact/evidence to support/mitigate risk – On a positive note, the suspensions and permanent exclusions associated to drug and alcohol issues have decreased, total suspensions to date are 12, this time last year the figure was 19. Many of the projects and programmes are in the early stages and further impact and evidence will be seen as they progress over the coming months.

Flooding

What is the risk to The Council – The impact of flooding to our residents' properties, Council services and access around the borough and financial risk to mitigate the impact. There has been an increase in the concerns relating to flooding of the highway for which the council has responsibility, and flooding of council land and residential properties resulting from water runoff from private land as well as becks and rivers.

Brief update on progress since last meeting in mitigating the risk – In addition to the regular maintenance work that is undertaken on an ongoing basis, drainage improvements and maintenance projects are also completed each year. The team provides resilience in the areas of reactive maintenance and repairs, coastal and environment agency strategic programmes focusing on removing resident's properties from flood risk projects and coastal monitoring. We have secured further funding for improved measures from the environment agency for £375k for Loftus and further bids are in place for key strategic flood risk areas, including Guisborough, Yearby, Redcar, Marske and New Marske, Carlin How, Saltburn and Greater Eston area. This will include flood boards, fixed to doors and windows, airbrick covers and flood gates to doors and are ongoing with further studies in other areas of the borough in partnership with the environment agency and Northumbrian water. A Task and Finish Working Group has been set up for flooding.

Update on the controls/actions – Scheduled gully sucking programme on an 18-month borough wide cycle are in place. Arrangements are in place for additional gully sucking using external contractors as required following emergency events. Experienced engineers respond to flooding issues and offer advice and support. We have utilised external contractors this year to assist with flooding incidents and programmed works continue throughout the year. Out of hours service respond to flooding issues with a weekly rota that includes silver and gold command support if escalation is required. Reviews carried out of drainage schemes at current

problem areas ongoing programme throughout the year. The Environment Agency have a programme looking at borough wide flood risk affecting residents in conjunction with Northumbrian Water.. Ongoing medium-term plan and borough wide strategic study into flood alleviation projects across the Borough with external funding from the EA.

Impact/evidence to support/mitigate risk – Ongoing annual gully repair/improvement programme ongoing until the end of the financial year. This will enable us to gather information on the gullies that are more likely to fill with debris quickly and potentially cause flooding. We can then prioritise these locations for future planned maintenance. There have been nine categorised storms in 2024 to date, so the risk is increasing all of the time and therefore this remains as a red risk, to tackle the increasing likelihood of flooding.

Impact of increased numbers of children in our care

What is the risk to the Council – Potential risk to the council if the number of children requiring care due to complex safeguarding needs increases. There is a need to make sure that the measures in place remain robust in supporting children and young people to stay at home or within their family network when it is safe to do so. There is a risk that if the needs and demands cannot be fully met, it could lead to poor outcomes for our children and our ability to fulfil our statutory duties, which may result in significant safeguarding concerns which adversely impact our children. This could include a lack of adequate and suitable placements, locally or regionally to meet the needs of children who require care and the risk that demand cannot be met through regulated provision.

Brief update on progress since last meeting in mitigating the risk – Mitigations continue to include the use of statutory guidance and legislation alongside legal advice. The oversight and decision to bring a child in to our care remains with the Service Manager who alerts the Assistant Director. There is oversight and challenge provided by the Independent Reviewing Officer and we actively track and monitor children's plans to allow them to achieve timely permanence. We have recruited into the main roles for the exploitation team called SAFE (Safeguarding Adolescents from Exploitation), and they will formally launch in April 2024. The team includes someone with a teaching qualification covering social care and education and we have recruited into roles within the pre-birth team. Both teams should have a positive impact on our children's lives and will seek to support them to stay within their network when it is safe and appropriate to do so. We have recruited one worker for the rapid response process who can respond to worries around drugs and alcohol use as well as rapid access in to support when domestic abuse is evidenced, there are plans to appoint a further post to provide support.

In addition to the work to mitigate this risk within the service a cross council budget and transformation group has been established for Children and Families. The remit of this group is to support the Children and Families directorate in identifying innovative ways of reducing the costs for providing services without compromising the outcomes for children. Part of this work includes exploring and investing where appropriate with initiatives which provide the right support, at the right stage, in order to reduce the number of children requiring care. To date this has included investing in a SAFE Team and Pre-birth team as well as supporting a regional fostering campaign. These measures, as well as other potential investments will help to mitigate this risk.

Update on controls/actions – The Accommodation Sufficiency Strategy is currently being updated and funding through the levelling up grant is being utilised to develop a range of appropriate accommodations, which will allow our children to stay within Redcar and Cleveland, close to their family and network and avoid high-cost provision which is out of the Borough.

Impact/evidence to support/mitigate risk – The numbers of children who are in our care has continued to remain steady with no significant increase seen since April 2023. There are significant mitigations in place to manage this risk and to date they have been affective as the numbers of children in our care has remained fairly stable.



Resources Directorate

Risk Management Policy

this is Redcar & Cleveland

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1.0 Policy Statement

- 1.1 The purpose of this policy is to outline how the Council will manage its risks effectively, to enable it to improve services, provide value for money and use resources in an efficient way. The key objectives for having a risk management framework are to:
- Enable the timely mitigation of threats to support the achievement of the Council's objectives.
 - Promote effective decision making.
 - Support the Council in adhering to statutory and regulatory responsibilities.
 - Support and encourage innovation by being aware of the risks that need to be managed but without being overly risk averse.
 - Embed a consistent risk management approach within usual business practices across the Council.
- 1.2 Redcar and Cleveland Borough Council is committed to adopting best practice in the identification, evaluation, and cost-effective control of risk to ensure they are reduced to an acceptable level or eliminated. However, it is acknowledged that some risks will always exist and will never be eliminated.
- 1.3 To achieve the vision and values as set out in the Corporate Plan, it is essential that the Council identifies, manages, and communicates the range of risks that could threaten the realisation of those values.
- 1.4 The Council recognises that effective risk management is a key element of effective corporate governance and supports the maintenance of a robust internal control environment. The Governance Framework comprises the systems, processes, culture, and values by which the Council is directed and controlled, and the activities through which it accounts to, engages with, and leads the community. It enables the Council to monitor the achievement of its strategic objectives.
- 1.5 The Council will proactively identify, understand, and manage the risks inherent in its services and associated with its plans and strategies to encourage responsible and informed risk taking and decision making. To achieve this, the Council has a focused and structured approach to risk management as described in the Risk Management Policy and the supporting guidance.

2.0 What is Risk Management?

- 2.1 Risk management is the process used to identify, evaluate, and manage the whole range of business risks facing an organisation.
- 2.2 Risk can be defined as something happening that could have an adverse impact on the Council's business or objectives. The objective of risk management is to secure the assets and reputation of the organisation and to ensure the continued financial and organisational well-being of the Council.

3.0 Good Risk Management

3.1 The Council's risks stem from a variety of sources, many of which are out of its direct control. Good risk management is not about eliminating the presence of risk entirely but about identifying what might go wrong, what the consequences might be of something going wrong and deciding what can be done to reduce the possibility of this happening. Effective risk management will attempt to minimise the impact of a risk if it does materialise although it is recognised that, for some risks, the impact will remain high meaning that the focus will have to be on reducing the likelihood. Risk management should ensure that an organisation makes cost effective use of a risk framework that has a series of well-defined steps. The aim is to support effective decision making through a good understanding of risks and their likely impact.

4.0 Risk Management Objectives

4.1 The objectives are:

- Ensure that the Council continues to meet all statutory and best practice requirements in relation to risk management.
- Ensure risk management is embedded within our culture and make sure that it is integral to all our business processes.
- Embed risk management as a key part of strategic, operational, financial and project planning and management.
- Ensure that risks are managed in accordance with best practice and that there is a systematic approach to risk identification and assessment.
- Ensure that all parties understand their roles and responsibilities and contribute to the approach to Risk management.
- Ensure the Council successfully identifies and manages risks at a corporate, operational, project and partnership level.
- Ensure that risk management continues to be a key and effective contributor to corporate governance.

5.0 Risk Profiling

5.1

Risk profiling is a central component of risk management that is used to identify, analyse, and control risk and is an examination of what could affect the Council's service provision. This is undertaken to ensure that all key risks are identified and that relevant control measures are in place to mitigate the potential risks that may occur. Once risks are profiled in line with the Council's framework and a residual score identified then they will be placed on the relevant risk register in accordance with their residual risk value and will be managed in accordance with the Council's risk appetite. An initial risk rating is given to a risk, if no control measures were in place, the residual risk rating is the score after all mitigations are put in place and this is the score used for the risk registers. Risk owners and responsible officers will be challenged, to give assurance that control measures are being implemented effectively to maintain the residual risk score and mitigate the risk.

6.0 Risk Appetite

- 6.1 Risk appetite can be defined as the amount of risk, that the Council is prepared to tolerate/accept in the pursuit of its strategic priorities. The amount of risk an organisation accepts varies from organisation to organisation depending on its unique culture and circumstances. However, factors such as the external environment, financial, people, business systems and policies will influence the Council's appetite for accepting and managing risk. Risk appetite is likely to be informed by an understanding of any existing controls and will also be influenced by the expected reward or outcome.
- 6.2 Understanding the Council's risk appetite is essential in supporting the delivery of the Council's vision and Corporate Plan. The diverse range of Council activities means that defining one generic risk appetite can be difficult and it will inevitably have a variable appetite to risk in different areas. Decisions will depend on the context, the nature of the potential losses or gains, and the extent to which information regarding the risks is complete, reliable, and relevant. At times, the risks and exposures associated with taking a project or initiative forward may be judged to outweigh the known or likely benefits of delivering it and such scenarios may require the involvement of the Executive Management Team to make a final decision. However, the Council acknowledges that some risk must be taken if it is to achieve its Corporate Plan.
- 6.3 The Council's approach to risk taking will continue to be managed within the established risk management policy, framework, and process. As such, higher levels of risk will only be accepted based on a thorough understanding of the exposures involved and will be subject to appropriate mitigation controls and authorisation.
- 6.4 The following will be considered when assessing the risk appetite for each risk:
- **Compliance and Regulation** - The Council's approach will be to minimise exposure to compliance and regulatory risk, whilst accepting an increased degree of risk in other areas in pursuit of our strategic objectives.
 - **Service Delivery** – The Council are prepared to accept a moderate to high level of risk arising from the nature of the Council's business operations and service delivery to deliver an appropriate level of service at value for money.
 - **Financial** – The Council must maintain long term financial viability and is required to set a balanced overall revenue budget each year. Financial risks will be assessed according to their impact upon the need for the Council to comply with its own reserves and treasury management strategies. There will be a lower risk appetite for any financial risks that we take, that affect the safety and wellbeing of our residents.
 - **Reputation** - As a public service, the Council has a low appetite for risk to its reputation and anything that would jeopardise that reputation through any adverse publicity.
 - **Organisational Change** - The Council works in a continually changing environment in terms of its internal operations and the services it provides. Projects leading to change or transformation provide the Council with an opportunity to establish benefits for the longer term. The Council recognises that this may require increased levels of risk and is comfortable accepting the risk subject to always ensuring that risks are appropriately managed.
 - **Growth** – The Council seeks to invest in the development and regeneration of the borough. This requires it to be innovative in its approach and therefore the Council is

willing to accept a higher risk appetite in return for the expected benefits to the community provided that those benefits have been assessed and carefully considered and mitigated as far as practicable.

- **People** – The Council’s staff are critical to its success and achieving its Corporate Plan therefore it has a low-risk appetite for anything that is detrimental to staff health and safety (please refer to Corporate Health & Safety Policy) and welfare. The Council will not put the safety of its staff at risk.

7.0 Risk Management Process

7.1 The overall process to be followed for risk management process involves identification, evaluation, management, and review and is as follows:



7.2 These steps enable the Council to:

- understand the nature and scale of its risks.
- identify the level of risk that the Council is willing to accept.
- recognise its ability to control and reduce risk and where it cannot control the risk.
- keep all risks under regular review.
- take action where possible and proportionate.

8.0 Risk Management Methodology

8.1 Identification of risks - a systematic approach will be applied to identify all strategic and operational risks by considering knowledge of the service, the legal, social, political, and cultural environment in which it exists and an understanding of the Council’s corporate objectives. Risks are identified through horizon scanning, benchmarking and in response to findings from inspections and audits, government policy changes and engagement with staff and the public.

- 8.2 Where officers are asking members to make decisions they are advised of any associated risks. Committee reports include a section demonstrating that the risks have been identified and implications highlighted.
- 8.3 Risk Assessment - following identification of the risks they are then evaluated according to the likelihood of the risk occurring and the potential impact if it did occur. When evaluating the impact of a risk, a range of possible consequences is considered ranging from the impact on staff, the local community, and/or the Council's services. Cost implications and whether the risk could prevent the Council meeting its statutory and legal requirements are also considered.
- 8.4 A scoring mechanism for probability and impact is applied as set out below. All risks with a residual risk graded amber or red will automatically be included on the corporate risk register. Risks graded green become part of the directorate risk register.

	Likelihood					
	Zero to low	Unlikely	Possible	Likely	Almost Certain	
Impact	Catastrophic	5	10	15	20	25
	Major	4	8	12	16	20
	Moderate	3	6	9	12	15
	Minor	2	4	6	8	10
	Negligible	1	2	3	4	5

- 8.5 The Corporate Risk Register, which captures the Council's most significant risks, is reviewed bi-monthly at the Risk Management Group, quarterly by the Executive Management Team and twice a year by the Governance Committee.
- 8.6 Directorate Management Teams review their risks quarterly. Directors and Assistant Directors are encouraged to utilise their Risk Registers with their own senior management teams, to ensure a shared awareness of risks relating to their areas of responsibility, and how these relate to the Council's Corporate Risks.
- 8.7 The Risk Management Group monitor the Risk Registers to identify:
- new and emerging risks.
 - slippage in implementing control improvements.
 - areas where perceptions of risk are considered inaccurate and may require change.
 - significant risks which may need to be brought to the attention of, or formally escalated for action or further investigation by Executive Management Team or be subject to an assurance or audit review.
- 8.8 The approach adopted by the Council for profiling project related risks must be consistent and must be applied to any major projects that the Council is considering undertaking. The Council's Project Management procedure is currently 'In Control' and

provides detail on how to manage projects and governance arrangements to support these. Project Risk Logs in line with the Council's Risk Management methodology are required detailing the risk exposure on each project which should be monitored by the Project Management Team throughout the life of the project. Should the project risks need to be escalated then they initially should be reported to the supporting Directorate's DMT and then escalated if required on a risk profile to the Executive Management Team.

8.9 The business continuity process is essentially risk management applied to the whole organisation and its ability to continue with its service provision in the event of an event which impacts on the Council's ability to still deliver a service. The Council must ensure risk management processes are applied throughout the business continuity lifecycle and that plans are in place for critical services so that the business can be maintained should an incident occur.

9.0 Roles and Responsibilities

9.1 Responsibility for risk management runs throughout the Council and it is important that there is clear identification of roles and responsibilities. This ensures the successful adoption of risk management and demonstrates that it is embedded within the culture of the organisation. Everyone has a role to play in the risk management process.

Role	Responsibility
Governance Committee	Review the effectiveness and progress of Risk Management
Executive Management Team (EMT)	Provides oversight of corporate governance activity and review the Annual Governance Statement. Oversee the effective management of risk throughout the Council
Risk Management Group	Actively monitors progress on risk management and keeps EMT informed of any significant risks, including emerging risks.
Directorate Management Team	Ensure the risk is managed within Directorate. Review risks and moderate these prior to inclusion on the relevant risk register
Veritau (Internal Audit Service - Tees Valley)	Challenges the risk management process and provides assurance to the Council on the effectiveness of mitigation controls.
Managers	Manage risk effectively in their area and report risks to their Directorate Management Team
Employees	Manage risk effectively in their job and report hazards to their service manager. They must comply with risk management processes and undertake training where recommended.

10.0 Insurance (Risk Transfer)

10.1 The Council reviewed its insurance arrangements by assessing the Council's risk appetite towards insurance limits and analyse our claims experience over time. This allowed the Council to self-fund any risks that fall below the value of £5 million. It is therefore vital that effective risk management is maintained as this is linked to the Council's revised insurance arrangements. There are some risks which, even with control measures in place to mitigate these risks should they occur, would cause the Council significant financial pain should they be realised, and the Council has purchased catastrophic insurance to cover these situations with some built in safeguards to protect budgets. By setting the revised risk appetite the Council has achieved significant premium saving year on year. The Council's self-funding arrangements pay for claims within the excess level, and these are replenished via the insurance premium recharge arrangements, which are recovered from directorate budgets and include the combined cost of external insurance premiums and the required self-fund contribution. To ensure that the Council maintains the most cost-effective balance between self-funding and external insurance cover an actuarial review of the self-insurance funds is undertaken at least on a 3-yearly basis.

11.0 Fraud Risk Management

11.1 Fraud risk management arrangements are undertaken by Veritau as part of the provision of the internal audit function they deliver. As part of these arrangements Veritau are responsible for providing the Council with counter fraud support services. As part of this role, Veritau maintains a fraud risk register, strategy and policy, the content of which is updated at least annually and is the subject of an annual report to the Governance Committee. National fraud risks are identified as part of a risk assessment and are reviewed in terms of their likelihood and potential impact within the Council. Internal control systems are intended to minimise the opportunity for fraud or misappropriation of assets. The Council's Anti-Fraud, Bribery and Corruption Policy and associated policies are also published on the intranet and widely publicised to staff.

12.0 Risk Assurance Arrangements

12.1 Veritau are developing assurance mapping tools to ensure the key risks are recognised and assured across the Council, working with key officers, to highlight internal controls, compliance requirements, gaps and overlaps and ensure resources are targeted at our critical risks. The mapping will provide details on independent sources of assurance in place and will record the various sources of assurance across the Council whether it be internal audit, external audit, regulatory checks, Ofsted, CQC and others.

12.2 The internal and external auditors form a key part of the Council's assurance arrangements and report throughout the year to the Governance Committee. External Audit express an opinion as to whether the Council's statement of accounts give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22. Veritau carry out a programme of assurance work in accordance with the Public Sector Internal Audit Standards (PSIAS) that is based on the Council's key risk areas and provide an annual opinion on the Council's control environment.

- 12.3 Management of corporate risks is reported through the Council's Annual Governance Statement (AGS). Each directorate contributes to the production of the AGS by identifying their significant risks and the actions to be undertaken to mitigate them.

13.0 Review of Policy

- 13.1 This Policy will be reviewed every two years or as required, with any change in legislation or after any major incidents.
- 13.2 Revisions will be made in the interim, as and when required, to address changes in legislation and/or government policies.

Appendix 4 – Rating a Risk Guidelines

How to Rate a Risk

Once a potential risk has been identified the severity of the risk should be calculated to determine the nature of the control measures required to manage the identified risk.

The rating depends upon the likelihood of an event occurring (from zero/low to almost certain) multiplied by the severity of impact that might arise if the event does occur (from negligible to catastrophic).

By calculating the risk score this will determine whether the risk is low (Green), moderate (amber) or high (red) – illustrated in the Risk Matrix below:

		Likelihood				
		Zero to low (1)	Unlikely (2)	Possible (3)	Likely (4)	Almost Certain (5)
Impact	Catastrophic (5)	5	10	15	20	25
	Major (4)	4	8	12	16	20
	Moderate (3)	3	6	9	12	15
	Minor (2)	2	4	6	8	10
	Negligible (1)	1	2	3	4	5

Guidelines to Measure the Likelihood of a Risk

Rating Value	Likelihood	Description
1	Zero to Low	<ul style="list-style-type: none"> So very unlikely that the probability is close to zero. Could theoretically occur but would be considered exceptional.
2	Unlikely	<ul style="list-style-type: none"> Might occur at some point in time. Could foreseeably happen, but infrequently.
3	Possible	<ul style="list-style-type: none"> Could occur and could occur several times. Expected to happen fairly often e.g. monthly.
4	Likely	<ul style="list-style-type: none"> Will probably occur. Occurs repeatedly. Weak control measures that requires remedial attention.
5	Almost Certain	<ul style="list-style-type: none"> Expected to occur. An incident/failure waiting to happen. A complete lack of controls to mitigate risk. Immediate action required.

Guidelines to Measure the Impact of a Risk

Rating Value	Impact	Description
1	Negligible	<ul style="list-style-type: none"> • Very low impact on any stakeholders. • No injury and virtually no risk of harm. • Superficial damage. • Operational inconvenience not affecting quality of service. • No publicity and low reputational risk. • Very low financial impact • Very low impact on the Council's priorities. • Very low impact on staff or workforce capacity.
2	Minor	<ul style="list-style-type: none"> • Absorbed unplanned expenditure or loss income from within normal departmental budget. • Loss or damage requiring replacement or repair to property. • Service disruption causing operation inconvenience for up to 12 hours. • Could result in a justified complaint to Elected Members or direct to the Authority. • Minor injury to employee, service user, member of the public e.g. tripping accident, verbal abuse etc. • Statutory performance indicators not met by less than 5%. • Late deliveries, overspend, quality issues on contract works or services, which has a small adverse effect. • Staff morale – short-term issues readily overcome (weeks). • Adverse internal publicity. • HSE enquiry.
3	Moderate	<ul style="list-style-type: none"> • Significant effect on department budget that requires the budget manager to adjust service planning to accommodate pressure. • Service interrupted and/or works area unusable, necessitating temporary working arrangements for up to 24 hrs. • A scenario that could result in a successful claim for compensation (an incident, work-related issue, negligence etc) • An incident that could potentially attract local, negative media coverage. • Occupational diseases, ill health or injury affecting some individuals. • Improvement notice served by a regulatory body such as HSE. • Civil action – no defence (lack of records, supporting documentation, no historic information to support claims) • Serious control weakness giving rise to possible fraudulent activity. • Significant weakness in partnership relations which could impact on a project or priority. • Significant impact of late delivery, overspend, quality issues on contract work of services. • Staff morale – longer term issue (months). • Serious breach of information confidentiality that could lead to ICO attention or a reportable breach to ICO. • Regulatory concern. (examples include DEFRA, HSE, ICO, Ofsted, CQC interventions) • Small emission of toxic material that could potentially cause ill health or discomfort to the public. • Statutory performance indicators not met by less than 10%.

		<ul style="list-style-type: none"> • Significant financial impact of up to £1million.
4	Major	<ul style="list-style-type: none"> • Service curtailed for up to 48 hours and/or areas beyond directorate affected. • Impact on provision of services that may cause harm or adversely affect the vulnerable. • Staff morale – significant problem (greater than 12 months). • Concerns regarding partner performance or value for money in large contracts (over £1 million). • Large emission of toxic material (potential for evacuation – impact on borough wide) • Regulatory intervention. (examples include DEFRA, HSE, ICO, Ofsted, CQC interventions) • Prohibition notice served on key council services (Fire Service, CQC notices) • Life changing injury to individual (emotional, physical damage, long-term disability resulting in being unable to work or need for redeployment) as a result of Authority’s failure. • Temporary loss of business-critical information. • Significant disruption of service from strike action. • National negative media coverage, sustained over a period of time. • Would trigger the major incident plan. • Severe damage to property but reparable over a period of time. • Statutory performance indicator not met by over 10%. • Significant financial impact affecting the Council’s overall financial outturn and stability that could lead to external audit attention. • Hackers gained access to critical IT systems and damage done. • Major disruption of service from strike action.
5	Catastrophic	<ul style="list-style-type: none"> • Death of a child or vulnerable service user, employee or resident as a result of Council failure. • Multiple fatalities or injuries as a result of incident in the Borough. • Critical service provision impossible. • National and local media coverage in excess of 3 days. – linked to a catastrophic incident i.e. death of a child • Failure of contracts of critical/front-line works or services. • Dissolution or failure of significant partnership, resulting in significant financial losses for Council. • Indefinite loss of business-critical information. (in relation to safeguarding and vulnerable people’s information) • Criminal prosecution caused by major fraud/system weakness/significant misconduct compromising ability to deliver service and that has significant financial impact (over £10 million).



Member Report

Corporate Complaints and Compliment Procedure

Vexatious Complainants Procedure

Public

To:	Governance Committee	Date:	22 April 2024
From:	Managing Director (Head of (Paid Services)	Decision type:	For information
Portfolio:	Resources	Forward Plan reference:	
Priority:	All Priorities		

1 What is the recommendation?

It is recommended that Members note and agree the revised Corporate Complaints and Compliments Procedure and the Vexatious Complainants Procedure, following changes made due to the Local Government and Social Care Ombudsman's (Ombudsman) new Complaint Handling Code.

2 What part of the Corporate Plan does this report deliver and how, and what options have been considered?

- 2.1 This report supports our goal to drive improvement across Council services. Good complaint handling requires effective procedures and well-trained staff alongside a positive complaints culture that enables those procedures to achieve maximum impact. To this end, in February 2024, the Ombudsman issued the new Complaint Handling Code (Code), which sets out what we should do procedurally to handle complaints. Although the Ombudsman do not intend considering the Code as part of their casework processes until 2026/27, they are expecting Councils to start considering the Code within their complaints handling as soon as they are able to do so.

As a reminder for committee members, the Council's current Corporate Complaints Procedure has an accessible, informal, and resolution-focussed system which currently has three stages. Where an early, informal resolution is not possible at Stage 1 of the process and the complainant remains dissatisfied, the procedure allows for a more formal Stage 2 investigation. There is also a final, discretionary Stage 3 process which involves convening a panel made up of members drawn from the Governance Committee. This 3-stage procedure is one aspect of our complaints arrangements that the new Code has significantly changed.

3 Summary of Changes made to the Council's Complaint Procedures to Conform with the Code.

3.1 Corporate Complaint and Compliment Procedure

The following provides a summary of the changes made to the Corporate Complaint and Compliment Procedure which brings the procedure in line with the Ombudsman's requirements under the Code:

- Reduction to a two-stage procedure – The code states that a 'two stage complaint process provides a prompt process for responding to complaints. It allows councils at the stage 2 to carry out a final check on how complaints have been considered and responded to before referral is made to the Ombudsman'. Therefore, the discretionary stage 3 review Panel has been removed from the procedure.

- Complainants must be able to raise complaints through different channels – Under the Equality Act 2010 the council have a duty to make reasonable adjustments to consider the potential needs of individuals who may need to make a complaint. The Code requires that we consider having a ‘clear procedure’ regarding how we will respond to complaints. This was already included within the current procedure; however, slight changes have been made to make it clear that a complaint or compliment can be made to any council staff and any reasonable adjustment agreed will be kept under active review.
- Reduction in the response time at stage 1 - Currently the response time for a stage 1 complaint is within 20 working days of the **receipt** of a complaint. This has now been changed as the Code states that we must respond to a stage 1 complaint within 10 working days of the **acknowledgement** of the complaint. (Under the Code we have 5 working days to acknowledge a complaint)
- Reduction in the time for an extension request at stage 1 – Currently at stage 1 an extension of 20 working days to an investigation time is permitted, under the Code this is now reduced to 10 working days. On the letter to the complainant, alongside informing them of the reasons for the extension we must now provide the contact details of the Ombudsman.
- Complainant’s reasons for progression to stage 2 – Currently when a complainant is requesting an escalation to stage 2, we ask they provide a reason for this. Under the Code complainants are not required to explain their reason for requesting a stage 2 review, it is expected that local authorities should make reasonable efforts to understand why an individual remains unhappy. Therefore, this requirement has been removed from the procedure.
- Extension to a stage 2 investigation – The extension requests for a stage 2 investigation remains 20 working days, however on the acknowledgement letter to the complainant we need to inform the reasons for the extension, and we must now provide the contact details of the Ombudsman.
- Performance Reporting and Continuous Learning Improvements – This is a new section written in the procedure. Under the code accountability and transparency are integral to a positive organisation culture and we are required to report on wider learning and improvements gained from complaints. To facilitate this, we are required to:
 - a) appoint a Senior Officer to oversee complaint handling performance – this is to be the Council’s Monitoring Officer
 - b) appointment of a ‘Member’ - The Governance Committee will lead on responsibility for complaints in governance arrangements acting collectively as the ‘Member responsible for Complaints’.
 - c) Performance arrangements established where the Governance Committee receives regular information on the Councils overall complaint handling performance.

The production of an annual performance and service improvement report is now required. Although we do currently produce an annual report to the Governance Committee, we must now cover all the following requirements under the Code:

1. A self-assessment against the Code to ensure the complaints procedure remains in line with the Code requirements.
2. Qualitative and quantitative analysis of complaints handling performance.
3. Findings of non-compliance with the Code.
4. Service improvements made from the learning from complaints.
5. Annual letter about the Council’s performance from the Ombudsman.
6. Relevant reports or publications produced by the Ombudsman.
7. Publication of the report on the area of the Councils website relating to complaints.

3.2 Vexatious Complainants Procedure

In reviewing the Vexatious Complainant Procedure there has been some minor updates to ensure references, job titles and terminology are brought up to date as covered in the Code.

It is proposed that the current steps essentially remain the same, save that at step one where an Official Warning is issued this now has a time limit of six months.

4 What are the risks and resource implications?

4.1 Type of Risk / Implication	Details
Climate Emergency Impact	No specific impact, Officers reduce travel time with meetings held via Teams.
Health and Safety	There are no direct implications from this report on Health and Safety.
Social Value	An effective complaints system is one which helps an organisation to learn. The oversight and governance of complaints and working with Ombudsman Investigators under a statutory code of conduct to remedy any maladministration, provides an opportunity to contribute to business improvement.
Legal	Corporate complaints processing is good practice and a policy of the Council incorporated in the Constitution. It is a requirement to work with the Local Government and Social Care Ombudsman to address dissatisfaction under a statutory code of conduct.
Financial	Due to the additional requirements within the Code changes, there may be an impact on limited council resources to fulfil the code requirements. Effective complaint learning is essential to ensure that financial risks and remedies from the LGO are minimised.
Human Resources	There are no direct implications from this report on Human Resources.
Equality and Diversity	We will need to ensure that the Code is accessible and available to residents in all formats.
Other	None

5 Who has been consulted and engaged?

This report has been discussed at the Resources Directorate Management Team and they support the commitment and continuous improvement of corporate complaints management and will ensure the new Code is fully implemented.

6 Appendices and further information

6.1 None

7 Background Papers

7 No further background papers were used in writing this report.

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Corporate Complaint and Compliments Procedure

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1. Introduction

- 1.1 Redcar and Cleveland Borough Council welcomes customer feedback regarding its services and staff and has a process for customers to express their views and opinions.
- 1.2 We will aim to ensure that everyone is treated fairly and consistently in expressing their views and opinions and we will be mindful of equality and diversity issues.
- 1.3 We will also ensure that a customer's concerns are taken seriously, and that they receive a timely response and an explanation of how any decision about an issue raised has been reached.
- 1.4 All service requests, complaints and compliments will be recorded, with the intention that this will help us to:
 - monitor our performance,
 - learn lessons for future,
 - inform and shape service delivery.

2. Principles and Purpose

- 2.1 We will ensure that our customers are at the heart of our complaints management, and we will use information provided as a learning opportunity with a view to avoiding similar complaints where possible.
- 2.2 We will use the information gained from complaints to drive improvements in the quality of the services we provide, and our relationship with our customers. Complaints regarding the services we provide, either ourselves or via our service providers, will be addressed through this procedure, unless otherwise stated.

3. Responsibilities

- 3.1 The Council will deal with complaints impartially, objectively, professionally, ensuring confidentiality of all parties as appropriate. We will treat complainants with respect, as we ourselves would like to be treated.
- 3.2 Complainants, or their representatives will not receive adverse treatment because they have made a complaint.
- 3.3 We will let complainants know which complaints procedure is being followed (see 4.12), what stage their complaint is at and what the next stage will be within the relevant procedure.
- 3.4 Equality of access is key as the Council deals with a diverse population, including vulnerable individuals. In implementing this policy, the Council will seek to ensure that its actions are in accordance with its obligations under the Equality Act 2010 and other policies which may be relevant in the circumstances of an individual complaint.
- 3.5 The Councils complaint handling procedure will be conducted in line with the Local Government and Social Care Ombudsman's ('Ombudsman') Complaint Handling Code. The Code provides guidance about good administrative practice to organisations under section 23(12A) of the Local Government Act 1974.

4. Definitions

4.1 Effective complaint handling enables individuals to be heard and understood. A shared understanding of what constitutes a service request and what constitutes a complaint is necessary as, in most cases, issues can be resolved through normal service delivery.

4.2 What is a service request?

A service request is defined as:

“A request that the organisation provide or improves a service, fixes a problem or reconsiders a decision.”

4.3 Service requests are not complaints but may contain expressions of dissatisfaction. The Council reserves the right to consider action under a service request before a complaint is considered.

4.4 A complaint may be raised when the individual expresses dissatisfaction with the response to their service request.

4.5 What is a complaint?

A complaint is defined as:

“An expression of dissatisfaction, however made, about the standard of service, actions or lack of action by the organisation, its own staff, or those acting on its behalf, affecting an individual or group of individuals.”

4.6 You can make a complaint if you are not satisfied with the outcome of a service request or:

- You feel you have not been treated with courtesy or fairness.
- You are unhappy about the standard of service you have received.
- You feel we have failed to provide a service to which you are entitled.
- You are unhappy about the action taken.

4.7 What is a compliment?

A compliment is defined as:

“An unsolicited statement of satisfaction or praise received from an outside source regarding an aspect of the service or an individual member of staff.”

4.8 The Council wants to hear from people when it gets things right. This helps us to understand what services people value. When we know what is working for our customers, we can develop as well as share good practice. This ensures we can continue to learn and improve. Compliments also help us to recognise and reward our staff when they “go the extra mile”.

4.9 When a compliment is received, the information will be shared with our senior managers so that they are aware of what their staff are achieving.

4.10 What is not a Corporate Complaint - Exclusions

Although each complaint is considered on its own merits, there are occasions when there is a valid reason not to treat an issue as a complaint. The following exclusions are not generally regarded as a complaint, and we would not usually consider them under our Corporate Complaints procedure:

- The first request for a service or where we have been given insufficient time to deliver that service according to our service standards – this will be dealt with as a Service Request via the Service Request process.
- A request for information or service.
- An explanation of a Council Policy or Procedure.
- Complaints about personnel matters including recruitment, pay, grievances, discipline etc.
- Insurance Claims.
- An appeal against a decision where a right of appeal exists, for example, appeals for housing benefit, appeals to the Planning Inspectorate, and appeals against parking penalty charge notices etc.
- Anonymous complaints - these issues will be sent to the relevant services for consideration.
- Matters that occurred more than one year ago, discretion will be considered where there are extenuating circumstances.
- Repetitious complaints - for example, complaints which have already been handled once under the Corporate Complaints Procedure will not be re-investigated unless the complainant raises new issues in relation to the matter or unless requested to do so by the Ombudsman.
- The person complaining or their representative has already commenced legal proceedings about the matter.

4.11 Schools are responsible for managing their own complaints, the Council has no legal right or duty to deal with complaints regarding school business, save for the following statutory exceptions:

- Issues surrounding the national curriculum - for example if a parent believes that the Council or governing body is failing to deliver the national curriculum in the school for a particular child.
- Religious education and worship.
- Admissions - if a parent feels that the Admission and Appeals Code has not been applied.
- Transfers to maintained schools.
- Home to school transport.
- Special Educational Needs.

4.12 Some areas/aspects of the Council have their own complaint procedures, for example:

- Statutory Complaints Procedure for Adult Social Care
- Statutory Complaints Procedure for Children's Social Care
- Vexatious Complainants Procedure – Management of Unreasonable Complainant Behaviour
- Complaints about the Conduct of a Councillor

4.13 On receipt of a complaint deemed to meet the criteria for one of the above complaint procedures, the complaint will be assigned to the relevant Officer responsible for the procedure.

4.14 Where the Council find that there is a valid reason for not treating an issue as a complaint, we will contact the complainant, explaining our rationale, and signpost the complainant to the Ombudsman.

5. Who Can Make a Complaint or a Compliment?

- 5.1 Anyone who uses or is affected by our services can make a complaint. These include:
- Residents
 - People who work in or visit the borough.
 - Local businesses.
 - Community groups.
- 5.2 Some people may need help to make a complaint and, so, we accept complaints made on their behalf, if they have the complainant's consent. Complaints could be made, for example, by a concerned relative / carer, a solicitor or other appointed advocate.
- 5.3 The Council reserves the right to limit correspondence with any such party that falls out of the above categories.
- 5.4 In cases involving children or vulnerable people, if it seems that the person may be unable to give their consent to proceed with a complaint or to appoint somebody to act on their behalf, we will need to make a judgment as to whether it is appropriate to accept the complaint from their representative.
- 5.5 Councillors can use the complaints procedure in their capacity as citizens and service users, however, the complaints procedure is not appropriate for complaints which arise from undertaking their roles as a member of the Council.

6. Vexatious Complaints - Management of Unreasonable Complainant Behaviour

- 6.1 The Council is committed to dealing with all complaints fairly and impartially and to provide a high-quality service to those who complain. In a very small number of cases, where a complainant's behaviour may become unacceptable the Council has a duty to protect its staff from behaviour, which is abusive, offensive, or threatening.
- 6.2 Unreasonable or vexatious behaviour by a complainant may include, but is not limited to:
- Repeated shouting at a member of staff, swearing, threats, and name-calling.
 - Obsessive, harassing, or prolific behaviour.
 - Making the same complaint repeatedly or with minor differences, but never accepting the outcome.
 - Making unjustified complaints about staff who are trying to deal with the issue and seeking to have them replaced.
 - Seeking an unrealistic outcome and persisting until it is reached.
 - A history of making other unreasonably persistent complaints.
 - Sending unnecessarily persistent e-mail communications to numerous Officers.
- 6.3 Where it is considered that such behaviour means the relationship has become unworkable and/it is necessary to protect staff, the Vexatious Complainants Procedure may be instigated.

7. How Can a Complaint or Compliment be Made?

7.1 A complaint or a compliment can be made to any member of Council's staff, however, to assist, contact can also be made by the following methods:

Online: [PUT LIVE LINK IN](#)

Telephone:
01642 774774

By Post to:
Redcar & Cleveland House, Kirkleatham Street, Redcar
Yorkshire. TS10 1RT

In Person:
At any Council Office

By E-mail
Complaints@redcar-cleveland.gov.uk

7.2 The Council is committed to ensuring that all the services we provide are relevant and are fully accessible to all sections of the community who may need them. As part of the initial contact, we will ascertain if the complainant requires any reasonable adjustments under the Equality Act 2010. The Council will keep a record of any reasonable adjustment agreed and keep them under active review.

8. Stages of the Corporate Complaints Procedure

Please see Appendix 1 for a flow chart of the two stages of the Corporate Complaint's procedure

8.1 Acknowledging Corporate Complaints

8.2 Once the complaint process is instigated, the Corporate Support Team will acknowledge a complaint within 5 working days of receiving it.

8.3 All acknowledgement letters will include a summary of the Corporate Complaints Procedure.

8.4 Stage 1 Complaint – Corporate Complaints Procedure

An Investigating Officer in the Directorate concerned will be designated the task of considering the complaint and addressing the issues raised where appropriate. A response in writing must generally be sent to the complainant within 10 working days of the complaint being acknowledged by the Corporate Support Team.

8.5 Where it is not possible to reply to the complaint within this length of time, the Investigating Officer can request an extension of up to 10 working days. This provision for an extension should not be used as a matter of course and only utilised where a complaint may be:

- more complex to resolve.
- a key witness is unavailable for part of the time.
- the complaint involves several agencies.
- all or some of the matters concerned are the subject of a concurrent investigation.
- there are other extenuating circumstances in which it is reasonable for the timescale to be extended.

- 8.6 If an extension is required, the Corporate Support Team will contact the complainant and advise them of the reason for the extension and the expected timescales of the response. Additionally, the contact details of the Ombudsman will be included in the letter.
- 8.7 The Stage 1 response letter should address all points raised by the complainant and provide clear reasons for any decisions, referencing relevant policy, law, and good practice where appropriate.
- 8.8 Stage 1 response letters should advise that any request made by the complainant to move to Stage 2 of the Corporate Complaints Procedure should be received by the Corporate Support Team within 20 working days of the Stage 1 response letter. In addition, the Stage 1 response letter should confirm that the complainant may refer the complaint to the Local Government & Social Care Ombudsman at any point during the Corporate Complaints process.
- 8.9 If dissatisfied with the outcome set out in the Stage 1 response letter, the complainant should notify the Corporate Support Team in writing within the 20 working days timescale set out above.

8.10 Stage 2 Complaint – Final Response – Corporate Complaints Procedure

Once a complainant has notified the Council that they are dissatisfied with the response at Stage 1, the Corporate Support Team will acknowledge receipt of the escalation request. The acknowledgement letter should be sent within 5 working days of the receipt to move to Stage 2 of the Corporate Complaint Procedure.

- 8.11 A Stage 2 Final Response review will then be undertaken by a relevant senior officer from the service area concerned or, where appropriate, another senior officer who has not been party to any issue relating to the complaint.
- 8.12 The Stage 2 complaint Final Response should be notified to the complainant within 20 working days of the acknowledgement letter. Where it is not possible to reply to the complainant in this length of time, the Investigating Officer can request an extension of up to 20 working days, following the extension requirements as set out in paragraph 8.5.
- 8.13 If an extension is required, the Corporate Support Team will contact the complainant and advise them of the reason for the extension and the expected timescales of the response. Additionally, the contact details of the Ombudsman will be included in the letter. As per Stage 1, use of the provisions for extensions should be used as a matter of course.
- 8.14 The Stage 2 Final Response letter should address all points raised by the complainant and provide clear reasons for any decisions, details of any remedies offered, details of any outstanding actions and details of how to escalate the matter to the Ombudsman if the complainant remains dissatisfied.
- 8.15 If the complainant remains unhappy following the Stage 2 Final Response, they have the right to refer the matter to the Ombudsman, which is the independent body that investigates complaints about councils. However, the Ombudsman will usually only investigate complaints when the council's own complaint procedure has been exhausted or if there has been advice from the council to contact the Ombudsman.

The Local Government and Social Care Ombudsman can be contacted in the following ways:

Website: www.lgo.org.uk

Telephone: 0300 061 0614

On-line: www.lgo.org.uk/making-a-complaint

Post: The Local Government & Social Care Ombudsman, PO Box 4771, Coventry, CV4 0EH

9. Putting Things Right - Remedies

- 9.1 When it is found there has been fault on the part of the Council, we need to put things right by acknowledging our mistakes and apologising for them, explaining why things went wrong and what the Council will do to prevent the same mistake happening again.
- 9.2 Any remedy offered should reflect the impact on the individual(s).
- 9.3 So far as possible, we will aim to place the complainant back in the position they would have been if there had been no fault. Sometimes it is not possible to do this, and, in such cases, compensation may be appropriate. In other cases, a remedy could include:
- **Taking some specific action** – such as assessing payment of Housing Benefit or reconsidering a decision.
 - **Paying some compensation** – money is not the only, or necessarily the best, remedy in every case, but the Council will generally consider payment of compensation if people are out of pocket because of its mistakes, or if they have been caused undue hardship, inconvenience, or distress. In making such payments, the Council will follow the guidelines issued by the Ombudsman in deciding the appropriate amount of compensation. These can be found on the Ombudsman's website at www.lgo.org.uk/information-centre/staff-guidance/guidance-on-remedies

10. Performance Reporting and Continuous Learning Improvements

- 10.1 To demonstrate the Council's accountability and transparency to promote a positive organisational performance culture the Council's Monitoring Officer will oversee the Council's complaint handling performance. The Monitoring Officer will assess any themes or trends to identify potential systemic issues, serious risks, or policies and procedures that require revision.
- 10.2 In addition, the Governance Committee will lead on responsibility for complaints in governance arrangements acting collectively as the 'Member responsible for Complaints'.
- 10.3 The Committee will receive regular information on complaints that will provide insight on the Council's complaint handling performance, this will include:
- Regular updates on the volume, categories, and outcomes of complaints, alongside complaint handling performance.
 - Regular reviews of issues and trends arising from complaint handling.
 - An annual complaints performance and service improvement report.
- 10.4 An annual complaints performance and service improvement report will be produced for the Committee and will be published on the Complaints section of the Council's website. It will include the following:
- An annual self-assessment against the Ombudsman's Complaint Handling Code.
 - A qualitative and quantitative analysis of the Council's complaint handling performance. This will include a summary of the types of complaints and complaints that the Council has refused to accept.
 - Findings of non-compliance with the Ombudsman's Complaint Handling Code.

- Service improvements made because of the learning from complaints.
- The annual letter about the Council's performance from the Ombudsman.
- Any other relevant reports or publications produced the Ombudsman in relation to the work of the Council.

10.5 In addition to the annual self-assessment, where significant changes within the Council occur, for example, restructures, changes in procedures and unforeseen events such as cyber-attacks or industrial action a self-assessment will be undertaken immediately.

11. Confidentiality

11.1 The Council considers the importance of confidentiality when handling any complaints. However, to enable a complaint investigation to be undertaken, a person's information will be shared with the investigating officers and, on occasion, other officers as reasonably necessary in order to consider the complaint effectively.

11.2 Personal information will not be shared with anyone unnecessarily and will be handled in accordance with the requirements of the Council's Data Protection Policy and the provisions of the General Data Protection Regulations (GDPR) and the Data Protection Act 2018.

11.3 If information is given to the Council in confidence, the information will not be disclosed without consent, unless the Council has a legitimate or legal reason to do so, for example a safeguarding concern.

12. Retention of Complaint Documents

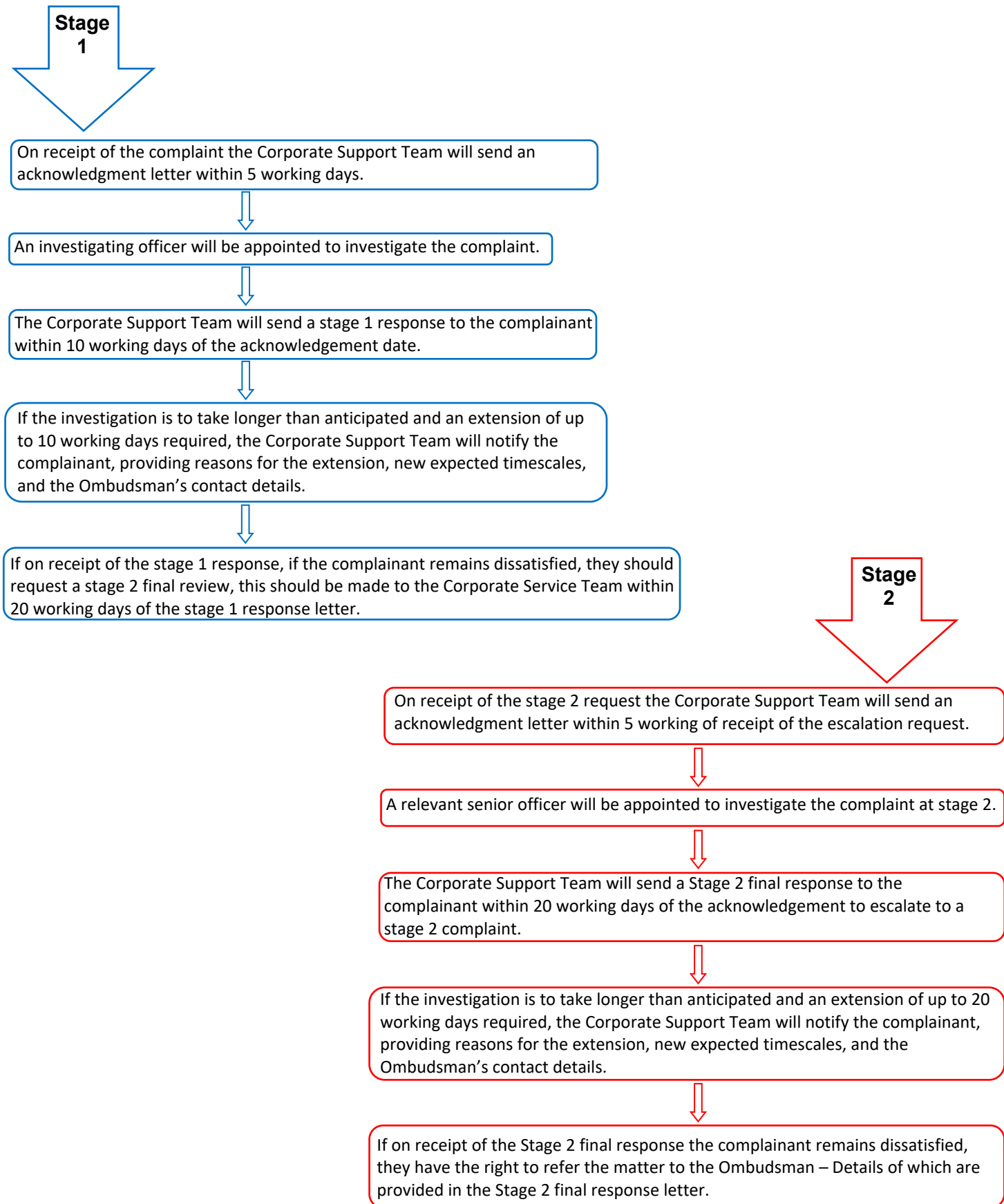
12.1 All records will be kept in line with the Council's retention periods. These retention periods are taken from the Records Management Guidelines for Local Government and advice from the National Archives.

13. Review of the Corporate Complaint and Compliment Procedure

13.1 The Corporate Complaint and Compliment Procedure will be reviewed when necessary, including following the notification of Complaint Handling Code changes or best practice guidance from the Local Government and Social Care Ombudsman.

13.2 The Council reserves the right to make amendments to this procedure at short notice, or in any situation that warrants an immediate amendment being introduced.

Appendix 1 - Redcar and Cleveland Borough Council Corporate Complaints Procedure





Vexatious Complainants Procedure

Management of Unreasonable Complainant Behaviour

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1. Introduction

- 1.1 A complaint is defined as *‘An expression of dissatisfaction, however made, about the standard of service, actions or lack action by the organization, its own staff, or those acting on its behalf, affecting an individual or a group of individuals’*.
- 1.2 In general terms, you can make a complaint if you are not satisfied with our service or:
- You feel you have not been treated with courtesy or fairness.
 - You are unhappy about the standard of service you have received.
 - You feel we have failed to provide a service to which you are entitled.
 - You are unhappy about the action taken by us.
- 1.3 The Council recognises the importance of customer complaints and uses them as a valuable form of feedback about its services. The information gained from complaints will be used to help improve the quality of the services we provide and relations with our customers.
- 1.4 The Council complaint handling procedure will be conducted in line with the Local Government and Social Care Ombudsman’s Complaint Handling Code. The Code provides guidance about good administrative practice to organisations under section 23(12A) of the Local Government Act 1974.
- 1.5 The Council will deal with complaints impartially, objectively, and professionally. We will treat complainants with respect, as we ourselves would like to be treated. Complainants and their families will not receive any adverse treatment because they have made a complaint.
- 1.6 However, in some circumstances it may, unfortunately, be necessary to restrict contact between the Council and complainants. The Council do not expect staff to tolerate unacceptable behaviour, including behaviour, which is abusive, offensive, or threatening. In these circumstances, we will take action to protect our staff, which is outlined in this procedure.
- 1.7 Raising legitimate queries or criticisms is not regarded as being unreasonable, so long as this is done in an appropriate and non-aggressive manner. If a complainant is unhappy with an outcome and simply seeks to challenge it, this will not result in them being considered as vexatious or unreasonable. Furthermore, we appreciate that complainants may often be frustrated and aggrieved, and it is, therefore, important to consider the merits of their case rather than their attitude. However, if a complainant becomes unreasonable in an unnecessarily persistent or aggressive manner, action under the Vexatious Complaints Procedure may be considered.

2. Examples of Unreasonable Actions and Behaviours

- 2.1 Deciding whether a complainant is vexatious is a balancing exercise, and the Council will consider all the circumstances of the case.
- 2.2 This is not an exhaustive list, but some examples of unreasonable actions and behaviours are:
- Continuously shouting at a member of staff, swearing, threats, name-calling and/or obsessive, harassing, or prolific behaviour.
 - Making unjustified complaints about staff who are trying to deal with the issues and seeking to have them resolved.

- Raising numerous, detailed but unimportant or repetitive questions, insisting that they are answered.
- Taking a ‘scatter-gun’ approach to complaints; pursuing parallel complaints on the same issue with a variety of services areas or members of staff.
- Making excessive demands on the time and resources of staff with lengthy telephone calls, emails to numerous council staff, or detailed letters every few days and expecting immediate responses.
- Refusing to co-operate with the complaints investigation procedure while still wishing their complaint to be resolved. Refusing to specify the grounds of a complaint, despite offers of assistance.
- Insisting on the complaint being dealt with in ways which are not covered within the Council’s Corporate Complaint and Compliment procedure, for example planning decisions appeals.
- Changing the basis of the complaint as the investigation proceeds. Denying or changing statements made at an earlier stage.
- Refusing to accept the outcome of the complaint process after its conclusion, repeatedly disagreeing, complaining about the outcome and or denying that an adequate response has been given.
- Covertly recording meetings and conversations.
- Making discriminatory or other inappropriate personal comments which may cause offense (including those which contravene the Equalities Act 2010) for example on the grounds of age, disability, ethnicity, gender, gender transformation, marriage, pregnancy, religion, race, sexual orientation, or sex.

2.3 It is acceptable for an employee to terminate a telephone conversation or a meeting if a complainant displays an unacceptable level of abuse or aggression during the conversation. The complainant should be warned and given the chance to modify their behaviour before the conversation is terminated.

2.4 If a call or meeting needs to be terminated because of the complainant’s conduct, the member of staff should do so politely and keep a record of what occurred.

3. Invoking the Vexatious Complainants Procedure

Please see Appendix 1 for a flow chart of the stages of the Vexatious Complainants Procedure

3.1 Where a complainant displays unreasonable behaviour (as described in section 2.2) this procedure may be invoked. However, the Council deals with a diverse population, including vulnerable people and any restrictions imposed must take into account the complainant’s individual circumstances. Some individuals, particularly those with mental health issues, medication that makes them forgetful, or dementia, may behave in a manner which might, if taken at face-value falls within the scope of this procedure. Accordingly, a sensitive approach is needed to ensure that the Council is acting appropriately and, in implementing this procedure, the Council will seek to ensure that its actions are in accordance with its obligations under the Equality Act 2010 and/or any other

applicable policies, by way of making reasonable adjustments and/or such other steps as appropriate.

3.2 Official Warning

The Corporate Complaints Manager will contact the complainant as soon as possible with an official warning in writing. In this warning, the Corporate Complaints Manager will explain why the complainant's behaviour is classed as unreasonable and will ask the complainant to change their behaviour when contacting the Council in future.

3.3 This warning will be active for six months. If no further occasions of unreasonable behaviour are displayed during this period, the warning will elapse.

3.4 If unreasonable behaviour is displayed after six months of the original official warning, then a further warning will be issued.

3.5 Invocation of the Formal Procedure

If the complainant does not alter their behaviour, The Corporate Complaints Manager, will write to the complainant within 10 working days of the date when unreasonable behaviour recurred to confirm any measures that are to be put into place.

3.6 These restrictions may include any steps which are considered reasonable and necessary in the circumstances, depending on the behaviour being displayed. Some examples of the restrictions could be, but are not limited to:

- Restricting the complainant from making contact by telephone, except through a third party.
- Restricting the complainant from sending emails to individual Council officers or Elected Members or using the single point of contact email address.
- Restricting the complainant from accessing any council building except by appointment
- Requiring contact to take place with one named member of staff (a single point of contact).
- Restricting telephone calls to specified days / times / duration.
- Requiring any personal contact to take place in the presence of an appropriate witness.
- Informing the complainant that we will not reply to or acknowledge any further contact from them on the specific topic of that complaint, unless the complainant is supplying new evidence which makes it reasonable to do so.

3.7 Where the decision has been made to restrict contact with complainants, we will clearly explain:

- The reason why we have taken the action.
- What action(s) we are taking.
- The duration of the action.
- How to appeal.

3.8 It is not envisaged that any restrictions invoked will generally be in place for longer than 12 months.

3.9 The Corporate Complaints Manager will notify the relevant Directorate Management Team, and/or any other relevant council officers as appropriate to the complaint.

4. Right of Appeal

4.1 All complainants have the right of appeal once the Vexatious Complainants Procedure has been invoked and restrictions put in place. An appeal can be made, within 20 working days of the of the restrictions letter, to the Council's Monitoring Officer, whose contact details will be supplied in the letter.

4.2 The Monitoring Officer will re-examine the need for any restrictions based on the complainant's case history and notification of appeal.

4.3 A letter will be sent to the complainant after the appeal has concluded to confirm the decision. The decision will be notified to the complainant within 20 working days from the appeal request being received. If there is to be a delay, the complainant will be notified of the reason for this and the expected timescales for a response.

5. New Complaints from Complainants who have had Contact Restrictions Placed on Them Under the Vexatious Complainants Procedure

5.1 New complaints received from a complainant who has been the subject to actions under the Vexatious Complainant procedure will be considered by the Corporate Complaints Manager and the relevant service.

5.2 If restrictions under this procedure have previously been lifted and a complainant continues contact with the Council in a way that is deemed to be a continuation of previous behaviour, the Council may choose to re-impose the same and/or new restrictions, without giving prior warnings. If this happens, the Corporate Manager will write to the complainant to confirm this and the nature of the restrictions.

6. Further Escalation

6.1 Whether the Council has invoked this procedure or otherwise, the Council may contact the police in circumstances where a complainant's behaviour towards its staff appears to potentially threaten their welfare and safety.

6.2 Similarly, in serious cases, the Council may make an application to the courts for an injunction, to prevent the complainant from contacting the Council or its staff.

7. Review of Restrictions

- 7.1 Any restrictions placed on an individual will be reviewed in line with the timescales applied under this procedure. If the timescales are to be extended, the complainant will be informed in writing, otherwise the application of this procedure will expire at the end of the allocated timescales.

8. Confidentiality

- 8.1 The Council considers the importance of confidentiality when handling any complaints, a person's information will be shared with officers relevant to any restrictions placed on an individual.
- 8.2 Personal information will be handled in accordance with the requirements of the Council's Data Protection Policy and the provisions of the General Data Protection Regulations (GDPR) and the Data Protection Act 2018.

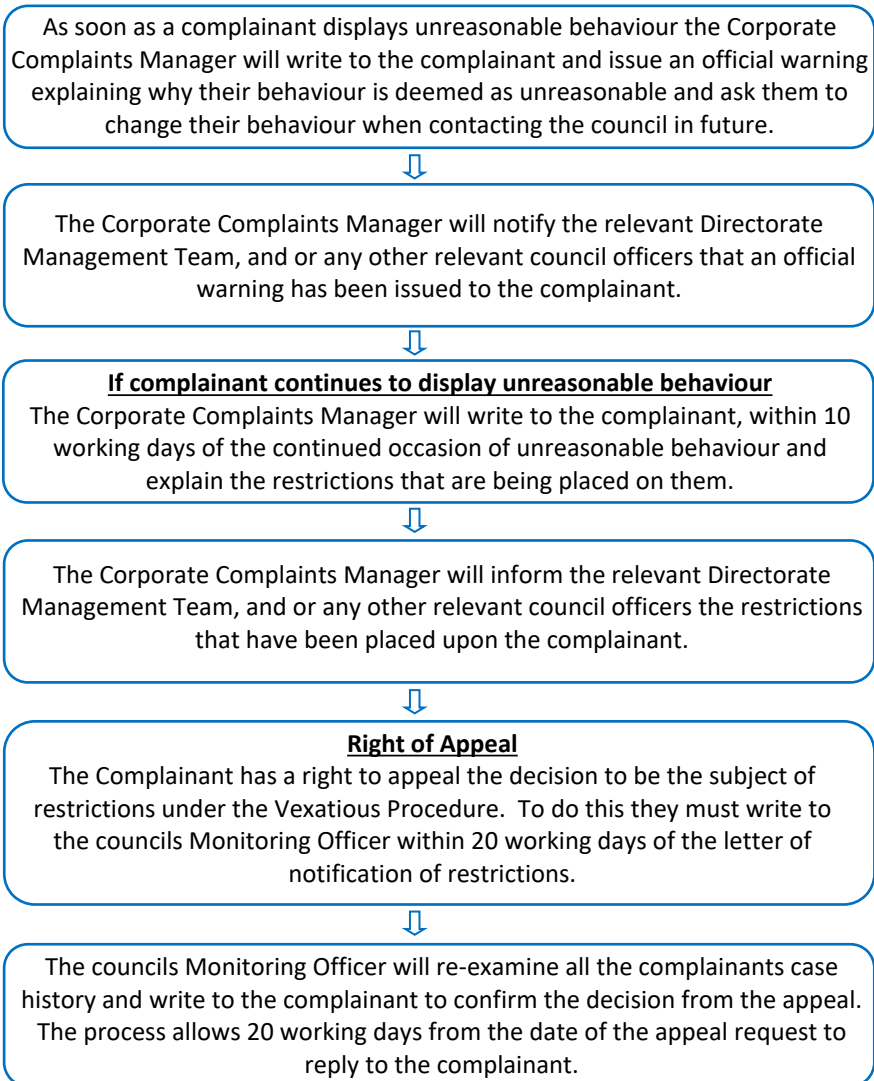
9. Record Keeping

- 9.1 A record will be kept of all complainants who have been the subject of this procedure. This will include:
- Complaint details.
 - What decisions were made.
 - When the decision was made.
 - Why the decision was made.
- 9.2 This record will be updated each time the decision is reviewed. Where the review has led to a decision to lift any restrictions, all documentation relating to the restriction under this procedure will be retained for two years from the date of the review, and then destroyed.

10. Review of the Vexatious Complainant Procedure

- 10.1 The Vexatious Complainant Procedure will be reviewed when necessary, including following the notification of changes to the Complaint Handling Code or best practice guidance from the Local Government and Social Care Ombudsman.
- 10.2 The Council reserves the right to make amendments to this procedure at short notice, or in any situation that warrants an immediate amendment being introduced.

Appendix 1 – Redcar & Cleveland Borough Council Vexatious Complaints Procedure Flow Chart



Governance Committee	Relevance to Remit of Committee	Officer Lead	05-Feb 2024	22-Apr 2024	20-May 2024	22-Jul 2024	23-Sep 2024	25-Nov 2024
Internal Audit and Assurance Functions - Veritau								
Internal Audit work programme – progress reports Internal Audit 24/25 work programme consultation Internal audit 2024/25 indicative work programme Internal Audit and Assurance year end report - July 2024 Counter Fraud framework update	Internal Audit is a statutory service under the Accounts and Audit Regulations 2015 and PSIAS. An authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes.	Veritau						
		Veritau	X		X		X	
		Veritau	X					
		Veritau		X				
		Veritau					X	
							X	
External Audit Functions - Mazars								
Annual Audit Strategy Memorandum Audit Completion Report Auditor's Annual Report, including the Value for Money review and final audit completion certificate Audit Progress Report	External auditors in the public sector give a statutory independent opinion on public bodies' financial statements and comment on the conduct of their financial affairs and the management of performance and resources.	GB/CD						
		GB/CD	X	X			X	
		GB/CD	X	X			X	
		GB/CD	X	X	X		X	
Governance Functions								
Review of Financial Procedure Rules Review of Contract Procedure Rules Review of Treasury Management Policies & Update Review of Accounting Policies & Financial Accounts Update 22/23 audit update CIPFA Financial Management Code Review Review of RIPA return Annual Insurance Update - July 2024 Corporate Risk Management and risk register update Risk Management Policy Update Corporate and Ombudsman Complaints Monitoring annual report Corporate Complaints and Compliments Procedure update Vexatious Complainants Procedure update Annual Business Continuity Policy and Business Continuity Update Information Governance - annual assurance report	An authority must ensure that it has a sound system of internal control covering the effective exercise of its functions, the achievement of its aims and objectives, the effective financial and operational management of the authority; and the effective management of risk.	PW/RD						
		AN		X				
		PW/RD		X				
		PW/RD			X			
		CS					X	
		VS					X	X
		VS			X			
		VS			X			
		VS						
		VS		X	X			
		VS				X		
		AD						X
Financial Statements								
Draft Statement of Accounts (Full & Summary) - Post May 2023/24 Acceptance of the Statement of Accounts Acceptance of the Annual Governance Statement Agreeing the Letter of Representation Director & Committee Assurances Progress review of Annual Governance Statement - 2023/24	An authority must ensure that it has effective financial management. A statement of accounts prepared by an authority must be prepared in accordance with the Accounts & Audit Regulations; and use proper practices.	RD						
		RD				X		
		AP	X				X	
		PW		X			X	
		PW	X				X	
		AP					X	