

Monitoring and Audit Committee

Date:	Tuesday, 14 th July 2020
Time:	4.00pm
Venue:	www.kettering.gov.uk/youtube
Committee Administrator	David Pope (01536) 535661 e-mail: davidpope@kettering.gov.uk

AGENDA

1. Apologies
2. Minutes of the meeting of the Committee held on 4th March 2020 to be approved as a correct record and signed by the Chair.
3. Declarations of Interest*
 - Disclosable Pecuniary Interests
 - Personal Interests
4. Any matters referred to the Committee for a decision in relation to a call-in to be considered
5. Any responses of the Executive to reports of Scrutiny Committees to be considered where appropriate.
6. The Chair of the Committee to ask members of the public present if they wish to speak on any public items on the Agenda.
7. Any items of urgency the Chair decides should be considered.

Working with and on behalf of local people

8. Reports

<u>Ref.</u>	<u>Report</u>	Presented By
A	Annual Governance Report (attached)	Mark Dickenson
B	Internal Audit Annual Report 2019/20 (attached)	Mark Watkins (CWAS)
C	Internal Audit Plan April 2020 to March 2021 (attached)	Mark Watkins (CWAS)
D	Certification of Grants (attached)	KPMG
E	Statement of Accounts 2018/19 (attached)	Mark Dickenson
F	Financial Statements Audit Plan (attached)	Neil Harris (EY)
G	Key Updates: <ul style="list-style-type: none"> Monitoring of Voluntary Sector Grant Agreements 2019/20: Third Year End Update 	Hazel Webb
H	Work Programme (attached)	Lisa Hyde

** Members are asked to make any declarations of financial or other interests they may have in relation to items on this agenda. Members are reminded to make a declaration at any stage throughout the meeting if it becomes apparent that this may be required when a particular item or issue is considered.*

*** If a member of the Committee has a question on any matter arising from this item, it would be appreciated if they could contact David Pope so that an update can be provided at the meeting.*

The membership of this Committee is: -

Councillors Jonathan West (Chair), Anne Lee (Deputy Chair), Ash Davies, Jenny Henson, Margaret Talbot, Mike Tebbutt and Greg Titcombe

Substitutes:- John Currall, June Derbyshire, Cliff Moreton, Maggie Don, Mick Scrimshaw

Private and Confidential Items

The press and members of the public can be excluded from business of the meeting on the grounds that it involves items of business which include the likely disclosure of exempt information as defined by Paragraphs 1-7 of the Local Government (Access to Information) (Variation) Order 2006 in respect of Schedule 12A to the Local Government Act 1972. The reason for discussing the issue in private is indicated on the Order of Business.

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BOROUGH OF KETTERING

MONITORING AND AUDIT COMMITTEE

Meeting held 4th February 2020

Present: Councillor Jonathan West (Chair)

Councillors Jenny Henson, Anne Lee, Cliff Moreton, Mike Tebbutt, and Greg Titcombe

Also Present:

Cllr Ian Jelley	(Portfolio Holder for Strategic Delivery & the Environment)
Lisa Hyde	(Executive Director)
Mark Dickenson	(Head of Resources)
John Conway	(Head of Housing)
Guy Holloway	(Head of Corporate Development)
Shirley Plenderleith	(Head of Public Services)
Julie Trahern	(Head of Customer Service & KTS)
Graham Thomas	(Environmental Services Manager)
Jo Haines	(Group Accountant)
Carly Hohn	(Housing Solutions Manager)
Nicola Meakins	(Quality & Commercial Manager - KTS)
Dorothy Burrows	(Business Manager - KTS)
David Pope	(Committee Administrator)

19.MA.38 APOLOGIES

Apologies were received from Cllr Ash Davies. It was noted that Cllr Cliff Moreton was acting as substitute for Cllr Davies.

19.MA.39 MINUTES

RESOLVED that the minutes of the meeting of the Monitoring and Audit Committee held on 29th October 2019 were approved as a correct record and signed by the Chair.

19.MA.40 DECLARATIONS OF INTEREST

Cllr Anne Lee declared a personal interest in Item A5 as a trustee for Groundworks.

19.MA.41 PUBLIC SPEAKERS

Two members of the public registered their intention to speak in relation to item A2. The Chair gave dispensation to one member of the public to speak for five minutes.

19.MA.42 ANY ITEMS OF URGENCY THE CHAIR DECIDES SHOULD BE CONSIDERED

Cllr Lee raised an issue regarding the proposed residents parking scheme for the Headlands and Garfield Street. Residents had requested an update on the timeline for the introduction of this scheme following its consideration at the Sep/Oct meeting of the Executive Committee.

19.MA.43 BUDGET PROPOSALS FOR 2020/21 AND PREPARING FOR THE MEDIUM TERM (A1)

Members received the budget proposals with the Head of Resources and Group Accountant attending the meeting to answer member's questions and to provide a supplementary presentation that detailed:-

- The budget consultation timetable
- The composition of the General Fund (£60.7m), HRA (£15.4m) and Capital Programme (£39.2m) budgets that totalled £115.3m
- Main service pressures and risks (recycling, homelessness, local government grant funding)
- Four key funding streams and forecast changes to these (Fair Funding Review, Business Rates Retention, Council Tax and New Homes Bonus)

Members of the Committee submitted comments as follows:-

Item / Issue	Summary of Response Given
In relation to the proposed rent increase of 2.7%, has any assessment taken place as to whether an increase may cause financial difficulties for our tenants? <i>(Cllr Cliff Moreton)</i>	<i>The Tenants' Forum represents Council tenants and the proposed 2.7% increase was discussed at the November meeting of the forum. The representatives of the forum were receptive to the 2.7% increase.</i> <i>(Officer Response)</i>
Our level of Council Tax support is one of the lowest in the country. For two years we have decided to keep Council Tax support at the same level, but there is no mention of it in this budget. <i>(Cllr Anne Lee)</i>	<i>Council Tax Support was reported to the Executive Committee in September. The Committee was asked whether it wished to proceed with a formal consultation exercise however it decided not to in favour of freezing Council Tax support at the current rate.</i> <i>(Officer Response)</i>

<p>There are a lot of vacant posts and given the costs of employing agency staff have we been actively recruiting to fill those posts?</p> <p>(Cllr Anne Lee)</p>	<p><i>There are certain services areas where we would look to use agency staff, for example the Refuse Service. We make a conscious choice to use agency staff at times; it may be difficult to recruit to certain posts or specific knowledge is needed at a certain point. Salaries across the organisation are being delivered within budget.</i></p> <p>(Officer Response)</p>
<p>Where is the budget for fighting climate change? Where are the figures for the amount spent last year and what is the figure for next year?</p> <p>(Cllr Anne Lee)</p>	<p><i>The figures for this are embedded in service area budgets across the organisation.</i></p> <p>(Officer Response)</p> <p><i>Through our Climate Change Champions there is an ongoing process of costings around climate change implications.</i></p> <p>(Portfolio Holder for Strategic Delivery & the Environment Response)</p>

19.MA.44 AIR QUALITY MONITORING AND EV CHARGING POINTS (A2)

A report was submitted which sought to provide an overview of the air quality issues in Kettering Borough Council's administrative area and to update the committee on the progress with electric vehicle charging points.

A member of the public addressed the committee and registered his concerns regarding the accuracy of published air quality data and stated that in his opinion the Council was failing in its civic duty to protect the public.

The Committee heard that the air quality monitoring process followed by the Council was heavily prescribed with detailed guidance provided by DEFRA. In addition to this, KBC was also examining what else could be done outside of the monitoring process to improve air quality in the borough. Conversation had been ongoing with the county council for the past nine months in respect of modelling traffic flows at specific road junctions in the borough to see whether alterations could have a beneficial impact on air quality. Although a definitive conclusion had yet to be drawn, work undertaken to date suggested a minimal impact on air quality from modelled alterations, although improvement for traffic flows would make these works worthwhile.

A review was underway by independent consultants to ascertain whether a sufficient number of diffusion tubes were in place around the borough and that current locations were appropriate. In addition, the Council and the consultants were reviewing whether it was possible to obtain better quality data regarding air quality in the borough.

It was acknowledged that the population of the borough was expanding, and it was also likely that car use would increase, and the Council wished to pre-empt this and sought to resolve any issues that may arise before it became a statutory requirement to do so.

Officers acknowledged that a mistake had been made in published air quality figures, however this had now been corrected with all results for the entire year reviewed to ensure that 2019 data was correct.

It was heard that KBC officers provided local knowledge as well as undertaking statutory duties collecting and managing air quality data for submission to DEFRA, with consultants employed for very detailed work where specialist advice was required.

The Portfolio Holder for Strategic Delivery & the Environment attended the meeting and stated that he would work directly with the Environmental Protection team going forward on this complex issue. Members had a duty to assist in any way they could on this matter and discussions had been held regarding routing of construction traffic in Rothwell, especially in relation to Bridge Street so air quality issues were not exacerbated.

Members were encouraged to submit any concerns regarding air quality at specific sites in the Borough to feed into the consultant review of diffusion tube locations.

Members received a brief update regarding the progress of electric vehicle charging point installation in Council car parks.

RESOLVED that the Committee

- i) Reviewed the information provided in the report and supported the approach being undertaken with regards to the ongoing monitoring of air quality.
- ii) Noted the work undertaken to implement electric vehicle charging points within several public car parks.

19.MA.45 COMMUNICATION WITH THE PUBLIC AND THE COUNCIL'S WEBSITE (A3)

The Head of Corporate and Cultural Services provided a presentation that provided an overview of Council communications with the public and the Council website.

The meeting noted that the Council was a complex organisation offering a wide range of high demand services to a large customer base with equally complex requirements. The need to communicate effectively was

key in ensuring customers could access the services they required and allowed resident involvement in shaping the future of the borough.

Channels of communication were varied for both incoming and outbound communications, ranging from face to face and phone-calls through to printed information and social media with the context being dependent on customer requirements.

Linked to this was the accelerating growth in technology, with the meeting noting the hugely increased use in online activity. Statistics were provided to the meeting of website use with over 4.5 million Council website page views since October 2018.

Online payments, email contacts and use of web forms had soared, with a slight reduction in the numbers of face to face visits made by customers. However, the complexity of customer requirements and interactions had increased which had offset this reduction.

Members asked questions in regard to direct and obvious links from the Council's website to both the "This is Kettering" and "Public Sector Reform" websites.

Questions were also asked in regard to provisions of clearer messages to the public in relation to parking machines, as well removal of out of date public information and feedback from the public.

19.MA.46 KEY UPDATES – KETTERING TRAINING SERVICES & APPRENTICESHIPS (A4i)

Members received a report supplemented by a presentation that provided an update regarding apprenticeships both nationally and locally.

It was heard that prior to May 2017 apprenticeships had been grant funded. From that date the government had introduced a 0.5% tax bill on any employer with a total salary bill over £3 million, with KBC being one such employer. In addition, the government had set ambitious targets to drive an increase in apprenticeships with a goal of achieving three million new apprentice roles nationally between 2015 and 2020. It was heard that take up was currently 28% below this target as a result of the levy and employers having additional responsibilities in relation to the administration of apprenticeships.

The meeting noted that there was a picture evolving that showed high-level apprenticeship numbers increasing due to levy payers looking for development of their existing staff with an associated decrease in level 1 and 2 apprenticeships severely affecting the 16-18 year old sector. Further national changes were due in September 2020 with apprenticeship products moving from a framework to a standards model.

The meeting heard that KTS had been impacted by national changes due to a relatively low number of levy-paying businesses being located in the local area. Consequently, the team had worked with businesses outside the borough to ensure continuation of the service. It was noted that the service offered an excellent apprenticeship programme that added value to the businesses it was involved with.

Work was underway to develop KTS to be in a position to offer Level 5 apprenticeships which were in demand from businesses. Work was also underway to produce a quality and improvement plan that would help educate employers in relation to the service offer. In addition, engagement with small businesses was being examined.

The meeting was advised that a recent Ofsted inspection had shown significant improvements in the study programme and apprenticeships offered and should be viewed very positively.

Members asked questions in relation to KBC apprenticeships especially those in tradesperson roles.

RESOLVED that members noted the detail contained in the report

19.MA.47 KEY UPDATES – HOMELESSNESS/VOIDS (A4ii)

Members received a presentation that provided an update on the current position in relation to both homelessness and void council housing stock.

It was heard that following a summer peak of 33 per week, the number of approaches from homeless households had reduced during autumn. The current figure of 34 for January was not unusual for the time of year. The reduction in approaches during the autumn period had allowed the department to focus on service improvement.

A 36% reduction in the use of temporary accommodation (TA) had also been seen, with a peak figure of 234 households in TA in August 2019 compared with a current figure of 148. This reduction had been achieved by focussing on “move on” plans for those in TA, addressing blockages in homeless processes while also working on homelessness prevention. It was noted that the Council had also reduced reliance on expensive nightly paid accommodation by 70% since its peak, with no families currently in B&B accommodation and a limited number of households in TA outside the borough.

Details were provided of the Winter Night Shelter which was in its third year of operation having opened on 11th November. A total of 26 individuals had been referred to the shelter to date with an average of 6 or 7 rough sleepers using the shelter on a nightly basis compared with around 12-13 a night in the previous year.

Funding awarded to the Council by the Rough Sleeper Initiative Fund had been utilised to fund a Rough Sleeper Outreach Worker and to provide two Housing First properties for rough sleepers. In addition, a Cold Weather Fund grant of £42,000 had been secured allowing the night shelter to open earlier in the year and remain open every night as well as funding an outreach worker and shared accommodation to allow night shelter users to move on from the facility once it closed at the end of March.

The Committee heard that a total of 14 rough sleepers had been helped into settled accommodation to date. This had had a visible impact on the town centre, with rough sleeper numbers falling from 17 in November 2019 to a current figure of one. A bid for continuation of funding outlined above was in progress.

Phase 2 of the team action plan was an aim to drive further service improvements by reducing the use of temporary accommodation and helping customers through the homeless process smoothly and quickly. Members noted a shift in focus towards more preventative work and there would be a review of website information to ensure it contained comprehensive and robust advice.

Members received a progress update in relation to the purchase and reopening of Wellington House.

In relation to Voids, it was heard that the number of void properties had fallen dramatically as a result of revised management processes. Currently there were 60 void properties, with 42 of these undergoing works and 12 ready for new tenants to move in. January had seen an unusually high figure of 37 properties made void compared with the normal average of 15 per month.

19.MA.48 KEY PERFORMANCE INFORMATION BOOKLET (A5)

The Key Performance Information Booklet was noted.

19.MA.49 WORK PROGRAMME (A6)

The contents of the work programme were noted with the addition of the following items to be brought to the next meeting of the Committee:-

- Climate Change
- Internal Audit Plan 2020-2021
- Draft Audit Plan
- Final Accounts 2019-2020

- Pooling of Capital Receipts
- Asset Update

(The meeting started at 7.00pm and ended at 9.12pm)

Signed
Chair

DJP

Committee	Monitoring and Audit	Item 8A	Page 1 of 3
Report Originator	Mark Dickenson Head of Resources	<i>Fwd Plan Ref No:</i> N/A	
Wards Affected	All	14 July 2020	
Title	ANNUAL GOVERNANCE STATEMENT 2019/20		

1 PURPOSE OF REPORT

The purpose of this report is to present the Annual Governance Statement for 2019/20, for Committee endorsement.

2 INFORMATION

- 2.1 The CIPFA / SOLACE governance framework requires an Annual Governance Statement (Appendix A) to be produced. The statement is ultimately incorporated into the Council’s Statement of Accounts.
- 2.2 The framework outlines six core principles of good governance as outlined in the following table.

1	<p>The Council will focus on its agreed purpose and on outcomes for the community to create and implement a vision for the local area.</p> <p><i>Includes having a clear vision, taking decisions on behalf of the community with their benefits being of paramount importance.</i></p>
2	<p>Members and Officers will work together to achieve the agreed purpose with clearly defined functions and roles.</p> <p><i>In essence, Members making political choices in public (based on impartial officer advice given publicly) and officers managing the day to day operations of the organisation to ensure service delivery priorities, determined by Members, are achieved.</i></p>
3	<p>The Council will promote the values of good governance and demonstrate high standards of conduct and behaviour.</p> <p><i>Members and Officers always having good governance at the forefront of their thinking and decision making and seeking clarification at the earliest opportunity.</i></p>

4	<p>The Council will make informed and transparent decisions, which are risk assessed and effectively scrutinised.</p> <p><i>Member decision making to be transparent after the proper consideration of officer reports and professional advice given in public at Committee and Council meetings. Where appropriate, matters should be considered by Scrutiny or Standards Committee.</i></p>
5	<p>The Council is committed to developing the capacity and capability of its Members and Officers.</p> <p><i>The provision of continued Member and Officer development through training (core, refresher and developmental) and other professional opportunities.</i></p>
6	<p>The Council will actively engage with local people and other stakeholders to ensure robust public accountability.</p> <p><i>Effective consultation and feedback mechanisms must be in place in addition to the decision making process (set out in the Council Constitution).</i></p>

2.3 The framework also identifies the need for a review body in the process, the Monitoring and Audit Committee undertakes this important role for the Council. Its role is to review the Statement and the process followed to produce it and subsequently endorse it. It may help members to specifically consider the following: -

- Is the process for producing the Annual Governance Statement effective?
- Does the Council's Annual Governance Statement adopt the six principles effectively?
- Are the Council's governance arrangements robust?

2.5 The high level process for approving the Statement is as follows:

- Assurance gathering and review of principles;
- Preparation of the draft Annual Governance Statement;
- Review by the Councils Strategic Corporate Governance Group;
- Review by Monitoring and Audit Committee.

2.6 The core of the review process is an assurance gathering exercise, which involves each Head of Service on behalf of their service area. The assurances given and the Governance issues identified inform the Annual Governance Statement.

2.7 The Annual Internal Audit Report for 2019/20 is being reported to this committee (Item A2). The report provided a 'Significant' level of assurance for the system of internal control based upon the Internal Audit work completed during the year. CWAS the Council's Internal Auditors did not highlight any weaknesses that should be regarded as 'Significant Internal Control Issues' that would require disclosure within the AGS.

3 CONSULTATION AND CUSTOMER IMPACT

3.1 The statement is an internal document but does outline the requirement for effective consultation and feedback mechanisms.

4 POLICY IMPLICATIONS

4.1 The statement must have some connection with every policy of the Council as it should provide the assurance, together with the supporting evidence that the policies and hence governance arrangements of the Council are still required, up-to-date and relevant.

5 USE OF RESOURCES

5.1 The statement is also considered as part of the external audit process. It must be properly prepared, contain the required level of supporting evidence and be subject to scrutiny external audit.

6. RECOMMENDATIONS

6.1 Note the Monitoring and Audit Committee's role in the AGS process.

6.2 Review and endorse the draft Annual Governance Statement for 2019/20.

Background Papers:

Title of Document: CIPFA / SOLACE
Governance Framework

Date:

Contact Officer: Mark Dickenson (ext 4303)

Previous Reports/Minutes:

Ref:

Date:

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ANNUAL GOVERNANCE STATEMENT

Statutory Requirements

This statement has been produced in accordance with the requirements of regulation 6(1)(a) and (b) of the Accounts and Audit Regulations 2015.

Scope of Responsibility

Kettering Borough Council (the Council) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, used economically, efficiently and effectively. The Council also has a duty under Section 3(1) of the Local Government Act 1999 to make arrangements to secure continuous improvement in the way its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk. The Council's Annual Governance Statement has been prepared on behalf of the Responsible Finance Officer and reviewed by the Corporate Governance Group before being submitted to the Monitoring and Audit Committee. This formed our review of the effectiveness of the Governance Framework in place at the Council.

The Council operates an assurance framework which is consistent with the principles of the CIPFA/SOLACE *Delivering Good Governance in Local Government: Framework (2016)* and meets the requirements of regulation 6(1)(a) and (b) of the Accounts and Audit Regulations 2015.

The Council's Corporate Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled and its activities through which it accounts to, engages with and leads with the community. It enables the Council to monitor the achievement of its strategic objectives via appropriate, cost effective services.

The system of internal control is a critical part of that framework and is designed to manage risks to a reasonable level. It does not eliminate all risks of failure to achieve policy objectives but it does try to provide assurance of effectiveness to a reasonable level.

The system of internal control is based on an ongoing process designed to identify and prioritise risks, to evaluate their likelihood and their potential impact. The process also identifies ways of mitigating individual risks.

There are seven key principles that underpin the Council's corporate governance arrangements, these are detailed in sections A to G and each of these has a number of sub-principles.

The Council's Local Code of Corporate Governance identifies the actions and behaviours taken by the Council in relation to each of the core principles and associated sub-principles of the Annual Governance Statement. It was considered and approved by Monitoring and Audit Committee for recommendation to Full Council at the meeting on the 5th February 2019 and subsequently approved by Full Council at the meeting on the 27th February 2019. A copy of the local Code of Corporate Governance is attached as Appendix A.

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

Following the implementation of the Local Government Act 2000, the Council introduced a model Constitution. The Constitution was last formally reviewed during 2007/08 and has since been updated in response to changes in legislation. The two latest amendments were reported to Council on 25th September 2019. The Constitution was subject to a further review in 2013/14 to take into account the changes introduced by the Localism Act 2011. It includes all the necessary elements to promote good corporate governance, and good working arrangements between Officers and Members. The Members Code of Conduct can be found at:

https://www.kettering.gov.uk/directory_record/15524/5a_councillors_and_co-opted_members_code_of_conduct

The Constitution sets out roles and responsibilities of Committees, Members and Officers (including the statutory responsibilities of the Head of Paid Service, Monitoring Officer, and Statutory Finance Officer) together with codes of conduct and responsibilities. The Constitution is available at:

<https://www.kettering.gov.uk/directory/32/constitution>

High standards of conduct are expected from Members and Officers throughout the Council. These standards are articulated in the Member Code of Conduct and the Staff Code of Conduct. Standards are promoted in the induction training for both Officers and Members.

The Council has implemented the Standards provisions of the Localism Act 2011. The Member Code of Conduct is based on the Nolan Principles which sets out the need for Members to register and declare their interests. A Register of Members' Interests and a Register of Gifts and Hospitality are maintained and can be viewed on the Council's website. The website also contains information on the Code of Conduct Complaints Procedure and the Corporate Complaints Procedure.

The Council has maintained a Standards Advisory Committee including independent members although there is no statutory need to do so. This Committee monitors Members' compliance with the Code of Conduct and will investigate complaints of

misconduct, taking reports and advice from the Statutory Officers Group established under the arrangements made under the Localism Act 2011 to deal with complaints against Members.

The Council has adopted a confidential 'Whistle-Blowing' policy which forms part of the Constitution. The Council is committed to act with integrity and any wrongdoing by Members or staff is treated very seriously. There is also guidance available on notice boards to raise awareness.

The Council Constitution provides extensive guidance on the procedures for meetings, the conduct of meetings and the decision making process.

The Council is required by statute to have a Monitoring Officer, this role is undertaken by the Executive Director, who has a duty to report to the Council on any proposal or decision that may be illegal, in breach of a code of practice, or likely to result in maladministration or injustice.

To ensure compliance with the Financial Regulations the Council is required to have a Chief Finance Officer in accordance with S151 of the Local Government Act 1972, that officer is the Head of Resources. The role is supported through a robust system of financial management.

The Council's financial management arrangements conform to the governance requirements of CIPFA's '*Statement on the Role of the Chief Financial Officer in Local Government (2012)*'.

The Council prepares job descriptions and specifications for every post, and for senior officers these will include references to any statutory duties.

B. Ensuring openness and comprehensive stakeholder engagement

The Council promotes openness and engagement in a number of ways.

The Constitution explains the powers and duties that Kettering Borough Council has and how it exercises them. It also details how the Council works, how decisions are made and the procedures that are followed to make sure that its decisions are efficient, open and accountable to local people.

Committee reports are set out in a standard format containing the information and professional advice in a logical sequence leading to the decision. The agendas and minutes of the meetings are available to the public on the Council's website. The decisions of the Executive Committee also show the reasons behind those decisions and, where applicable, any alternative options that have been considered.

The Council complies fully with the requirements of the Freedom of Information Act and the Publication Scheme, the details of which are shown on the Council's website.

The Council also complies with the Local Government Transparency Code 2015. This code was issued to meet the Government's desire to place more power into citizens' hands to increase democratic accountability and make it easier for local people to contribute to the local decision making process and help shape public services. This includes data on expenditure exceeding £500, the Council's Assets, Land and Buildings and Grants to Voluntary, Community and Social Enterprise Organisations.

The Council's goals and values are set out in a number of documents such as the Sustainable Community Strategy, the Community Safety Partnership Plan, and the Corporate Plan, all of which are available on the website.

Council and Committee meetings are open to the public with agendas and minutes being publicly available on the Council's website. The Council also operates a public right to speak policy.

The Council annually produces a Council Tax Leaflet, the current year's leaflet is available on its website.

https://issuu.com/ketteringboroughcouncil/docs/booklet_2019_issuu?e=25969030/68114990

The Council is committed to ensuring that consultation and engagement is embedded into the way in which it operates.

Engagement with residents includes the following:

- individual consultation meetings,
- on line consultations on the Council website,
- press releases,
- residents' panel,
- tenants' forum,
- leaflets, displays and screens at customer service centres,
- a presence at community events such as the Carnival and network events such as the Local Strategic Partnership (LSP).
- feedback from residents on current and planned council activity, demonstrating transparency and accountability.
- Individual Councillor surgeries
- The production of 'Connect', a quarterly newsletter for Council tenants and leaseholders
- Civic role of Mayor

The Council launched a new website in February 2018. The website is regularly updated highlighting the issues the Council is wishing to promote, introduce and enter into consultation on.

As a result of the budget pressures, partnership working has become more important. Excellent arrangements have been made with a wide range of partners,

both within the Council and externally, to help make sure residents can access comprehensive and seamless services. Our partners include Northamptonshire County Council, Northamptonshire Police, Fire and Crime Commissioner, Kettering General Hospital NHS Foundation Trust, HM Revenue and Customs and a range of voluntary sector organisations.

The Council Constitution provides a Terms of Reference for Consultation and Partnership Forums.

The Council's formal budget consultation process commences mid-January when the Executive receives the draft budget proposals. The draft budget proposals are then presented at the Council's annual budget consultation meeting and the scrutiny role is undertaken by both the Monitoring and Audit and Research and Development committees. There is also an opportunity for the Geographic Forums and Tenants Forum to comment on the budget proposals. Comments from this are reported back to the February Executive, who then make a formal recommendation to Full Council, where the budget and the Council Tax is set. The following is a link to the Budget Consultations.

https://www.kettering.gov.uk/meetings/committee/31/budgetcouncil_tax_consultation

The Council's planning process is clearly linked to corporate objectives and takes into account the views of residents and stakeholders through a number of different mechanisms (including individual consultation meetings, residents' panel, tenants' forum, geographical forums and budget consultations). Examples include consultations with local businesses on proposals for the improvement of the public realm and traffic access in the town centre, the Kettering Town Centre Delivery Plan, residents parking schemes, the East Kettering development and associated junction improvements plus a whole range of activities.

Consultation is specifically aimed at ensuring services for local communities continue to reflect their current needs. The Council's decision making process ensures that when Members make decisions, they are aware of the community impacts of decisions through the consideration of professional officer advice. This involves working in partnership with local businesses, some of the initiatives include offering Job Fairs for employers, training providers and job seekers.

The Council has achieved the Government Customer Service Excellence Standard for its Customer Services operation for the last 10 years. There is a long history of delivering effective, customer focussed services through a wide range of access channels which include customer service centres in Kettering, the three major A6 towns, website, telephone response centre and email.

The Council has a well-established and robust system of dealing with complaints, as a Council we want to give the users of our services a fair, consistent and structured process to secure a remedy for failures in the delivery of our services. We want to learn from all complaints made to us. Therefore, we will use the outcome of any complaint and any remedial action as a positive method of [monitoring performance](#) and improving our services.

Complaints about Kettering Borough Council are processed in accordance with the complaints policy which can be found at:

https://www.kettering.gov.uk/info/20014/about_the_council/46/making_a_comment_compliment_or_complaint/4

The Council encourages all members of the community to express their views. This is facilitated by having a number of pages on the Council's website where the public can submit suggestions on a range of issues.

The Council is committed to supporting the development of local businesses and young people in the community by providing the highest quality training, support and guidance. This is provided through our in-house training specialists, Kettering Training Services. It aims to support apprenticeships and foundation learning programmes as a valid alternative to full-time education and to develop the skills of young people and encourage them to achieve their full potential to meet local employment opportunities.

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

The Council's Policies and Strategies seek to take into consideration outcomes in terms of sustainable, economic and environmental benefits. Committee reports require the financial and customer implications to be considered.

The Council's Corporate Plan has three high level objectives which set out the strategic objectives the Council is delivering. To achieve our vision, we will focus on three high level objectives:

- a. Delivering Sustainable Growth
- b. Delivering Stronger, Safer, Cleaner and Heathier Neighbourhoods
- c. Providing Modern Public Services

The Council's Medium Term Financial Strategy is approved annually by Full Council at the same time Council Tax levels are set. The Executive at the September 2017 meeting considered and approved the rationalisation of the guiding principles from four sets to two distinct groupings, one that is referred to as the Council's financial 'golden rules' and one that is known as the Council's financial 'guiding principles'.

The 'guiding principles' have been instrumental in helping the Council deliver a balanced budget over the past nine years. The principles discourage the use of one-off reserves to balance the budget in favour of more sustainable methods, like proactive budget management, ongoing efficiency savings and attracting external funding.

The Tenants Forum received and discussed a set of 'golden rules' and 'guiding principles' focussed on the Housing Revenue Account at the meeting on the 10th May 2018. These were then approved by the Executive at the May 2018 meeting.

The Council produces a number of Key Performance Indicators which are regularly updated on the website.

Each service area within their operational Service Plan clearly identifies what they have delivered and sets out their aims and objectives for the coming year and how they link to the delivery of the key themes.

The Service Plans also detail how the outcomes will be achieved by specifying:

- the financial resources required to efficiently deliver these objectives
- how customers have been consulted on changes to services or new initiatives
- service standards that will be maintained whilst delivering the service
- assessment of potential operational risks and mitigation of these
- performance delivery and sickness information

Service Plans are used to record and set out how the Corporate Objectives will be delivered.

To ensure delivery of the Service Plans each service area reports to the Strategic Management Team on a monthly basis. A summary performance clinic document is produced for each service area and this provides the opportunity to review and challenge performance, budget, sickness, project delivery and risk management for each of the service areas.

In addition to individual service area monitoring, a Key Performance Information Booklet is produced and presented to Monitoring and Audit Committee on a quarterly basis. This provides Members with the opportunity to assess performance and scrutinise delivery against the council priorities, an example from 4th February 2020 is available at:

https://www.kettering.gov.uk/meetings/committee/10/monitoring_and_audit_committee

The Executive Committee receives a monthly report on the Council's budget position; 'The Durable Budget Report'. The report considers the main issues that are likely to impact on the Council's financial position in the medium term. The report also highlights emerging issues facing the Public Sector such as changes to funding regimes for local authorities, and the impact of changes in legislation which may exert additional future financial pressures on the Council and its services.

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

The Council's Statutory Officers have an input into all reports that are considered by Full Council, Executive and Scrutiny committees to ensure that any issues of governance are considered and either addressed or highlighted.

The decision making protocol set out in the Council's Constitution includes references to consulting local people and organisations.

The Strategic Management Team supports all Councillors and provides advice to members on policy options and implications. The Council uses a report format which ensures that all relevant issues are considered including the legal and resource implications.

The Council has an established cycle of meetings that enables regular consideration and review of strategic and operational issues. In line with this there is a calendar for submitting reports to enable members and any other interested parties to have adequate time to read the reports prior to the meetings.

Councillors determine the Council's overall policies and approve the budget each year. These meetings are normally open to the public and provide local people with an opportunity to address the Council on matters under discussion.

The Executive is the committee of the Council that is responsible for making key policy decisions, within the framework, the budget is set by Full Council. The Executive publishes a monthly work programme of the decisions it will be taking so that other Councillors and local people know what will be decided and when. The Executive requires Full Council to approve decisions if they are outside the budget or policy framework.

The Council operates two scrutiny committees – a Research and Development Committee (which is essentially 'forward' looking) and Monitoring and Audit Committee (which is 'backward' looking) These are charged with challenging and assisting with policy formulation. The Scrutiny Committees may also appoint Task and Finish groups to support the scrutiny function. A recent example was the Kettering Town Centre Task and Finish Group which provides a joint business and Council group to better enable Kettering town centre to adapt and compete in the face of changing consumer and social trends.

Monitoring and Audit Committee perform the function of an Audit Committee and regularly receive reports from both internal and external audit (including audit plans, review of internal audit, annual audit letter).

The function and procedure rules for the scrutiny committees are included in the Council Constitution.

In addition there are regulatory committees including Planning and Licensing which take decisions on applications for planning permission and taxi and liquor licences respectively and the Standards Advisory Committee which considers complaints made against Councillors under the Code of Conduct and promotes and maintains high standards of conduct by Councillors.

The Members' role in monitoring service delivery can be illustrated by the use of the Key Performance Information booklet, the allocation of portfolios to Executive Members based on the Council's functions and the consideration of external audit and internal audit reports by the Monitoring and Audit Committee.

Issues of capacity are addressed during the budget process and reviewed monthly as part of the budget monitoring process. All budgets are prepared in accordance with the Medium-Term Financial Strategy which is a continually evolving framework that takes account of a large number of variables.

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

The Council fully recognises the importance of partnerships as evidenced by the large number and varied type of partnership working into which it has entered. The joint working arrangements at the Council includes District Law, Shared Financial Systems, Joint Planning Unit, Joint Development Unit and Street Scene. The partnership arrangements include Citizens Advice Bureau, Northamptonshire Police, Connexions, the NHS and the Kettering Futures Partnership.

The training needs of all staff relating to service specific or professional development requirements are identified through the Personal Review and Development Scheme and through Service Plans. The PRD scheme was reviewed during 2016/17 and the new scheme became operational from April 2017. Training is provided using the corporate training budget and specific training budgets held by Service areas.

The learning and development plan has been developed to provide the following:

Relevance: learning and development provision will meet new opportunities and challenges for the Council and the Council's services.

Alignment: learning and development is aligned to the Council's culture, priorities and key strategies.

Measurement: evaluating the cost and impact of learning and development and the extent to which expectations have been met.

The Council's strategy for learning and development is as follows:

- a. To identify and maximise potential within the organisation, offering opportunities for learning and development through temporary assignments, projects and secondments.
- b. To provide support for performance improvement and management.
- c. Develop skills and experience in the local community through our work opportunities for apprenticeships, internships volunteering and work experience.

The Council's culture encourages a one team approach, an open and engaged workforce, spotting and developing talent, proactively celebrating success (staff awards ceremony), innovation, enterprise and vision and horizon-scanning.

There are protocols for the relationships between Members and staff contained within the Council's Constitution. In addition SMT and the Leader of the Council meet on a regular basis.

At Member level, the Member Development Group comprising of five Councillors representing all political parties assesses and guides the training requirements of Members. Induction training, regular Member information sessions, training for committee chairs, and external training is provided. In addition the Council was re-accredited with the Member Development Charter in November 2014 for its Member training and development arrangements.

The Member Development Group did not seek re-accreditation owing to local government reorganisation

A Member development review is undertaken on an annual basis and a skills audit undertaken to determine the member training plan. Member Information Sessions are scheduled on a regular basis to provide members with information and updates on changes in legislation and policy.

The Council has a number of stakeholder based forums that meet on a regular basis, and these are organised on a geographical basis. The Tenants forum actively encourages the participation of council tenants. Public consultations are undertaken on an ad hoc basis.

The Council achieved Investors in People re-accreditation in 2019 and ensures that human resources policies support staff.

Health and Wellbeing is promoted within the Council with monthly health checks being offered to all staff.

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

The Council recognises the importance of regularly reviewing both the Risk Management Policy and the Strategy statements to ensure the Council's approach to risk is robust and up to date. A full review of the Council's risk management procedure is undertaken every two years. The last full review was approved by Monitoring and Audit Committee in November 2018. An interim review was reported to Monitoring and Audit Committee in July 2019. This considered the specific risks inherent in local government reform. Risk Management is an inherent element of the Council's Key Performance Information booklet that is presented to the Monitoring and Audit Committee on a quarterly basis.

The Council's Risk Management Policy Statement states that risk management is an essential part of the day to day management culture of the organisation in relation to how the business operates and makes decisions.

The stated aims of the Risk Management Policy, as set out in the Statement, is that the Council has appropriate systems in place to help identify, evaluate and make a conscious choice about how to deal with the business risks that it faces.

In the Council's Risk Management Strategy the overall responsibility for managing risk lies with the Council's Strategic Management Team (SMT). Responsibility for individual risks rests with the Heads of Service or their designated officers, with the Head of Resources co-ordinating this process.

The management of strategic risk is a critical factor in the successful delivery of services, use of resources and decision making. It underpins good corporate governance and assists management in fulfilling their corporate responsibilities.

Member decision making takes place after the proper consideration of Officers' reports and advice including professional advice being given at Committee meetings and Council.

The Corporate Management Team (CMT) and SMT meet regularly to develop policies that are in line with the Council's aims and priorities including the progress of key council projects and consider internal control issues such as performance management, risk management and efficiency.

CMT and SMT meet regularly to develop policies that are in line with the Council's aims and priorities. They also monitor the progress of key council projects and consider internal control issues such as performance management, risk management and efficiency. Minimising the risks of partnership working is a specific risk in the Council's Strategic Risk Register.

The principles of consistency between the specification stage and post implementation reporting are set out in the Council's Financial Regulations and in various financial guidance, such as budget information, produced from time to time as appropriate.

There is a risk matrix included within the Risk Management Strategy for assessing both strategic and operational risks. The internal audit plan is aligned to this strategy highlighting specific areas of risk which will be reported to members during the course of the year.

The Monitoring and Audit Committee fulfils the role of monitoring risk management and internal control. This Committee reviews and approves the Risk Management Strategy and Policy annually.

Each year the Internal Audit Service produces a report summarising the work they have carried out in the year and provides an overall opinion on the level of internal control based on the work they have undertaken.

The Medium Term Financial Strategy and the annual budget process provide the framework within which financial performance can be monitored. Operational performance can be measured both by key performance indicators and by budget monitoring.

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

The Council communicates with the public and other stakeholders in an understandable style.

On the Council's intranet there is a Brand Guidelines section for staff. This includes among other things guidance on language and communication.

The annual Statement of Accounts reports primarily on the stewardship of resources and includes a narrative report which provides commentary on performance and value for money, which the external auditors provide an opinion on.

The Statement of Accounts is submitted annually to the Monitoring and Audit Committee for approval.

The Annual Governance Statement evidences the way in which the principles of good governance have been applied.

The format complies with the requirements of the CIPFA *Code of Practice on Local Authority Accounting* and the associated guidance notes.

The Council provides a full response to issues raised by internal and external audit, and these are reported to the Monitoring and Audit Committee.

The External Audit Annual Report is presented to the Monitoring and Audit Committee and highlights any action taken in response to issues raised.

The Council complies with CIPFA's *Statement on the Role of the Head of Internal Audit*.

The Council's Internal Audit service is provided by Coventry and Warwickshire Audit Services (CWAS). Internal audit looks at how the Council manages its risks. It provides the Strategic Management Team and members with information about whether risks have been identified, and how well they are being managed. Much of Internal Audit's work is focused on reputational, operational and strategic risks. It also gives an independent opinion on whether internal controls, such as policies and procedures that are in place to manage these risks, are working as intended.

Review of Effectiveness

Kettering Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of the effectiveness is informed by the work of the internal auditors and the management team within the Council. The management team have responsibility for the development and maintenance of the governance environment, for considering comments made by the external auditors, and for implementing improvements following the annual reviews.

The Council is responsible for ensuring that financial management is adequate and effective and that there is a sound system of internal control that is regularly reviewed. As such, it agrees the Corporate Objectives and the Financial Strategy - these form an integral part of the Council's Corporate and Service Planning Process (and effectively the backbone for the Council's performance management arrangements).CWAS provides an internal audit service to the Council and gives assurance to management on the adequacy of system controls and where necessary recommendations for improvement.

CWAS assesses the Council's system of internal control and provides an opinion on the overall adequacy and effectiveness of the Council's internal control environment. This report is presented to the May meeting of Monitoring and Audit Committee. This is likely to be delayed for the 2019/20 Opinion. In 2018/19 The Head of Internal Audit's opinion was that significant assurance could be given and that there was generally a sound system of internal control, designed to meet the organisation's objectives and that controls were generally applied consistently. The work undertaken did not highlight any significant weaknesses in relation to control issues.

CWAS have been responsible for delivering the internal audit service since April 2012. The internal audit contract from April 2017 was subject to a procurement process, following this process CWAS were awarded the contract for a three year period and the Council has an option to extend for a further two years.

An audit report is produced following each completed audit and discussed with the appropriate level of Management within the Council. Every report contains a Management Implementation Plan that details the recommendations made for each audit finding, the priority, manager responsible and agreed implementation date. Internal audit also assess the effectiveness of the controls that are in place for key systems and report these to the Monitoring and Audit Committee via the Key Performance Information booklet. The Internal Audit plan for 2019/20 was delivered in full.

The Council's Constitution clearly defines the roles and responsibilities of the Managing Director (as Head of Paid Service), the Executive Director (Monitoring Officer) and the statutory Responsible Finance Officer.

We have been advised on the implications of the result of the review of effectiveness of the governance framework by the Monitoring and Audit committee, and that arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

The following table outlines the key elements and roles within the overall assurance framework;

KEY ROLES & RESPONSIBILITIES	
Body:	Comments:
Internal Audit (via CWAS)	<p>Has an annual audit plan that has been constructed using a 'risk based' approach to help the Council's statutory finance Officer discharge their duties.</p> <p>Audit reports contain an action plan agreed by management, split between priority type together with an assessment of the internal control environment pre and post the implementation of the agreed recommendations. Audit reports are then followed up to ensure agreed action has been taken.</p>
External Audit	<p>Undertakes an annual review based upon the agreed audit plan for the year (to meet statutory requirements).</p> <p>The resultant Annual Audit Letter identifies any areas of internal control that require action together with identifying any continuing trends from the previous year.</p> <ul style="list-style-type: none"> • Provides an audit opinion on the Council's Accounts. • Provides a report on the certification of grants and returns. • Provides a Financial Statement Audit Plan. • Provides an Opinion on Value for Money

KEY ROLES & RESPONSIBILITIES	
Body:	Comments:
<p>Management Team:</p> <p>Strategic Management Team</p>	<p>Reviews and advises the Council on issues of strategy and policy and also receives weekly reports (on a rolling basis) of performance information (including financial information) from each Service Unit in the form of a 'performance clinic'.</p> <p>Receives high-level key budgetary control statements every month prior to being submitted to Committee. Preparation and presentation of committee reports to Members.</p> <p>Collectively reviews budgetary and performance information on a weekly basis in addition to dealing with individual audit reports for their area. Preparation and presentation of committee reports to Members.</p>
<p>Corporate Management Team</p>	<p>Responsible for the updating and ongoing monitoring of Service Plans together with the links to Corporate Priorities.</p>
<p>Statutory Officers:</p> <p>Head of Paid Service</p> <p>Monitoring Officer</p> <p>Responsible Finance Officer</p>	<p>The Council's Managing Director is the Council's Statutory Head of Paid Service.</p> <p>The Executive Director acts as the Council's Monitoring Officer. The key role of this post is to ensure that the Council always acts within the law and takes reasonable measures to properly protect itself from possible litigation issues.</p> <p>In accordance with s151 of the Local Government Act 1972 the Council is required to have a qualified accountant to be the Council's 'Responsible Financial Officer'. The Head of Resources is the Council's s151 officer who is responsible for the overall financial affairs of the Council.</p>

KEY ROLES & RESPONSIBILITIES	
Body:	Comments:
Committee / Member Arrangements:	
Full Council	Has overall responsibility for the approval of policy and strategy changes (new and existing) together with the Council budgets, Statement of Accounts and Corporate Plan.
Executive Committee	Receives policy and strategy information (incl. budget) together with any issues that need to be referred to it as per the Council's Constitution (incl. Financial Regulations).
Monitoring & Audit Committee	Receives monitoring information on the work of internal and external audit (and any significant issues), Key performance information (incl. financial), the Annual Audit Letter, and the Audit Plan.
Standards Advisory Committee	Overseeing for things such as the Members' Code of Conduct 'whistle blowing policy', Member and Officer protocols and Conduct.
Research & Development Committee	Performs an overview and scrutiny role in relation to the Council's annual budget, medium term financial strategy, planning policies, community plan, housing improvement plan and crime and disorder reduction strategy.

The Challenges of the Coronavirus Emergency

The Annual Governance Statement assesses the governance in place during 2019/20. The first period of lockdown due to Coronavirus was announced on the 23rd March 2020. The major part of the year was therefore unaffected by the emergency. The conclusion as to whether the Council's governance arrangements were fit for purpose reflects normal operations up to that date. The emergency however, despite the relatively short period of the 2019/20 financial year which it covers, is of such significance it is necessary to include this in the Annual Governance Statement.

The impact on governance falls into the following four categories:

- Impact on business as usual in the delivery of services.
- New areas of activity as part of the national response to Coronavirus and any governance issues arising.

- The funding and logistical consequences of delivering the local government response.
- Assessment of the longer- term disruption and consequences arising from the Coronavirus pandemic.

The Council had made arrangements for home working prior to the announcement on the 23rd March 2020 as part of its business contingency planning which enabled the Council to continue to maintain service delivery where possible. However, social distancing rules meant that all leisure, community and recreational facilities were closed immediately in accordance with Government Guidelines and some other services operated on a more restricted basis consistent with the safety of staff and customers. Wherever possible this meant staff working from home and where this was an option the Council provided guidance to ensure that there was adherence to the same level of office based data protection procedures and principles wherever staff were working. All Council meetings were initially postponed until 30th April 2020. Subsequently the Government notified Councils on 6th April 2020 that all local authority meetings before 7 May 2021 could be held remotely and removed the requirement for the annual meeting in 2020/21, and that all local by-elections and other polls would be postponed until 6th May 2021. This included the elections for the new North Northamptonshire Council.

As well as continuing to provide existing services the Council also engaged in new areas of activity such as:

- Setting up a community resilience hub to get food and support to those vulnerable groups in urgent need.
- Getting all the rough sleepers in the Borough into self-contained accommodation in less than 5 days.
- Amended business rates bills for those awarded extra discounts by the government.
- Distribution of grants to businesses that have been protected by the government due to the pandemic. The Secretary of State for Local Government specifically named Kettering Borough Council for their excellent performance in getting these payments out to local businesses promptly as Government had requested.
- Setting up an ICT solution so that people could work safely from home, transforming the way we deliver services in a 10 day period.
- Working alongside other local councils as part of the Northants Together Campaign which helped share local information and advice about Coronavirus.

The Government provided financial support nationally for local authorities in England in the following form:

- Support for additional pressures

- Council Tax Hardship Fund
- Rough sleepers fund
- Further business rates relief

The Government also deferred payment of £2.6bn of the central share of business rates for three months up to July 2020.

In order to expedite the procurement of goods and services during the emergency the Government issued Procurement Policy Note 1/20. This enabled authorities to enter contracts without competing or advertising the requirement provided they met the following conditions:

- There were genuine reasons for extreme urgency
- The events that led to the need for extreme urgency were unforeseeable
- It was impossible to comply with the usual timescales in the Public Contracts Regulations 2015
- The situation was not attributable to the contracting authority

Contracting authorities were obliged to keep a written justification that satisfied these tests. The Council amended its own procurement processes to align with the Government directions.

The Government has provided additional funding, delayed the payment of business rates and temporarily relaxed some of the procurement rules which will all help the situation in 2020/21. The country is likely to experience a severe economic downturn, the extent and duration of which cannot be predicted. The impact on local authorities is difficult to quantify, but could impact on the Council in the following ways:

- Retained business rates could be lower than forecast because of business failures. There is no guarantee that the Government will continue to support any prolongation of increased relief.
- The level of locally administered Council Tax Support could increase because of rising unemployment, which will impact on the tax base – this will impact on the 2021/22 budget.
- There could be additional expenditure pressures on services such as homelessness, leisure and waste.
- There could be reduction in income stream such as Planning and Building Control if there is a contraction in the construction industry. There will be reductions in car parking income.

The extent of the impact will not be known for many months and will depend on the length of time the country remains in lockdown together with the exit strategy that the government then applies.

The Council’s Medium Term Financial Strategy is based on assumptions about continuing growth in the local economy and therefore in the local tax base. If this contracts it will put create additional pressure on the Council’s Medium Term Financial Strategy together with additional expenditure and income pressures brought about from the Coronavirus. The Council’s Medium-Term Financial Strategy will continue to be updated to reflect the latest assumptions.

Conclusion




On the evidence presented in the section on the Review of Effectiveness the Council believes that its’ governance arrangements continue to be regarded as fit for purpose in accordance with the governance framework. This conclusion is supported by the findings of both internal and external audit.

Summary of Governance Issues

The Council is aware that there are a number of challenges that it faces up to 31st March 2021 and that appropriate arrangements are in place to ensure its business is conducted according to expected standards. In addition, authorities also need to ensure that the Annual Governance Statement is current at the time of its publication, so it is essential that it reflects any impact of the Coronavirus pandemic.

The challenges for 2020/21 include:

- Local Government Review in Northamptonshire.
- Responsive behaviour to the Local Government Review seeking to deliver legacy projects.
- Addressing any issues highlighted by external audit
- The impact of Coronavirus on budgets and service delivery.

Name	Position	Signature	Date
G Soulsby	Managing Director		June 2020
M Dickenson	Head of Resources		June 2020
Cllr R Roberts	Leader of the Council		June 2020

KETTERING BOROUGH COUNCIL LOCAL CODE OF CORPORATE GOVERNANCE

Introduction

Kettering Borough Council is committed to demonstrating that it has the necessary corporate governance arrangements in place to perform effectively, and has developed this Local Code of Corporate Governance to reflect the latest guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) entitled “Delivering Good Governance in Local Government (2016)”.

What do we mean by Governance?

Governance is about how Kettering Borough Council ensures that it is doing the right things, in the right way, for the right people in a timely, inclusive, open, honest and accountable manner.

It comprises of the systems and processes, and cultures and values, by which the Council operates, and by which it engages with, and is held accountable to its communities and stakeholders.

The Corporate Governance Framework consists of seven core principles, each supported by sub-principles that should underpin the governance framework of a local authority:

- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law;
- Ensuring openness and comprehensive stakeholder engagement;
- Defining outcomes in terms of sustainable economic, social, and environmental benefits;
- Determining the interventions necessary to optimise the achievement of intended outcomes;

- Developing the Council's capacity, including the capability of its leadership and individuals within it;
- Managing risks and performance through robust internal control and strong public financial management;
- Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

Benefits of a Code of Corporate Governance

The documents and arrangements set out within this code demonstrate that the Council continually seeks to ensure it remains well governed and that to deliver good governance the Council must seek to achieve its objectives whilst acting in the public interest at all times.

The Corporate Governance Group is responsible for ensuring that the Code is reviewed annually as part of the preparation for the Annual Governance Statement.

How KBC meets the principles of good corporate governance

This section sets out how KBC works to the seven principles of good corporate governance.

Principle 1: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

Principle 1:	To achieve this, the Council will:	Examples of Evidence of systems, processes and documentation demonstrating compliance
<p>Page 38</p> <ul style="list-style-type: none"> • Behaving with integrity • Demonstrating strong commitment to ethical values • Respecting the Rule of Law 	<ul style="list-style-type: none"> • Publish an Annual Governance Statement which reviews the effectiveness of the Council's governance framework • Maintain the established Corporate Governance Group (CGG) with responsibility for monitoring this framework and all governance matters • Maintain values which underpin an ethos of good governance • Comply with legislation and all relevant professional standards • Maintain formal codes of conduct defining standards of behavior expected of Officers and Members • Publicise Gifts & Hospitality guidelines • Maintain a framework which addresses the risks of fraud and corruption including an Anti-Fraud & Corruption Policy and a Whistleblowing Policy • Maintain effective systems to protect the rights of staff, including whistleblowing policies which are accessible and regularly 	<ul style="list-style-type: none"> • Annual Governance Statement • Statement of Accounts • Constitution (including Financial Procedure and Contract Procedure Rules) • Members Code of Conduct • Officer Code of Conduct • Decision making process & minutes of meetings • Declaration of interest at meetings • Register of Interests regularly updated and available on line • Register of Gifts and Hospitality for Members and Officers • Whistle Blowing Policy • Anti – Fraud and Corruption Policy • Member and Officer Induction processes • Standards Advisory Committee

	<p>communicated</p> <ul style="list-style-type: none"> • Maintain a register of interests and seek declarations to be made at the start of Council meetings • Maintain arrangements to investigate complaints against Members and officers, including alleged misconduct 	<ul style="list-style-type: none"> • Member development programme • Statutory Officer appointed • Legal advice recorded in Committee reports • Staff recruitment policies • Job- descriptions • Equality Impact Assessments • Officer performance appraisal • Customer Service standards
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Principle 2: Ensuring openness and comprehensive stakeholder engagement.

Principle 2:	To achieve this, the Council will:	Examples of evidence:
<ul style="list-style-type: none"> • Openness • Engaging comprehensively with stakeholders • Engaging stakeholders effectively, including individual citizens and service users 	<ul style="list-style-type: none"> • Seek the views of stakeholders and respond appropriately • Provide a variety of opportunities for the public to engage effectively with the Council including rights to information, participation and how to complain or comment • Ensure Council meetings are accessible to the public • Publish agendas, minutes, report packs and a calendar for a full year for Council meetings on modern.gov and a formal notice of each meeting will be displayed at the Council offices • Publish relevant information regarding Council services and projects on the Council's website to ensure it is easily accessible to the community. 	<ul style="list-style-type: none"> • Constitution • Decision making processes • Modern.gov (committee management system) • Scrutiny Committees • Geographic Forums, East Kettering Forum, Tenants Forum, Local Strategic Partnership, Kettering Futures Partnership • Council website, regularly updated • Compliance with the Transparency Code • Consultations • Public speaking in council meetings • Partnership working • Customer Service Excellence • Complaints and feedback process • Social media

Principle 3: Defining outcomes in terms of sustainable economic, social, and environmental benefits

Principle 3:	To achieve this, the Council will:	Examples of evidence:
<ul style="list-style-type: none"> • Defining outcomes • Sustainable economic, social & environmental benefits 	<ul style="list-style-type: none"> • Make a clear statement of the Council’s purpose and vision and use it as a basis for all corporate and service planning • Publish on the Council’s website the various reports to communicate the Council’s activities and achievements including its financial position and performance • Prioritise resources to deal with completing demands and consider the impact of decisions in the Medium Term Financial Strategy • Identify and manage risks to the achievement of outcomes • Ensure an up to date Local Development Plan is adopted to guide sustainable development and deliver environment, social and economic growth. 	<ul style="list-style-type: none"> • Committee reports • Forward Plan • Strategic Plan • Medium Term Financial Plan • Capital Programme • Risk Register/Risk Management Framework • Local development plan • Service plans • Corporate plan

Principle 4: Determining Interventions, planning interventions and optimising achievements of intended outcomes

Principle 4:	To achieve this, the Council will:	Examples of evidence:
<ul style="list-style-type: none"> • Determining Interventions • Planning interventions • Optimising achievements of intended outcomes 	<ul style="list-style-type: none"> • Make a clear statement of the Council's purposes and aims and use this as a basis for corporate and service planning • Regularly report on key performance indicators (KPIs) which have been established for each service • Ensure budgets are prepared in accordance with organisational objectives and regularly reported upon • Provide senior managers and members with timely financial and performance information • Ensure there is a sound risk management framework to support the achievement of the Council's intended outcomes • Have robust contingency arrangements in place for business continuity and disaster recovery 	<ul style="list-style-type: none"> • Budget consultations • Other consultations • Stakeholder engagement • Performance Management Framework • Risk Management Framework • Medium Term Financial Strategy • Corporate Governance Group • Regular financial and performance to scrutiny and Executive • Business Continuity Plans • Scrutiny challenge of Executive decisions • Corporate Priorities Document • Service Delivery Plans • Safeguarding Policy • Treating People Fairly Strategy

Principle 5: Developing the Council’s capacity, including the capability of its leadership and individuals within it.

Principle 5:	To achieve this, the Council will:	Examples of evidence:
<ul style="list-style-type: none"> • Developing the entity’s capacity • Developing the capability of the Council’s leadership 	<ul style="list-style-type: none"> • Set out a clear statement of the respective roles of members and officers • Set out a protocol to address the working relationship between officers and members • Maintain an effective workforce plan to enhance the strategic allocation of resources • Maintain officer and member induction programmes • Assess the skills required by officers through the Performance Development Review (PDR) process and address any training gaps to enable roles to be carried out effectively • Develop the capabilities of members through member training • Regularly review the scheme of delegation and Constitution and update when required • Ensure arrangements are in place to encourage public participation • Ensure arrangements are in place to maintain the health and wellbeing of the workforce • Regularly brief all members • Working through effective partnerships 	<ul style="list-style-type: none"> • Constitution • Member induction and training programme • Member Personal Review and Development Plans • Briefings and workshops delivered to all members or political groups • Member/officer protocol • Employee induction process • Employee Annual Performance, Review and Development process • Corporate Training budgets • Induction and management training • Professionally qualified staff • Corporate Management Team development days • Team meetings • Core Brief

Principle 6: Managing Risks and performance through robust internal control and strong public financial management

Principle 6:	To achieve this the Council will:	Examples of evidence:
<ul style="list-style-type: none"> • Managing Risk • Managing performance • Robust internal control • Managing data • Strong public financial management 	<ul style="list-style-type: none"> • Maintain an effective Monitoring & Audit Committee independent of Executive functions • Maintain an effective Scrutiny function • Ensure robust and integrated risk management arrangements are in place and responsibilities for managing individual risks are clearly allocated • Manage performance by ensuring the Performance Management Framework is adhered to • Ensure publication of agendas and minutes are published promptly • Maintain regular programme of member training • Maintain sound financial procedure rules to ensure consistency and clear financial protocols • Maintain a transparent complaints and feedback procedure • Maintain a risk based programme of internal audits which are informed by the Council's risk registers • Individual audits take account of service/ 	<ul style="list-style-type: none"> • Risk register • Risk management strategy • Monitoring • Constitution • Financial procedure rules • Financial management systems • Regular financial and performance reporting • Safeguarding Policy • Scheme of delegations • Performance Management clinics & framework • Monitoring & Audit Committee • Research & Development Committee • Standards Assessment Committee • Statutory officers • Corporate and service risk registers • Monthly Performance Clinics at SMT

Principle 6:	To achieve this the Council will:	Examples of evidence:
<p>Page 45</p>	<p>project risks with each report providing an assurance opinion on how risks are being managed</p> <ul style="list-style-type: none"> • Ensure effective anti-fraud and corruption arrangements are in place • Ensure effective information governance arrangements are in place to support compliance with data protection legislation • Ensure financial management supports decision making and provides sufficient information to support the delivery of the Council's objectives 	<ul style="list-style-type: none"> • Modern.gov • Constitution (including financial rules) • Regular training • Complaints & customer feedback procedure • Internal Audit Charter • Anti-fraud and corruption strategy • Annual Governance Statement • IT security policy • Social media policy • Internal Audit plans

Principal 7: Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

Principle 7:	To achieve this the Council will:	Examples of evidence:
<ul style="list-style-type: none"> • Implementing good practice in transparency • Implementing good practice in reporting • Assurance and effective accountability 	<ul style="list-style-type: none"> • Maintain compliance with the local government transparency code and publish all required information in a timely manner • Maintain effective and accessible arrangements for dealing with complaints • Maintain an effective scrutiny function which encourages constructive challenge • Maintain an effective audit function • Publish all Council reports on the website (eventually through modern.gov) unless there is a statutory reason not to do so • Maintain and regularly communicate whistleblowing policies • Corporate Governance Group meets regularly and monitors compliance with the Governance Framework • Produce regular finance and budget monitoring reports for members reporting on performance, value for money and stewardship of resources • Produce regular budget manager reports to ensure senior managers own the results. 	<ul style="list-style-type: none"> • Council meetings are open to the public except where, for legal reasons, matters are discussed in private as exempt items or are confidential meetings • Agendas, reports and minutes published on council website and Forward Plan • Publication of decisions • Annual Statement of Accounts • Annual governance statement • Website information • Scrutiny committees • Complaints and customer feedback policies • Modern.gov • Whistleblowing policy • Performance Management • Members' remuneration panel • Risk Management Strategy Policy

Committee	MONITORING AND AUDIT	Item 8B	Page 1 of 2
Report Originator	Mark Dickenson Head of Resources	<i>Fwd Plan Ref No:</i>	
Wards Affected	All	14 th July 2020	
Title	INTERNAL AUDIT ANNUAL REPORT 2019/20		

<p>1 <u>PURPOSE OF REPORT</u></p> <p>1.1 To present the Annual Internal Audit Report from the Council's Internal Auditors (CWAS) in compliance with the requirements of the Accounts and Audit (England) Regulations 2015 which requires the Head of Internal Audit to provide an opinion on the work undertaken by Internal Audit.</p>
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2 BACKGROUND

2.1 The Internal Audit function for Kettering Borough Council is undertaken by Coventry and Warwickshire Audit Services (CWAS).

3 INTERNAL AUDIT OPINION

3.1 To comply with reporting requirements, internal audit are required to give an opinion on the overall adequacy and effectiveness of the Council's control environment.

3.2 The opinion is based upon the results of audit work carried out during 2019/20 and any high priority internal audit recommendations from work carried out prior to 2019/20 which are still to be implemented. The Annual Internal Audit Report and Opinion for 2019/20 is detailed at **Appendix A**.

3.3 The Internal Audit Opinion is used to inform any significant weaknesses that should be regarded as Significant Control Issues that would require disclosure in the Annual Governance Statement. The work undertaken by Internal Audit has not highlighted any weaknesses which require disclosure.

4 CONCLUSIONS

4.1 The Head of Internal Audit's opinion is that significant assurance can be given and that there is generally a sound system of internal control, designed to meet the organisation's objectives and that controls are generally applied consistently. The work undertaken did not highlight any significant weaknesses in relation to control issues.

BOROUGH OF KETTERING

Committee	MONITORING AND AUDIT	Item 8B	Page 2 of 2
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5 RECOMMENDATION

5.1 That the Committee receives the Internal Audit Annual Report for 2019/20.

Background Papers:

Previous Reports/Minutes:

Title of Document:

Ref:

Date:

Date:

Contact Officer: Mark Dickenson

Kettering Borough Council

Internal Audit Annual Report & Opinion 2019/20

May 2020

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cw audit
audit and assurance services

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2	Annual Head of Internal Audit Opinion.....	3
3	Work undertaken during the year.....	5
4	Quality Assurance	8

1 Introduction

This annual report provides my opinion (see section 2) as the Head of Internal Audit to Kettering Borough Council. It also summarises the activities of Internal Audit for the period 1st April 2019 to 31st March 2020.

The Council is required by the Accounts & Audit Regulations 2015 to "to undertake an adequate and effective internal audit of its accounting records and of its system of internal control, taking into account public sector internal auditing standards or guidance". The Public Sector Internal Audit Standards (PSIAS) require the Head of Internal Audit to provide a written report to those charged with governance, to support the Annual Governance Statement, AGS), setting out:

- An opinion on the overall adequacy and effectiveness of the organisation's control environment ;
- Disclose any qualifications to that opinion, together with the reasons for that qualification;
- Present a summary of the work carried out by Internal Audit during the year from which the opinion is derived, including any reliance that is being placed upon third party assurances;
- Draw attention to any issues the Head of Internal Audit deems particularly relevant to the Annual Governance Statement (AGS)
- Consider delivery and performance of the Internal Audit function against that planned;
- Comment on compliance with these Standards and the results of any quality assurance programme.

The Council should consider my opinion, together with management assurances, its own knowledge of the organisation and assurances received throughout the year from other review bodies (such as External Audit) when producing its AGS.

My opinion takes into account the range of individual opinions arising from risk-based audit assignments that have been reported throughout the year. An internal audit plan was developed to provide you with independent assurance on the adequacy and effectiveness of systems of control across a range of financial and organisational areas. **A summary of the work we have performed and delivery against the plan is provided in section 3.**

Alongside the delivery of the operational internal audit work, we have met regularly with Council management to ensure any issues regarding our performance can be highlighted and any necessary action taken to resolve these. Following each audit, management are also requested to provide feedback on the service received. No significant issues or concerns regarding the internal audit service have been raised to date.

I have discussed and agreed this Annual Report and Head of Internal Audit Opinion with the Head of Resources. Further detailed findings, conclusions and recommendations in the areas covered by our internal audit plan are detailed within the progress reports and individual assignment reports that have been issued to the Committee during the year.

2 Annual Head of Internal Audit Opinion

Roles and responsibilities

The organisation is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements.

Internal Audit provides an independent and objective opinion to the organisation on the control environment and plays a vital part in advising the organisation whether these arrangements are in place and operating correctly.

The Annual Governance Statement (AGS) is an annual statement that recognises, records and publishes an authority's governance arrangements.

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In accordance with PSIAS, the Head of Internal Audit (HoIA) is required to provide an annual opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes (i.e. the organisation's system of internal control). This is achieved through a risk-based plan of work, agreed with management and approved by the Audit Committee, which should provide a reasonable level of assurance, subject to the inherent limitations described below.

The opinion does not imply that Internal Audit have reviewed all risks and assurances relating to the organisation. The opinion is substantially derived from the conduct of risk-based plans. As such, it is one component that the organisation takes into account in making its AGS.

The Head of Internal Audit Opinion

My opinion is set out as follows:

1. Overall opinion;
2. Basis for the opinion;

My **overall opinion** is that **significant** assurance can be given that there is a generally sound system of internal control, designed to meet the organisation's objectives, and that controls are generally being applied consistently. However, some weakness in the design and/or inconsistent application of controls put the achievement of particular objectives at risk.

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The basis for forming my opinion is as follows:

1. An initial assessment of the design and operation of the underpinning risk management framework and supporting processes; and
2. An assessment of the range of individual opinions arising from risk-based audit assignments contained within internal audit risk-based plans that have been reported throughout the year. This assessment has taken account of the relative materiality of these areas and management's progress in respect of addressing control weaknesses.
3. Any reliance that is being placed upon third party assurances.

3 Work undertaken during the year

Summary of assurances provided

During the course of the year we have conducted work to provide assurance over financial, governance and operational systems. Appendix One summarises the assurance levels we have given. Of the 21 audits undertaken during the year where an assurance opinion was provided, 18 were ranked as either full (9) or significant (9), with only 3 audits resulting in a moderate assurance opinion being provided. There were no instances where either limited or no assurance was provided.

Delivery of the plan

An internal audit plan for 2019/20 was developed to provide you with independent assurance on the adequacy and effectiveness of systems of control across a range of financial and organisational areas. To achieve this our internal audit plan was divided into two broad categories; work on the financial systems that underpin your financial processing and reporting and then broader risk focused work driven essentially by principal risk areas that had been identified in your risk register. A summary of work undertaken is included below:

- During the year we have undertaken reviews of your core finance systems and given full or significant assurance with regard to the management of risk in these areas.
- Key income and expenditure systems such as Housing Rents, Council Tax, Business Rates and Benefits have been subject to detailed audit review and controls were found to be operating effectively.
- We have undertaken a number of pieces of work on areas of principal risk. In general we have been able to conclude that these systems are robust and operate in a good control environment.

It is my view, taking account of the respective levels of assurance provided for each audit review, an assessment of the relevant weighting of each individual assignment and the extent to which agreed actions have been implemented, that you have a generally sound system of internal control.

We are pleased to report that our work has not highlighted any weaknesses that should be regarded as Significant Control Issues that would require disclosure within your AGS. We did however identify some weaknesses in control that caused us to limit the level of assurance we could give in the following areas:

- **Agency Workers:** This audit concluded that whilst there are appropriate procedures to regulate the engagement of agency workers and comprehensive expenditure monitoring processes; results of sample testing indicated that there was a general lack of compliance with procedures in practice at the time of audit. Management have subsequently taken action to address these instances of non-compliance. It was also noted that significant sums of money are spent with agency firms and the Council would therefore be best advised to undertake a procurement process that leads to a framework agreement being set up for the use of agency firms.
- **Counter Fraud and Corruption:** Whilst some progress has been made since the 2017/18 audit of this area, there remain a number of key actions that the Council needs to take in order to achieve counter fraud and corruption arrangements that comply with the national Local Government Counter Fraud and Corruption Strategy. These include ratifying and implementing the Anti-Fraud and Corruption Strategy, developing the Senior Fraud Officer's corporate fraud role and devising an annual action plan.
- **ICT Disaster Recovery:** This audit found that the Council's Business Continuity arrangements have not been shared or discussed with the IT service to enable it to produce an up to date ICT Disaster Recovery Plan. This means that plans may not be in accordance with the priorities or arrangements required by departments.

- **Property Management:** Our audit has concluded that Corby Borough Council's property management team have significantly improved the level of service received by Kettering Borough Council when compared with previous arrangements in place to manage the commercial property portfolio. On this basis we were able to provide an overall 'significant assurance' opinion, but did rank one of the five individual control objectives we reviewed as 'moderate assurance'. This was in respect of the need to address gaps in evidence to demonstrate that existing tenants are complying with relevant safety legislation for the properties that they occupy. Management have confirmed that action has been taken to address this weakness.

Whilst not related to the work we have completed during 2019/20, we are recommending to all our clients that the impact/potential impact of the COVID-19 pandemic (for instance on HR, service delivery/capacity, existing systems/controls and budgets) be strongly considered for disclosure as a Significant Internal Control Issue.

Third party assurances

In arriving at our overall Annual Head of Internal Audit Opinion, we have not sought to place reliance on any third party assurances.

Following up of actions arising from our work

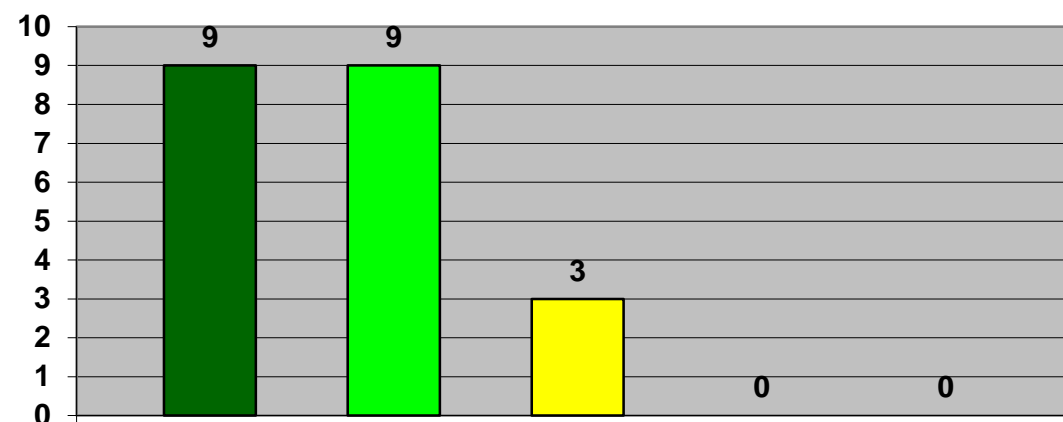
All recommendations and agreed actions are subject to an ongoing recommendation tracking process that is facilitated by CW Audit Services, but completed by the relevant managers responsible for implementing the recommendations. This is undertaken on a self-assessment basis, but is supplemented by our independent follow-up reviews where this is deemed necessary (for example following the issuance of a limited or moderate assurance report). A summary of the recommendation tracking results for the 2019/20 year is included as Appendix 2 to this report. In addition elements of our work involve annual coverage of key areas of control for the organisation, such as in relation to key financial systems, and in such cases we also routinely follow up previously-agreed actions at each review.

4 Quality Assurance

All audits have been conducted in accordance with the requirements of the Public Sector Internal Audit Standards (PSIAS), which includes evidenced review by senior management of all audit files and reports produced. I can confirm that there have been no issues of non-compliance with the PSIAS during the course of the year. CW Audit's systems and processes for complying with PSIAS were confirmed as appropriate by an external assessment that was carried out in April 2018. I can confirm that all audits completed during 2019/20 were carried out in accordance with these systems and processes.

Levels of Assurance – Individual Audit Assignments

Description of audit	Assurance level
Financial Management & Reporting	Full
Finance Systems – Access & Security	Full
Creditors	Significant
Payroll	Full
Capital Accounting	Significant
Risk Management	Significant
Contract Register	Full
Agency Workers	Moderate
HR Recruitment	Significant
Street Scene Shared Service	Significant
Counter Fraud & Corruption	Moderate
ICT Disaster Recovery	Moderate
Homelessness and Housing Allocations	Significant
Property Management	Significant
Health & Safety	Significant
Council Tax	Full
Business Rates	Full
Benefits	Full
Income & Payment Systems - IT Security & Access	Full
Kettering Training Services	Advisory
Democratic Services – Elections	Full
Housing Rents	Significant
Disabled Facilities Grant	N/A



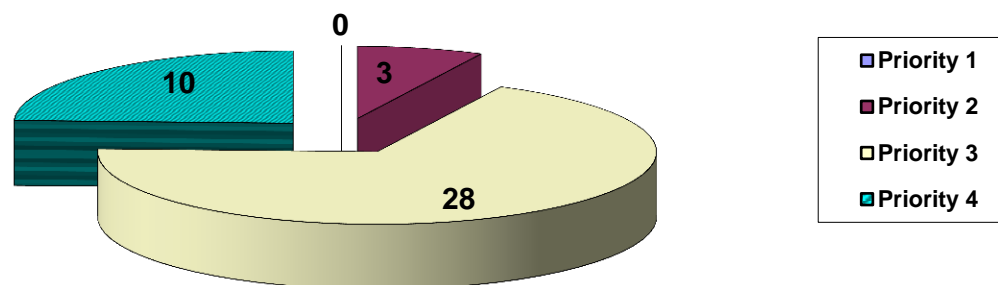
■ Full ■ Significant ■ Moderate ■ Limited ■ No

Level of assurance	Criteria
Full	No significant risk issues identified.
Significant	Exposure to levels of risk that may only impair the effectiveness of the system or process under review.
Moderate	Exposure to levels of risk that render some elements of the system's control environment undeliverable.
Limited	Exposure to unacceptable level of risk that could have a serious impact upon the system or process under review.
No	Exposure to unacceptable levels of risk that could have a serious impact upon the organisation as a whole.

Summary of Internal Audit Recommendations

Recommendations made in 2019/20

Priority	Number
1	0
2	3
3	28
4	10
Total	41

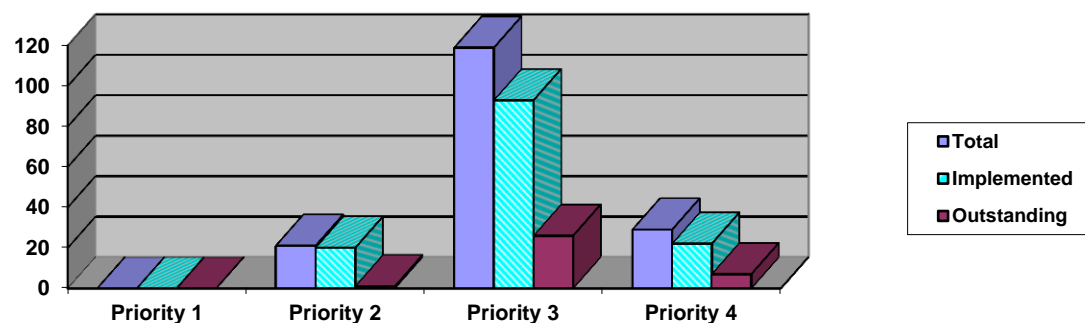


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Current status of all recommendations due for implementation by 31st March 2020

(N.B. including recommendations made from 2017/18 to 2019/20, but excluding 2019/20 recommendations that fall due for implementation after 31st March 2020)

Priority	Number	Implemented	Outstanding
1	0	n/a	n/a
2	21	20	1
3	119	93	26
4	29	22	7
Total	169	135	34



Definition of our risk rankings

Risk ranking	Assessment rationale
1	The system has been subject to high levels of risk that have, or could, prevent the system from meeting its objectives, and which may also impact on the delivery of one or more of the organisation's strategic objectives.
2	The system has been subject to high levels of risk that have, or could, prevent the system from meeting its objectives, but which are unlikely to impact on any of the organisation's strategic objectives.
3	The system has been subject to medium levels of risk that have, or could, impair the system from meeting its objectives.
4	The system has been subject to low levels of risk that have, or could, reduce its operational effectiveness.

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Committee	MONITORING AND AUDIT	Item 8C	Page 1 of 3
Report Originator	Mark Dickenson Head of Resources	<i>Fwd Plan Ref No:</i> N/A	
Wards Affected	All	14 th July 2020	
Title	INTERNAL AUDIT PLAN - APRIL 2020 TO MARCH 2021		

1. PURPOSE

- 1.1 As part of the Council’s statutory obligation to undertake an adequate and effective internal audit of its accounting records and of its system of internal control, it is necessary to consider the level and extent of internal audit coverage for the Council’s activities.
- 1.2 This report describes how this requirement has been approached and presents a draft internal audit plan of work for 2020/21 for consideration and approval by this Committee.

2 BACKGROUND

- 2.1. The Internal Audit function for Kettering Borough Council is undertaken by Coventry and Warwickshire Audit Services (CWAS).
- 2.2. CWAS have put together a draft Audit Plan for 2020/21 this is detailed at **Appendix A**. This has been discussed with council officers and is presented to the Monitoring & Audit Committee for endorsement.
- 2.3. This report has been produced in accordance with the Public Sector Internal Audit Standards 2013 (PSIAS) published by HM Treasury (updated April 2016).
- 2.4. The proper internal audit practices contained in PSIAS defines the scope of internal audit as covering the whole internal control environment within the Council i.e. not just financial control, but also systems of governance, risk management and internal control. The Audit Plan detailed at Appendix A provides this breadth of scope.
- 2.5. The PSIAS requires an annual opinion on the overall adequacy and effectiveness of the Council’s entire control environment. The work contained in the Audit Plan for 2020/21 is sufficient to support the provision of such an opinion. It will also assist with the preparation of the Council’s Annual Governance Statement and provides the Council’s Section 151 Officer with a source of assurance in discharging their statutory duties regarding the proper administration of the Council’s financial affairs.

Committee	MONITORING & AUDIT COMMITTEE	Item 8C	Page 2 of 3
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3 FORMULATION OF THE PLAN

3.1 The audit plan has been compiled with specific reference to:

- A review of the risks contained within the Council's Risk Management Strategy.
- A series of meetings held with the Head of Resources to identify key auditable areas based on an assessment of current and future issues and risks.
- An understanding of the challenges to the Council to deliver its objectives within the current economic environment and changes in local government legislation.

3.2 The Internal Audit Plan presented to this Committee covers the 2020/21 financial year, previous plans have covered a three-year period, however with the Unitary Council coming into being from 1st April 2021 – future years internal audit plans will be the responsibility of the new Unitary authority.

4 REPORTING PROGRESS

4.1 Progress against delivering the planned work for 2020/21 will be reported to this Committee throughout the year.

5 CONSULTATION AND CUSTOMER IMPACT

5.1 The plan is at the draft stage for Committee to consider.

6 POLICY IMPLICATIONS

6.1 None

7 FINANCIAL RESOURCE IMPLICATIONS

7.1 None

8 HUMAN RESOURCE IMPLICATIONS

8.1 None

BOROUGH OF KETTERING

Committee	MONITORING & AUDIT COMMITTEE	Item 8C	Page 3 of 3
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9 LEGAL IMPLICATIONS

- 9.1 The Accounts and Audit (England) Regulations 2015 require the Council “to undertake an adequate and effective internal audit of its accounting records and of its system of internal control, taking into account public sector internal auditing standards or guidance”.

10 RECOMMENDATION

- 10.1 That the Monitoring and Audit Committee agree the Audit Plan for April 2020 to March 2021 (as detailed at Appendix A).

Background Papers:

Previous Reports/Minutes:

Title of Document:

Ref:

Date:

Date:

Contact Officer: Mark Dickenson

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Kettering Borough Council

Internal Audit Operational Plan 2020/21

March 2020

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Contents

1. Your plan on a page
2. Risk assessment
3. The team
4. Conclusion

Appendix 1: Operational Audit Plan 2020/21

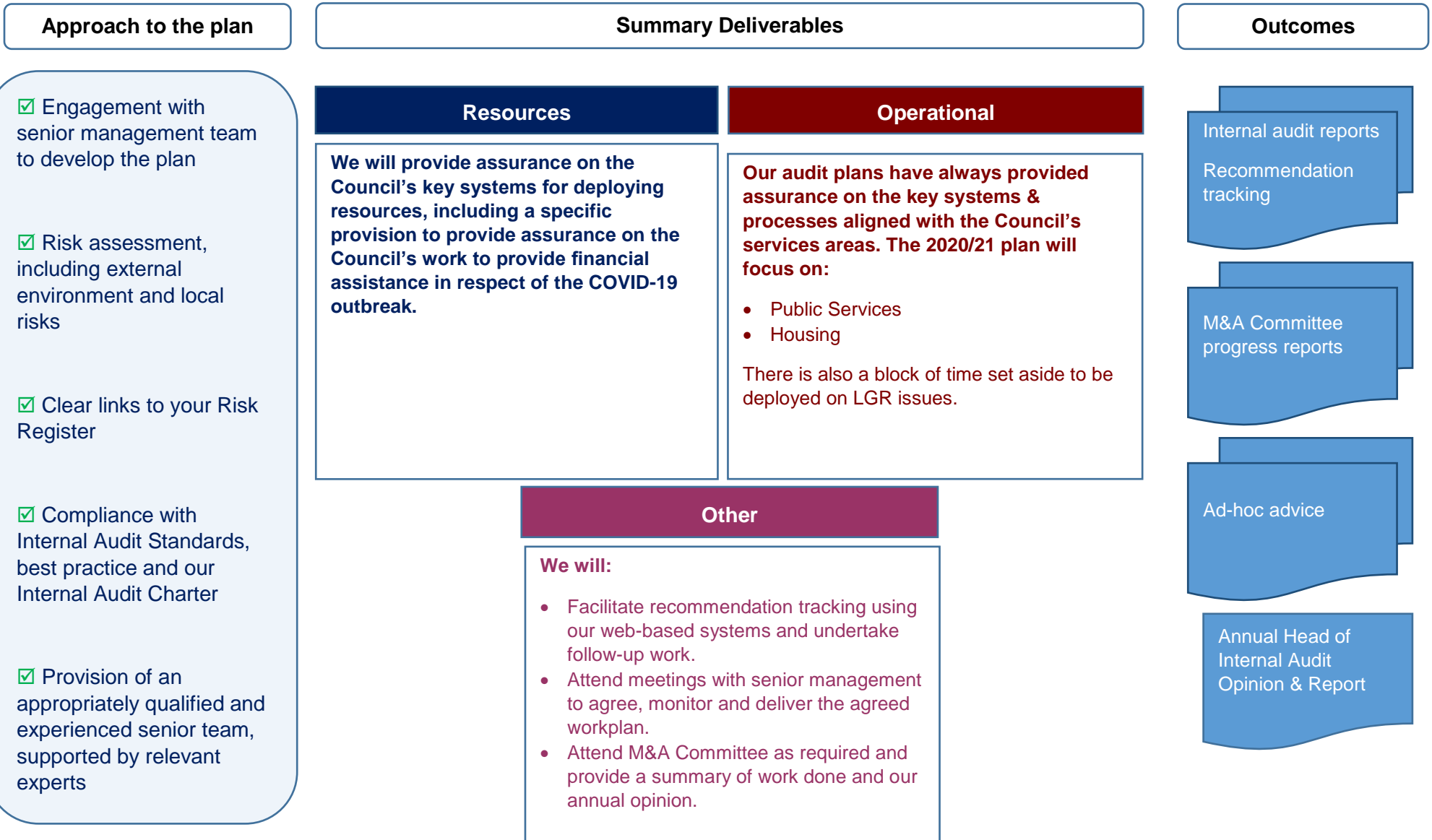
Appendix 2: Operational Internal Audit Workplan 2020/21

Appendix 3: Summary of July 2019 Strategic Risk Register

1. Your Plan on a Page

The diagram below summarises how the plan has been developed and outlines the approach to be taken in 2020/21 to deliver the plan.

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2. Risk Assessment

The operational plan for the 2020/21 year has been prepared as follows:

- review of risks recorded in the Strategic Risk Register;
- input from the Head of Resources and the Corporate Management Team;
- an assessment of the assurance required on work associated with the Council's COVID-19 response;
- assessment of any risk areas emanating from Internal Audit reviews conducted in the 2019/20 financial year;
- inclusion of a specific section in the plan to deal with identified and emerging issues arising from the delivery of Local Government Reform in Northamptonshire, whilst recognising the need to maintain coverage of 'business as usual' systems in the final year of KBC's existence.

The 2020/21 operational plan is attached at Appendix One, with the associated workplan shown at Appendix Two. A summary of the July 2019 Strategic Risk register is included as Appendix Three.

3. The Team

Mark Watkins will act as your nominated Head of Internal Audit, leading a team consisting of two senior auditors that have had a wealth of experience in auditing the Council's systems over a number of years. The core team will be supported by relevant specialists as appropriate.

4. Conclusion

This internal audit plan has been designed to meet your requirements and fulfil the requirements of Internal Audit Standards. The draft plan is provided to the Monitoring & Audit Committee for final consideration and approval.

Paul Capener,
Consortium Director

Appendix One: Operational Audit Plan 2020/21

Area	Audit Assignment	SRR Ref.	2020/21	Qtr
Resources	Financial Management & Reporting	A,C,J	6	3/4
	Finance Systems – IT Security & Access	A,C,J	4	3/4
	Creditors	A,C,J	8	3/4
	Payroll	A,C,J	7	3/4
	Capital Accounting	A,C,J	5	3/4
	Risk Management	All	8	3
	GDPR	B,H,J,K	12	2
	IT Disaster Recovery	J,K	10	3
	Business Grants – SBGF & RHLGF	A,B,J,L	30	1/2
	Discretionary Business Grants	A,B,J,L	11	1/2
	Sub-total			101
Public services	Leisure Services – Contract Management	B,J	11	1/2
	Safeguarding	B,J	12	2
	Sub-total		23	
Housing	Housing Rents	A,B,C,J	7	2
	Disabled Facilities grant certification	Grant condition	5	1
	Sub-total		12	
Local Government Reform	Housing Revenue Account – Consolidation	A,B	8	3/4
	Housing Services – alignment with Corby Borough Council	A,B	15	3/4
	HR – Workforce Planning	B,F,N	12	2
	Partnership working	D,E,F,H,J	12	3
	Sub –total		47	
Follow-Up	Recommendation Tracking & General Follow-Up	-	25	All
	Sub-total		25	

Area	Audit Assignment	SRR Ref.	2020/21	Qtr
Management & Advice	Audit Needs Assessment, Planning & Annual Report	-	5	
	Monitoring and Audit Committee/External Audit/Senior Team meetings	-	5	
	Contract Management & ad hoc advice	-	15	
	Sub-total		25	
Totals			233	

Appendix Two: Operational Internal Audit Plan 2020/21

Area	Links to Strategic Risks	Work outline
RESOURCES		
Finance Systems - (Financial Management & Reporting, IT Access & Security, Creditors, Payroll, Capital Accounting)	A - Delivery of a balanced budget C – Unexpected budget pressures J – Reputation management	Review of all high level controls for key financial systems.
Risk Management	All risks recorded on SRR. IA is required to provide a balanced Annual Audit Opinion that contributes the Annual Governance Statement.	Review of evidence to ensure that the Council has a fully embedded risk management system in place that identifies and manages key strategic and operational risks. Initial assessment of risk management arrangements for the new unitary authority.
GDPR	B – Legislation H – Effective governance J – Reputation Management K – Effective business continuity arrangements	Review of the Council's arrangements for complying with the requirements of the General Data Protection Regulation, including an assessment of preparations for ensuring that compliance with GDPR will be achieved for the new unitary authority.
IT Disaster Recovery	J – Reputation Management K – Effective business continuity arrangements	Review of ongoing progress in implementing recommendations made in 19/20 audit review and an initial assessment of arrangements for ensuring that there will be robust IT disaster recovery arrangements in place for the new unitary authority.

Area	Links to Strategic Risks	Work outline
Business Grants - SBGF & RHLGF	A - Delivery of a balanced budget B – Legislation J – Reputation management L – Emergency planning arrangements	Undertake substantive testing to confirm that payments made by the Council in respect of financial support for businesses as a result of COVID-19 are accurate, timely, in accordance with government policy and bona fide.
Discretionary Business Grants	A - Delivery of a balanced budget B – Legislation J – Reputation management L – Emergency planning arrangements	Undertake substantive testing to confirm that discretionary payments made by the Council in respect of financial support for businesses as a result of COVID-19 are accurate, timely, in accordance with government policy and bona fide.
PUBLIC SERVICES		
Leisure Services – Contract Management	B – Legislation J – Reputation management	Review of the monitoring arrangements in place to ensure that leisure service providers deliver services in accordance with the contract and specification.
Safeguarding	B – Legislation J – Reputation management	Review of the Council’s role and responsibilities towards vulnerable children and adults in the locality. Review of safeguarding training arrangements for all public facing members of staff and relationship with the Multi Agency Safeguarding Hub (MASH). Assessment of safeguarding arrangements in place for the new unitary authority.
HOUSING		
Housing Rents	A - Delivery of a balanced budget B – Legislation C – Unexpected budget pressures J – Reputation management	Review of key controls covering the setting of rent amount, letting properties and collecting income.
Disabled Facilities Grant	NCC requires the Head of Audit to confirm that the conditions of the 19/20 DFG have been met.	Review of evidence to support compliance with grant conditions and formal sign off of declaration for return to NCC.

Area	Links to Strategic Risks	Work outline
LOCAL GOVERNMENT REFORM		
Housing Revenue Account - Consolidation	A - Delivery of a balanced budget B – Legislation	To provide independent assurance on the arrangements for consolidating the Housing Revenue Accounts for Kettering Borough Council and Corby Borough Council and future accounting arrangements /resources in place to maintain the Housing Revenue Account in the new unitary authority.
Housing services – alignment with Corby Borough Council	A - Delivery of a balanced budget B – Legislation J – Reputation management	To review the systems and processes being developed to ensure that a consistent approach is taken to maintaining social housing stock across Kettering and Corby in preparation for the new unitary authority, including statutory safety requirements.
HR Workforce Planning	B – Legislation F – Ensuring corporate capacity N – Robust & effective HR policies	Review of Council's workforce planning arrangements for new North Northamptonshire Unitary Authority in conjunction with other Councils included in LGR.
Partnerships	D – Partnership working E – Delivery of major projects F – Corporate capacity H – Governance arrangements J – Reputation management	Review of the current and proposed partnership arrangements in place to ensure effective delivery of projects or services, with due attention given to the impact that LGR may have on current and future partnership models.
Targeted Audits	LGR has the potential to impact multiple areas included on the Strategic Risk Register.	Audit subject areas to be identified during the year as risks arise.

Appendix Three: Summary of July 2019 Strategic Risk Register

Risk No.	Strategic Risk	Details
A	Delivery of a balanced budget	<p>The Council continues to see reductions in central government funding and has also opted to freeze Council Tax levels over the past six years. As a consequence, the council has had to use increasingly innovative means to balance its budget and consider alternative strategies such as commercial investments in order to deliver a balanced budget.</p> <p>There is still much financial uncertainty facing the Council regarding its main funding sources such as New Homes Bonus and Business Rates Retention particularly from 2020 – when it is anticipated 75% Business Rates Retention will be introduced which will bring even greater volatility to one of the Council's main funding streams.</p>
B	External legislation changes particularly those arising from unforeseen or rapid changes in national policies	<ul style="list-style-type: none"> a. Impact of the localisation of council tax benefit b. Potential impact of other changes due to welfare reform (Universal Credit, 2018) c. Impact of employment legislation on policies d. Impact of the Living Wage e. Business Rates reform f. Social Housing Green Paper g. Impact of reductions in Council Rents h. Apprenticeships i. Homelessness Reduction Act j. Fair Funding Review k. Leaving the European Union (impact to Local Economy and subsequently to KBC)
C	Unexpected budget pressures (funding reductions elsewhere)	<p>The challenging economic conditions have and are likely to continue to result in other public sector providers cutting service budgets. This could lead to pressure being placed on the Council to fill the resulting funding gap or lost service. This could be relevant given the financial challenges facing Northamptonshire County Council.</p>
D	Partnership working	<p>Proper arrangements are required to safeguard the council when it delivers services through joint working and partnership arrangements to ensure that costs, liabilities and risks are understood and agreed from the outset. The cumulative impact of austerity measures over time increase the risks of partner organisations failing. Northamptonshire County Council's stabilisation programme may redesign how services are delivered, impacting on existing partnerships.</p>

Risk No.	Strategic Risk	Details
E	Delivery of major projects	The council has a very ambitious programme of corporate projects including: <ul style="list-style-type: none"> • Street Scene Partnership with Corby • Town Centre Delivery Plan • Growth Deals These projects can be both aspirational and challenging to deliver during normal economic conditions but become extremely stretching when operating in current market conditions.
F	Ensuring corporate capacity	The council has ambitious objectives and projects and has developed a unique budget delivery framework that is currently standing the authority in good stead. To remain 'ahead of the curve' the council needs to ensure that it maintains corporate capacity to protect the council's position and to continue to deliver its priorities. This has the potential to become even more challenging as the council is required to deliver on its 'business as usual' whilst experiencing pressures from the Local Government Reform work streams.
G	Maintaining political focus and stability	To ensure that resources are properly deployed and used effectively and efficiently, maintaining political focus is very important. Being clear from the outset about what KBC is trying to achieve, how we achieve it, and then continuing to maintain the focus in these areas. The challenging nature of which is likely to increase as we progress through Local Government Reform.
H	Ensuring effective governance arrangements	Good governance is at the heart of the correct and effective working of the council. This applies to compliance with legislation, member and officer behaviour and having a robust constitution.
I	Maintaining staff morale	Staff are at the heart of our organisation and the council holds the belief that staff can provide the answers to the challenges that we face. Staff morale is vital to keep; <ul style="list-style-type: none"> • Services running • Deliver efficiency savings • Improve the councils reputation In line with comments under Risk F, it is recognised that pressures from Local Government Reform could have an adverse impact.
J	Reputation management	Ensuring that the reputation of the council is monitored and managed is important for any large organisation. Failure to do so could result in negative publicity and more importantly spending resources correcting the issue when it could have been avoided. Also includes the risk posed by comments on social media.
K	Effective business continuity arrangements	The council needs to ensure that robust arrangements are in place for business continuity – especially in relation to IT systems / data / buildings.
L	Effective emergency planning arrangements	The council needs to ensure that robust arrangements are in place for emergency planning purposes.
M	Health and Safety compliance	Keeping pace with the latest H&S requirements and practices is an important cornerstone of the council's work.
N	Robust & effective HR policies	Staff are the council's main resource, as such the council needs to ensure that it has up to date, flexible yet robust policies in place to deal with all aspects of employee management and relations. The importance of which are ever more present when going through organisational change e.g. Street Scene Partnership and Local Government Reform.

Risk No.	Strategic Risk	Details
0	Keeping pace with the demographic, social and economic changes	Keeping pace with the demographic and social changes and the impact this and decisions by other public sector bodies has on the Council. Understanding and reacting to the changing needs of the community. Particular challenges facing the Council include, but are not limited to: Leaving the European Union, Welfare Reform and the ageing population.
P	Physical asset risks - ensuring KBC assets are maximised and well maintained	The Council needs to ensure that our physical assets are being used in a safe and efficient way to maximise their effectiveness in delivering outcomes.
Q	Commercial strategy	This includes seeking commercial investment opportunities, reviewing our fees and charges policy and being more commercially minded in our everyday processes to drive efficiencies.
R	Procurement	The appropriate and compliant purchase of goods and services is integral to all areas of the Council.

Committee	MONITORING AND AUDIT	Item 8D	Page 1 of 2
Report Originator	KPMG	Forward Plan Ref: N/A	
Wards Affected	All	14 th July 2020	
Title	EXTERNAL AUDIT REPORTS		

1. PURPOSE OF REPORT

To present the Certification and Grants letter that summarises the results of the external audit work carried out by KPMG on the certification of the Council's 2018/19 grants claims and returns.

2. CERTIFICATION AND GRANTS REPORT

- 2.1 The Council is required annually to complete both the Housing Benefit Subsidy Claim form and the Pooling of Housing Capital Receipts Return.
- 2.2 Initially the Council's external auditor (EY) were due to audit and certify both of these returns however during summer 2019 it became clear that EY were not in a position to audit these returns by the deadlines. To ensure the deadlines were met the Council awarded the works to audit and certify both of these returns to its previous external auditor (KPMG).
- 2.3 The attached Certification and Grants Report at **Appendix A** details for Members' information KPMG's findings in certifying these returns. The report also provides details of the External Auditors fees in undertaking this work.

Housing Benefit Subsidy Claim

- 2.4 The 2018/19 the Housing Benefit Subsidy Claim had a value of around £21.5m As part of the audit there were incorrect assessment errors resulting in an overpayment of subsidy amounting to £6,211, however there were also unpaid subsidy amounting to £6,204, resulting in a net overpayment of £7 for 2018/19.
- 2.5 These findings resulted in the claim being qualified however, no adjustments to the claim were required and no recommendations were made to the authority from the issues identified through the audit work. it is not uncommon across the sector for there to be some errors owing to the large number of claims being processed by the authority during the course of the year. An unqualified opinion is only issued where there are no errors.

BOROUGH OF KETTERING

Committee	MONITORING & AUDIT	Item 8D	Page 2 of 2
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Pooling of Housing Capital Receipts Return

- 2.6 There were no adjustments necessary to the authority's Pooling of Housing Capital Receipts, as a result the external auditors issued an unqualified opinion. In addition there were no recommendations raised as a result of the previous year's work.

3. RECOMMENDATION

That the Monitoring & Audit Committee receives and notes

- 3.1 The Certification and Grants Report for 2018/19.



Annual Report on Grants and Returns 2018/19

**Kettering
Borough Council**

March 2020



Summary for Monitoring and Audit Committee

Introduction & background

This report summarises the results of the work that we have carried out on the Authority's 2018/19 grant claims and returns:

- Under the Department for Work and Pensions (DWP) Housing Benefits Assurance Process we were engaged by the Authority to complete the 2018/19 Housing Benefit Subsidy claim. This had a value of £21.5 million; and
- Under Ministry of Housing, Communities and Local Government ("the MHCLG") we were engaged by the Authority to complete work the 2018/19 Pooling of Housing Receipts return.

Certification & assurance results

Our certification work on Housing Subsidy Benefit claim included:

- agreeing standard rates, such as for allowances and benefit incomes, to the DWP Circular communicating the value of each rate for the year;
- sample testing of benefit claims to confirm that the entitlement had been correctly calculated and was supported by appropriate evidence;
- confirming that the subsidy claim had been prepared using the correct benefits system version; and
- completing testing in relation to modified schemes payments and verifying the accurate completion of the claim form.

Following the completion of our work, the claim was subject to a qualification letter. The following issues were reported:

- 1 Non HRA Rent Rebate case where benefit expenditure had been misclassified by the Authority;
- 2 Rent Rebate cases where benefit had been incorrectly paid as a result of the Authority incorrectly processing private pension income;
- 3 Rent Allowance cases where benefit had been incorrectly paid as a result of the Authority incorrectly processing childcare costs;
- 1 Rent Allowance case where benefit had been underpaid as a result of the Authority incorrectly processing rent;
- 3 Rent Allowance cases where benefit had been underpaid as a result of the Authority incorrectly applying the LHA rate; and
- 1 Rent Allowance LHA case where benefit had been misclassified by the Authority.

No adjustments were necessary to the Authority's claim.

These results are comparable to those found in 2017/18 although the 2017/18 claim was also amended for the incorrect classification of Non HRA Rent Rebate overpayments.

Summary for Monitoring and Audit Committee (cont.)

Certification & assurance results (cont)

Our work on the Pooling of Housing Receipts return included:

- checking that all relevant parts of the return been completed;
- Sample testing expenditure to purchase invoices;
- Sample testing property sales to cash received; and
- Agreeing the total number of property sales to the number of sales disclosed in the accounts.

Our work on the Pooling of Housing Receipts return did not identify any exceptions or errors. No adjustments were necessary to the Authority's return.

These results are comparable to those found in 2017/18.

See further details on page 4.

Summary for Monitoring and Audit Committee (cont.)

Recommendations

We have made no recommendations to the Authority from our work this year. This reflects the fact that those issues identified through our audit are not uncommon across the sector and arise from the large volume of claims being processed by the Authority's benefits team throughout the year.

In addition there were no recommendations raised as a result of the previous years' work on grants and returns which require follow-up this year.

Fees

Our fee for certifying the Authority's 2018/19 Housing Benefit Subsidy grant was £13,767, which is higher than the planned fee of £10,510.

Our fees for the Pooling of Housing Receipts return is £4,500 which is the same as the fee for 2017/18.

See further details on page 6.

Summary of reporting outcomes

Overall, we carried out work on two grants and returns:

- One was unqualified with no amendment;
- One required a qualification to our audit certificate.

Detailed comments are provided on page 5.

Detailed below is a summary of the reporting outcomes from our work on the Authority’s 2018/19 grants and returns, showing where either audit amendments were made as a result of our work or where we had to qualify our audit certificate or assurance report.

A qualification means that issues were identified concerning the Authority’s compliance with a scheme’s requirements that could not be resolved through adjustment. In these circumstances, it is likely that the relevant grant paying body will require further information from the Authority to satisfy itself that the full amounts of grant claimed are appropriate.

	Comments on page 5	Qualified	Significant Adjustment	Minor Adjustment	Unqualified	Factual Finding Report	
NOA:							
— Housing Benefit Subsidy	5						
MHCLG:							
— Pooling of Housing Capital Receipts	5						
Total		1	0	0	1	0	

Summary of certification outcomes

We have summarised below the key findings arising from our work in relation to each claim or return in relation to which we have provided certification services.

Ref	Summary of observations	Amendment
1	<p>Housing Benefit Subsidy Claim</p> <ul style="list-style-type: none"> — We have issued a qualified opinion on the Authority’s Housing Benefit Subsidy Claim. This is due to the errors found in our testing. — Errors identified include misclassification of Non HRA benefits, under and overpayments of Rent Rebate benefits as a result of incorrectly processing private pensions, under and overpayments of Rent Allowance benefits as a result of incorrectly processing childcare costs, underpayment as a result of incorrectly processing rent costs and underpayments and misclassifications as a result of incorrectly processing / applying the LHA rates. — Similar results were reported in the previous year qualification letter but the 2017/18 claim was also amended for the misclassification of Non HRA Rent Rebate overpayments. 	£0
2	<p>Pooling of Housing Capital Receipts</p> <ul style="list-style-type: none"> — No exceptions or errors were identified and no adjustments were necessary to the Authority’s grants and returns as a result of our certification work this year. 	£0

The overall fees we charged for carrying out all our work on grants and returns in 2018/19 was **£18,267**.

DWP certification arrangements

Our fees for the Housing Benefit Subsidy Claim for 2018/19 were higher than planned (£10,510 per our 2018/19 engagement letter) and this compares to the 2017/18 fee for this claim of £10,904.

The main reasons for the fee exceeding the original estimate were:

- The additional testing and time taken to undertake three new sets of 40+ testing in 2018/19. These include the misclassification of Non HRA expenditure, incorrect processing and assessment of Rent Rebate private pensions, and the incorrect processing and assessment of Rent Allowance child care costs.

MHCGL report

Our fees for 2018/19 were the same as those in 2017/18.

Breakdown of fees for grants and returns work

Grant / Return	2018/19 Fee £	2017/18 Fee £
— Pooling of Housing Capital Receipts	4,500	4,500
— Housing Benefit Subsidy Claim	13,767	10,904
Total certification fees for the Authority	£18,267	£15,404



The key contacts in relation to our audit are:

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This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. We draw your attention to the Statement of Responsibilities of auditors and audited bodies, which is available on Public Sector Audit Appointment's website (www.psaa.co.uk).

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Andrew Cardoza the engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact the national lead partner Andrew Bostock, by email to Andrew.Bostock@kpmg.co.uk.

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BOROUGH OF KETTERING

Committee	MONITORING & AUDIT	Item 8E	Page 1 of 2
Report Originator	Head of Resources Mark Dickenson	Fwd Plan Ref: N/A	
Wards Affected	All	14 th July 2020	
Title	STATEMENT OF ACCOUNTS – 2018/19		

1. PURPOSE OF REPORT

To provide an update on the Council's Statutory Statement of Accounts (for the financial year 2018/19).

2. BACKGROUND

2.1. The Council's Statement of Accounts for 2018/19 were submitted to members of this Committee on 26th September 2019. An electronic copy of the accounts is available at:

https://www.kettering.gov.uk/downloads/file/18668/statement_of_accounts_2018-19_draft

2.2. It had previously been reported to the Monitoring and Audit Committee that EY were experiencing staff turnover and challenges in recruiting new staff, which effected the audit timetable for the 2018/19 audit and resulted in the audit being delayed and taking place during August and September 2019.

2.3. The Committee were advised that the audit report should have been received from EY before 31st July 2019 and should have formed part of the final formal publication of this document. The priority for EY was to ensure that a high quality audit was undertaken and this was key in ensuring their responsibilities were met in issuing the correct audit opinion.

2.4. In order to comply with the statutory requirements of the Accounts & Audit Regulations 2015, the Responsible Financial Officer is required to sign the accounts by 31st May. Members are reminded that the draft accounts for 2018/19 were signed on 23rd May 2019.

2.5. The accounts that were presented to the September Committee were in draft format as there had been a delay to receiving IAS 19 assurance in relation to the Northamptonshire Pension Fund. EY were therefore not able to audit the Pension Fund for 2018/19 until Northamptonshire County Council's accounts for 2017/18 were signed off by KPMG – the 2017/18 accounts were signed off on 27th November 2019 and this enabled EY to commence the audit of the Pension Fund.

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Committee	MONITORING & AUDIT	Item 8E	Page 2 of 2
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2.6. The Monitoring and Audit Committee at the September 2019 meeting resolved:-

- i) That the Monitoring & Audit Committee receives the Audit Memorandum – Report to those charged with Governance; and approves the draft Management Representation Letter.
- ii) That any non-material adjustments required to the draft audit opinion (ISA 260) and the Management Representation letter are agreed with the Chair of the Monitoring and Audit Committee and be reported back to a future meeting of the committee.

2.7. At the date of this report, the audit is at the final stage which requires approval and sign-off by EY. An update will be provided to the Committee on the final position however we do not anticipate any further changes to the 2018/19 accounts that will impact on the delegations agreed by this Committee. The accounts have in accordance with the resolution been agreed with the Chair of the Monitoring and Audit Committee.

2.8. Members should note that in accordance with legislation and owing to the recent pandemic disclosure has been included in the accounts relating to COVID 19 – this does not impact on the Council's financial position at 31st March 2019 but as the accounts had not been signed off by EY and owing to the significance of the pandemic it was necessary to make reference to COVID 19 in the 2018/19 accounts.

3. RECOMMENDATIONS

3.1 Members note the conclusion of the Statement of Accounts for the financial year 2018/19

Background Papers:

Title of Document: Final Accounts Working Papers

Contact Officer: Mark Dickenson

Committee	MONITORING AND AUDIT	Item 8F	Page 1 of 2
Report Originator	EY	Forward Plan Ref: N/A	
Wards Affected	All	14 th July 2020	
Title	EXTERNAL AUDIT REPORTS – FINANCIAL STATEMENTS AUDIT PLAN		

1. PURPOSE OF REPORT

To present the 2019/20 Financial Statements Audit Plan, which details the work EY intend to carry out with regard to the Council's 2019/20 Statement of Accounts.

The report has been prepared by the Council's external auditor and a representative from EY will be at the meeting to present this report and answer Members' questions.

2. FINANCIAL STATEMENTS AUDIT PLAN

- 2.1 Each year the Council's external auditor provides details of the approach they wish to adopt with regard to the audit of the Council's Statement of Accounts and the Value for Money (VFM) arrangements.
- 2.2 The Local Audit and Accountability Act 2014 requires auditors of local government bodies to be satisfied that the authority 'has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is supported by the Code of Audit Practice, published by the National Audit Office (NAO) in April 2015, which requires auditors to 'take into account their knowledge of the relevant local sector as a whole, and the audited body specifically, to identify any risks that, in the auditor's judgement, have the potential to cause the auditor to reach an inappropriate conclusion on the audited body's arrangements.' The VFM approach is fundamentally unchanged from that adopted in 2015/16.
- 2.3 The VFM risk focuses around the wider financial situation within the County across the authorities, and also more nationally, and how these situations have the potential to impact on this Council.
- 2.4 The external auditors (EY) will review how the Authority is dealing with both local and national risks. This approach does not mean that the auditors are saying there is a specific financial resilience risk to KBC itself in terms of how we approach things as an Authority, rather that they are looking at the outside risks which we are having to deal with.
- 2.5 The attached Financial Statements Provisional Audit Plan at **Appendix A** details for Members' information EY's intended approach, together with the key audit risks they

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Committee	MONITORING & AUDIT	Item 8F	Page 2 of 2
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have identified, the members of their audit team details of associated fees will be provided in due course.

- 2.6 In response to the Current Covid-19 situation the Government has approved legislation to extend the audit deadline for the 2019/20 audit to 30th November 2020.

3. RECOMMENDATION

That the Monitoring & Audit Committee receives and notes the 2019/20 Provisional Financial Statements Audit Plan.

Kettering Borough Council

Provisional Audit Planning Report

Year ended 31 March 2020

June 2020



Building a better
working world



Private and Confidential
Kettering Borough Council
Municipal Offices
Bowling Green Road
Kettering, NN15 7QX

June 2020

Dear Monitoring and Audit Committee Members

Provisional 2019-2020 audit planning report

We are pleased to attach our provisional Audit Plan which sets out how we intend to carry out our responsibilities as auditor. Its purpose is to provide the Monitoring and Audit Committee with a basis to review our proposed audit approach and scope for the 2019/20 audit in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2015 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements. It is also to ensure that our audit is aligned with the Committee's service expectations.

This plan summarises our provisional assessment of the key risks driving the development of an effective audit for the Council. We are writing this plan at a point when we have not yet issued our opinion on the Council's financial statements for the financial year ended 31st March 2019. Subject to the conclusion of our remaining audit procedures, we expect to do so by the 14th July 2020. As our prior year audit is substantially complete, I am able to present our provisional assessment of audit risks for the 2019-2020 financial year drawing on our cumulative audit knowledge, discussions with senior management and the current regulatory and professional environment for preparers of accounts and external auditors. We intend to continue our audit planning procedures during July 2020. We will update the Monitoring and Audit Committee on our final audit strategy, materiality levels prior to the audit of the Council's 2019/20 financial statements and highlight where our initial assessment has changed during the course of the audit.

This report is intended solely for the information and use of the Monitoring and Audit Committee and management, and is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss this report with you on 14th July 2020 as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Neil Harris

For and on behalf of Ernst & Young LLP



01

Overview of our 2019/20 audit strategy



Overview of our 2019/20 audit strategy

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Monitoring and Audit Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

Audit risks and areas of focus

Risk / area of focus	Risk identified	Change from PY	Details
Misstatements due to fraud or error (Risk of management override)	Fraud risk	No change in risk or focus	As identified in ISA 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that would otherwise appear to be operating effectively.
Page 96 Inappropriate capitalisation of revenue expenditure	Fraud risk	No change in risk or focus	As noted above, under ISA 240, management is in a unique position to perpetrate fraud through the override of controls. We have considered the main areas where management may have the incentive and opportunity to do this. We have identified the inappropriate capitalisation of revenue expenditure on property, plant and equipment as an area of risk, given the extent of the Councils capital programme.
Valuation of Property, Plant and Equipment and Investment Properties	Significant risk	No change in risk or focus	<p>Property valuations (including Property, plant and equipment (PPE) and Investment Properties) represents a significant balance in the Council's accounts and is subject to valuation changes, impairment reviews and depreciation charges. Material judgemental inputs and estimation techniques are required to calculate the year-end PPE balances held in the balance sheet.</p> <p>As the Council's asset base is significant, and the outputs from the valuer are subject to estimation. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures, with specialist support as appropriate on the use of experts and assumptions underlying fair value estimates.</p> <p>The current economic uncertainty caused by Covid-19 has significantly increased the risk that property asset valuations (based on market conditions) may be materially misstated.</p>

Overview of our 2019/20 audit strategy (cont.)

Audit risks and areas of focus			
Risk / area of focus	Risk identified	Change from PY	Details
Pension liability valuation	Inherent risk	No change in risk or focus	<p>The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding the Local Government Pension Scheme (LGPS) in which it is an admitted body. The Council's current pension fund deficit is a material and sensitive item and the Code requires that this liability be disclosed on the Council's balance sheet.</p> <p>The information disclosed is based on the IAS 19 report issued to the Council by the Actuary. Accounting for this scheme involves significant estimation and judgement and due to the nature, volume and size of the transactions, in the current uncertain economic environment, we consider this to be a higher inherent risk. In addition, every three years, a formal valuation of the whole fund is carried out in accordance with the LGPS Regulations 2013 to assess and examine the ongoing financial position of the fund. The IAS19 report for 2019/20 will reflect the updated membership numbers provided for this triennial valuation. We will therefore need to seek additional assurances from the Pension Fund auditor over this data.</p>
Going Concern Disclosures	Inherent risk	New risk for 2019/20	<p>This Going Concern auditing standard (ISA 570) has been revised in response to enforcement cases and well-publicised corporate failures where the auditor's report failed to highlight concerns about the prospects of entities which collapsed shortly after. The revised standard extends requirements to report to regulators where we have concerns about going concern.</p> <p>In particular for the 2019/20 audit we will undertake sufficient and appropriate audit procedures to review the adequacy of management's disclosures, assumptions and stress testing on their assessment of going concern in response to Covid-19.</p>
IFRS 16 - readiness assessment	Inherent risk	New risk for 2019/20	<p>Although the new standard will not be included in the CIPFA Code of Practice until 2020/21, work will be necessary to secure information required to enable Authorities to fully assess their leasing position and ensure compliance with the standard from 1 April 2020.</p>

Overview of our 2019/20 audit strategy (cont.)

Audit risks and areas of focus			
Risk / area of focus	Risk identified	Change from PY	Details
Recognition of grant income associated with Covid-19	Inherent risk	New risk for 2019/20	The Council has received additional funding in the form of grants as a result of the Covid-19. There is the potential for the recognition and treatment of these grants (including business rate related grants) to be manipulated to improve the reported position. We will consider the elements of grant income, their susceptibility to manipulation and the appropriate audit response.
Omission or understatement of provisions Incorrect adjustments through the movement in Reserves Statement Accounting for the Collection Fund surplus	No risk	Decrease in risk	Fraud risks reported in the prior year Audit Plan were no longer deemed to be significant as the risks around Local Government Reorganisation and the potential pressure for the districts to make a financial contribution to Northamptonshire County Council did not materialise. Local government reorganisation in Northamptonshire has been put on hold for another year. It was decided in May 2019, that the shadow unitaries will now operate from 1 April 2020, rather than 1 April 2019 and the two new unitary councils will be fully operational from April 2021.

Overview of our 2019/20 audit strategy (cont.)

Value for money conclusion

We have identified a significant value for money conclusion risk in relation to Unitary Authority arrangements and commercial property investments. We include in section 3 further details of this risk and an outline of the planned procedure we will perform to enable us to form a value for money conclusion.

Materiality

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Planning
materiality

£1,314k

Consistent with our prior year's approach, we calculate our planning materiality as 2% of the gross expenditure (based on the PY outturn) of the Council. Planning materiality has been set at £1,314,000. We will revisit the appropriateness of this level when we receive the draft financial statements and our understanding at that stage of the implications from Covid-19 on the Council's viability and investments.

Performance
materiality

£986k

Performance materiality represents 75% of planning materiality. This is an increase from 50% compared to the prior year. This increase reflects our expectation of misstatements and the effectiveness of the Council's internal control environment, based on the experience we gained from the prior year audit (which our initial audit year for the Council).

We will revisit the appropriateness of this level when we receive the draft financial statements. This will take account of our assessment of the control environment for the preparation of the accounts and supporting working papers as a result of social distancing measures introduced and those which remain in force during the course of the audit in response to Covid-19.

Audit
differences

£65k

We will report all uncorrected misstatements relating to the primary statements (comprehensive income and expenditure statement, balance sheet, movement in reserves statement, cash flow statement, and collection fund) greater than £65,700. We will communicate other misstatements identified to the extent that they merit the attention of the Monitoring and Audit Committee. This level is driven by our calculation of planning materiality and will change if this is revised during the course of the audit.

Overview of our 2019/20 audit strategy (cont.)

Audit scope

This Audit Plan covers the work that we plan to perform to provide you with:

- Our audit opinion on whether the Kettering Borough Council financial statements give a true and fair view of the financial position as at 31 March 2020 and of the income and expenditure for the year then ended; and
- Our conclusion on the Authority's arrangements to secure economy, efficiency and effectiveness.

We will also review and report to the National Audit Office (NAO), to the extent and in the form required by them, on the Council's Whole of Government Accounts return.

Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

When planning the audit we take into account several key inputs:

- Strategic, operational and financial risks relevant to the financial statements;
- Developments in financial reporting and auditing standards;
- The quality of systems and processes;
- Changes in the business and regulatory environment; and,
- Management's views on all of the above.

By considering these inputs, our audit is focused on the areas that matter and our feedback is more likely to be relevant to the Council.

Taking the above into account, and as articulated in this audit plan, our professional responsibilities require us to independently assess the risks associated with providing an audit opinion and undertake appropriate procedures in response to that. Our Terms of Appointment with PSAA allow them to vary the fee dependent on "the auditors assessment of risk and the work needed to meet their professional responsibilities". PSAA are aware that the setting of scale fees has not kept pace with the changing requirements of external audit with increased focus on, for example, the valuations of land and buildings, the auditing of groups, the valuation of pension obligations, the introduction of new accounting standards such as IFRS 9 and 15 in recent years as well as the expansion of factors impacting the value for money conclusion. Therefore to the extent any of these or any other risks are relevant in the context of Kettering Borough Council audit, we will discuss these with management as to the impact on the scale fee.



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02

Audit risks



Our response to significant risks

<p>Misstatements due to fraud or error (Risk of management override) [Fraud Risk]</p>	<p>What is the risk?</p> <p>The financial statements as a whole are not free of material misstatements whether caused by fraud or error.</p> <p>As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.</p>	<p>What will we do?</p> <ul style="list-style-type: none"> ▶ Identifying fraud risks during the planning stages. ▶ Inquiry of management about risks of fraud and the controls put in place to address those risks. ▶ Understanding the oversight given by those charged with governance of management's processes over fraud. ▶ Consideration of the effectiveness of management's controls designed to address the risk of fraud. ▶ Determining an appropriate strategy to address those identified risks of fraud. ▶ Performing mandatory procedures regardless of specifically identified fraud risks, including testing of journal entries and other adjustments in the preparation of the financial statements, assessing accounting estimates for evidence of management bias and evaluating the business rationale for significant and unusual transactions.
<p>Inappropriate capitalisation of revenue expenditure [Fraud Risk]</p>	<p>What is the risk?</p> <p>Linking to our risk of misstatements due to fraud and error, we have considered the capitalisation of revenue expenditure on property, plant and Equipment, investment properties as a specific area of risk. The Council has a significant fixed asset base and a material capital programme and therefore has the potential to materially impact the revenue position through inappropriate capitalisation.</p>	<p>What will we do?</p> <p>We will take a substantive approach to respond to the specific risk, undertaking the following procedures related to the incorrect capitalisation of revenue expenditure:</p> <ul style="list-style-type: none"> ▶ Test a sample of capital expenditure at a lower testing threshold to verify that revenue costs have not been inappropriately capitalised; ▶ Our testing will examine invoices, capital expenditure authorisations, leases and other data that support capital additions. We will review the sample selected against the definition of capital expenditure in IAS16. ▶ As part of our journal testing strategy, we will review unusual journal pairings related to capital expenditure posted around the year-end i.e. where the debit is to capital expenditure and the credit to income and expenditure.

Audit risks

Our response to significant risks (cont.)

Valuation of Property, Plant & Equipment and Investment Property Assets [Significant Risk]

What is the risk?

Property, plant and equipment (PPE) and Investment Property assets represents a significant balance in the Council's accounts and are subject to valuation changes, impairment reviews and depreciation charges.

Material judgemental inputs and estimation techniques are required to calculate the year-end asset property valuations held on the balance sheet.

The Council engages property valuation specialists to determine asset valuations and small changes in assumptions when valuing these assets can have a material impact on the financial statements. ISAs (UK and Ireland) 300 and 540 require us to undertake procedures on the use of experts and assumptions underlying fair value estimates.

As at 31 March 2019 the value of the Council's PPE was £255.9m and Investment Properties £41.9m. Due to significant economic uncertainty caused by the Covid-19 pandemic there is an increased risk that asset valuations (based on market conditions) may be materially misstated.

What will we do?

In terms of the overall response, we will:

- evaluate the selection and application of accounting policies established to determine whether the accounting policies are being applied in an inappropriate manner;
- adjust the nature, timing and extent of our audit procedures by, for example, increasing our sample sizes

We will take a substantive approach to respond to the specific risk, undertaking the following procedures related to the valuation of property:

- ▶ Consider the work performed by the Council's valuers, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work;
- ▶ Sample testing key asset information used by the valuers in performing their valuation;
- ▶ Consider the annual cycle of valuations to ensure that assets have been valued within an appropriate timescale.
- ▶ Consider any specific changes to assets that have occurred and that these have been communicated to the valuer;
- ▶ Review assets not subject to valuation in 2019/20 to confirm that the remaining asset base is not materially misstated;
- ▶ Consider changes to useful economic lives as a result of the most recent valuation; and
- ▶ Test accounting entries have been correctly processed in the financial statements.

We will be engaging EY valuation specialists to assist the audit team on a sample of assets, based on our assessment of the asset valuations subject to a higher degree of risk for their valuations as at 31 March 2020.

We will also consider how the Council's valuer has addressed the impact of Covid-19 in the year-end valuation of assets and assessment of impairments.

Inherent Risks and Other areas of audit focus

What is the risk/area of focus?

What will we do?

Pension liability valuation and disclosures

The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding the Local Government Pension Scheme (LGPS) in which it is an admitted body. The Council's current pension fund deficit is a material and sensitive item and the Code requires that this liability be disclosed on the Council's balance sheet.

The Council's pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the Council's balance sheet. At 31st March 2019 this totalled £51.8 million.

The information disclosed is based on the IAS 19 report issued to the Council by the Actuary. Accounting for this scheme involves significant estimation and judgement and due to the nature, volume and size of the transactions, in the current uncertain economic environment, we consider this to be a higher inherent risk. In addition, every three years, a formal valuation of the whole fund is carried out in accordance with the LGPS Regulations 2013 to assess and examine the ongoing financial position of the fund. The IAS19 report for 2019/20 will reflect the updated membership numbers provided for this triennial valuation. We will therefore need to seek additional assurances from the Pension Fund auditor over this data.

An additional consideration in 2019/20 will be the impact of Covid-19 on the valuation of complex (Level 3) investments held by Northamptonshire Pension Fund, for example private equity investments where valuations as at 31 March 2020 will have to be estimated. This is likely to impact on the IAS19 reports provided by the actuary and the assurances over asset values that are provided by the pension fund auditor, and consequently the assurance we are able to obtain over the net pension liability in the Council's accounts.

We will:

- ▶ Liaise with the auditors of Northamptonshire Pension Fund, to obtain assurances over the information supplied to the actuary in relation to Kettering Borough Council;
- ▶ Assess the work of the Pension Fund actuary including the assumptions they have used by relying on the work of PwC - Consulting Actuaries commissioned by the National Audit Office for all Local Government sector auditors, and considering any relevant reviews by the EY actuarial team; and
- ▶ Review and test the accounting entries and disclosures made within the Council's financial statements in relation to IAS19.
- ▶ Assess the results of the triennial valuations, including the assumptions used and the impact on the Council's pension liability.
- ▶ Engage early with the Council, and their actuary, to understand any ongoing impact of the McCloud judgement and GMP rulings on the IAS19 liability.
- ▶ Consider the nature and value of level 3 investments held by Northamptonshire Pension Fund and the proportion of the overall Fund relating to Kettering Borough Council in order to identify any additional procedures required to support the estimates of the valuation of these assets as at 31 March 2020.

Overview of our 2019/20 audit strategy

Inherent Risks and Other areas of audit focus (cont.)

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

What is the risk/area of focus?

What will we do?

Going Concern disclosures

Covid-19 has created a number of financial pressures throughout Local Government. For Kettering Borough Council the estimated financial pressure for the Council in 2019/20 is estimated to be in the range of £0.360m and £3.968m under different models. This includes reductions in income for the Council as well as additional cost pressures. There is currently not a clear statement of financial support from MHCLG that covers all financial consequences of Covid-19.

IFAC's Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 sets out that organisations that can only be discontinued under statutory prescription shall prepare their accounts on a going concern basis.

However, International Auditing Standard 570 *Going Concern*, as applied by Practice Note 10: *Audit of financial statements of public sector bodies in the United Kingdom*, still requires auditors to undertake sufficient and appropriate audit procedures to consider whether there is a material uncertainty on going concern that requires reporting by management within the financial statements, and within the auditor's report. We are obliged to report on such matters within the section of our audit report 'Conclusions relating to Going Concern'.

To do this, the auditor must review management's assessment of the going concern basis applying IAS1 Presentation of Financial Statements.

The auditor's report in respect of going concern covers a 12-month period from the date of the report, therefore the Council's assessment will also need to cover this period.

In light of the unprecedented nature of Covid-19, its impact on the funding of public sector entities and uncertainty over the form and extent of government support, we will be seeking a documented and detailed consideration to support management's assertion regarding the going concern basis and particularly with a view whether there are any material uncertainties for disclosure.

We will review your updated going concern disclosures within the financial statements under IAS1, and associated financial viability disclosures within the Narrative Statement. We expect you to disclose any material uncertainties that do exist.

These disclosures should also include the process that has been undertaken for revising financial plans and cashflow, liquidity forecasts, known outcomes, sensitivities, mitigating actions including but not restricted to the use of reserves, and key assumptions (e.g. assumed duration of Covid-19).

Our audit procedures to review these will include consideration of:

- ▶ Current and developing environment;
- ▶ Liquidity (operational and funding);
- ▶ Mitigating factors;
- ▶ Management information and forecasting; and
- ▶ Sensitivities and stress testing.

Overview of our 2019/20 audit strategy

Inherent Risks and Other areas of audit focus (cont.)

What is the risk/area of focus?

IFRS16 - leases

IFRS 16 Leases was issued by the IASB in 2016. Its main impact is to remove (for lessees) the traditional distinction between finance leases and operating leases. Finance leases have effectively been accounted for as acquisitions (with the asset on the balance sheet, together with a liability to pay for the asset acquired). In contrast, operating leases have been treated as “pay as you go” arrangements, with rentals expensed in the year they are paid. IFRS 16 requires all substantial leases to be accounted for using the acquisition approach, recognising the rights acquired to use asset.

Implementation of IFRS 16 will be included in the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) for 2020/21. This Code has yet to be published, but in July 2019 CIPFA/LASAAC issued ‘IFRS 16 leases and early guide for practitioners’.

This early guidance provides comprehensive coverage of the requirements of the forthcoming provisions, including:

- ▶ the identification of leases
- ▶ the recognition of right-of-use assets and liabilities and their subsequent measurement
- ▶ treatment of gains and losses
- ▶ derecognition and presentation and disclosure in the financial statements,
- ▶ the management of leases within the Prudential Framework.

The guidance also covers the transitional arrangements for moving to these new requirements, such as:

- ▶ the recognition of right-of-use assets and liabilities for leases previously accounted for as operating leases by lessees
- ▶ the mechanics of making the transition in the 2020/21 financial statements (including the application of transitional provisions and the preparation of relevant disclosure notes).

What will we do?

IFRS 16 - leases introduces a number of significant changes which go beyond accounting technicalities. For example, the changes have the potential to impact on procurement processes as more information becomes available on the real cost of leases.

The key accounting impact is that assets and liabilities in relation to significant lease arrangements previously accounted for as operating leases will need to be recognised on the balance sheet.

Although the new standard will not be included in the CIPFA Code of Practice until 2020/21, work will be necessary to secure information required to enable authorities to fully assess their leasing position and ensure compliance with the standard from 1 April 2020.

In particular, full compliance with the revised standard for 2020/21 is likely to require a detailed review of existing lease and other contract documentation prior to 1 April 2020 in order to identify:

- ▶ all leases which need to be accounted for
- ▶ the costs and lease term which apply to the lease
- ▶ the value of the asset and liability to be recognised as at 1 April 2020 where a lease has previously been accounted for as an operating lease.

We will discuss progress made in preparing for the implementation of IFRS 16 - leases with the finance team over the course of our 2019/20 audit.



Audit risks

Inherent Risks and Other areas of audit focus (cont.)

What is the risk/area of focus?

Recognition of grant income associated with Covid-19

The Council has received additional funding in the form of grants as a result of the Covid-19. There is the potential for the recognition and treatment of these grants (including business rate related grants) to be manipulated to improve the reported position.

What will we do?

We will:

- ▶ Consider the revenue and capital grants received by the Council;
- ▶ Assess the potential for manipulation of individual grant streams (including those related to business rates); and
- ▶ Responsive to the risk, carry out testing to ensure the accounting treatment and recognition applied to grant income is appropriate.

Inherent Risks and Other areas of audit focus (cont.)

Impact of Covid-19

The ongoing disruption to daily life and the economy as a result of the Covid-19 virus will have a pervasive impact upon the financial statements. Understandably, the priority for the Council to date has been to ensure the safety of staff and the delivery of business critical activities. However, the financial statements will need to reflect the impact of Covid-19 on the Council's financial position and performance. We wish to highlight the wide range of ways in which it could impact the financial statements, these include, but not be limited to:

- ▶ **Revenue recognition** - there may be an impact on income collection (Council and Business rates) if businesses and residents are unable to work and earn income due to the lockdown and restriction of movement due to COVID-19.
- ▶ **Tangible assets** - there may be impairment of tangible assets if future service potential is reduced by the economic impact of the virus. The Council may also have already incurred capital costs on projects where the economic case has fundamentally changed.
- ▶ **Pensions** - volatility in the financial markets is likely to have a significant impact on pension assets, and therefore net liabilities.
- ▶ **Receivables** - there may be an increase in amounts written off as irrecoverable and impairment of year-end balances due to the increased number of businesses and residents unable to meet their financial obligations.
- ▶ **Holiday and sickness pay** - the change in working patterns may result in year-end staff pay accruals which may be noticeably different to prior years.
- ▶ **Government support** - any Covid-19 specific government support is likely to be a new transaction stream and may require development of new accounting policies and treatments.
- ▶ **Annual Governance Statement**- the widespread use of home working is likely to change the way internal controls operate. The Annual Governance Statement will need to capture how the control environment has changed during the period and what steps were taken to maintain a robust control environment during the disruption. This will also need to be considered in the context of internal audit's ability to issue their Head of Internal Audit opinion for the year, depending on the ability to complete the remainder of the internal audit programme.

We will provide an update on the impact of Covid-19 on the Council's financial statements, and how we have responded to the additional risks of misstatement, later in our audit.

In addition to the impact on the financial statements themselves, the disruption caused by Covid-19 may impact on management's ability to produce the financial statements and our ability to complete the audit to the planned timetable. For example, it may be more difficult than usual to access the supporting documentation necessary to support our audit procedures. There will be additional audit procedures we have to perform to respond to the additional risks caused by the factors noted above.



03

Value for Money Risks





Background

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. This is known as our value for money conclusion.

For 2019/20 this is based on the overall evaluation criterion:

"In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people"

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

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- Take informed decisions;
- Deploy resources in a sustainable manner; and
- Work with partners and other third parties.

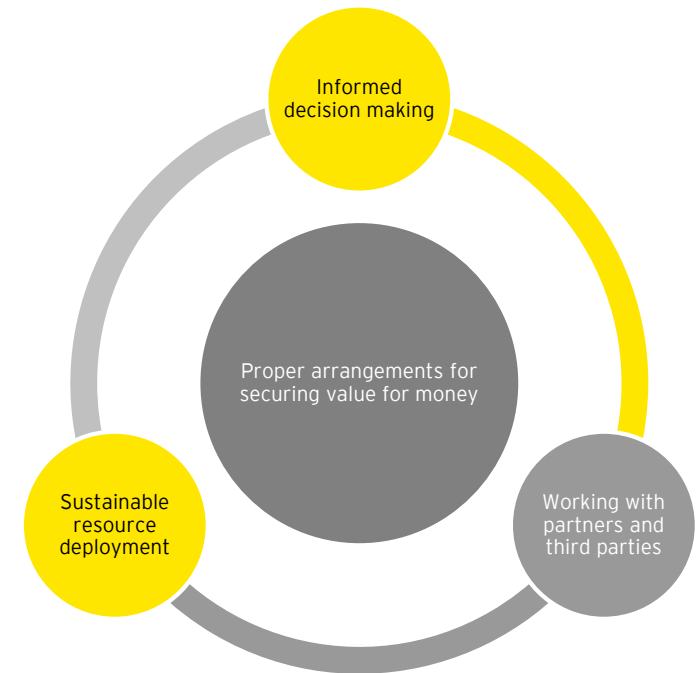
When considering your proper arrangements, we will draw on the requirements of the CIPFA/SOLACE framework for local government to ensure that our assessment is made against a framework that you are already required to have in place and to report on through documents such as your annual governance statement.

We are only required to determine whether there are any risks that we consider significant, which the Code of Audit Practice defines as:

"A matter is significant if, in the auditor's professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public"

Our risk assessment supports the planning of sufficient work to enable us to deliver a safe conclusion on arrangements to secure value for money and enables us to determine the nature and extent of further work that may be required. If we do not identify any significant risks there is no requirement to carry out further work. We consider business and operational risks insofar as they relate to proper arrangements at both sector and organisation-specific level. In 2019/20 this has included consideration of the steps taken by the Council to consider the impact of Brexit on its future service provision, medium-term financing and investment values. Although the precise impact cannot yet be modelled, we anticipate that Councils will be carrying out scenario planning and that Brexit and its impact will feature on operational risk registers.

Our risk assessment has therefore considered both the potential financial impact of the issues we have identified, and also the likelihood that the issue will be of interest to local taxpayers, the Government and other stakeholders. This has resulted in the identification of the significant risks noted on the following page which we view as relevant to our value for money conclusion.





Value for Money Risk

What is the significant value for money risk?

Unitary Authority arrangements

The Council faces an unprecedented set of circumstances as it closes the 2019-2020 financial year and during the next twelve months, in the following ways:

- The work required (strategic, financial, people and operational) to transition to new Unitary Authority arrangements in Northamptonshire from the 1st April 2021 and associated shadow Council arrangements implemented beforehand.

The capacity, skills, resilience and business continuity necessary for the Council to deliver its 2020/2021 budget, essential services, closedown its 2019-2020 financial reporting and secure an effective transition to the new Unitary Authority. Now heightened due to the unprecedented and uncertain implications faced by COVID-19.

- Judgements the Council will continue to make on its financial security, including how it responds to external economic and industry factors and the impact this may have on the delivery of its 2020/2021 budget, decision making and reliance on any uncertain funding and income streams.

What arrangements does the risk affect?

- Take informed decisions;
- Deploy resources in a sustainable manner; and
- Work with partners and other third parties.

What will we do?

Although many of these factors relate to arrangements in the 2020/2021 financial year, these do apply to conditions and assumptions the Council will have assessed in preparing its 2020/2021 budget and we will be observing and reviewing the Council's response and adequacy of arrangements as we conduct our audit from April 2020 until the date of issuing the 2019/2020 audit opinion.

We will review the robustness of the Council's assumptions supporting its 2020/2021 budget, savings programmes, reliance on uncertain income streams and adequacy of reserves and balances. We will also consider the due diligence process the Council has followed for any significant financial decisions made during the 2019/2020 financial year.



Value for Money Risk (cont.)

What is the significant value for money risk?

Commercial property investments

The Council's financial planning places an emphasis on self-sufficiency through, for example:

- Continued investments in commercial properties
- Increasing borrowing to support strategic objectives

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As part of this strategy, the Council has invested £5.5m in 2018/19 and holds a budget of £20m in 2019/20 with the primary purpose of generating investment income. The strategy presents challenges in terms of governance, financial and risk management as well as partnership working.

What arrangements does the risk affect?

- Take informed decisions;
- Deploy resources in a sustainable manner; and
- Work with partners and other third parties.

What will we do?

Our approach will focus on reviewing the governance arrangements of the purchase of investment properties and assessment of the risks associated with its commercial property investments. We will consider:

- the due diligence undertaken by the Council in reaching decisions regarding commercial investment, including the governance, financial & risk management arrangements;
- the robustness of the underlying assumptions & calculations of the 2019/20 purchases, including the linkage between the capital programme and revenue budgeting;
- the effectiveness of in year monitoring of progress against efficiency targets; and
- how the council is working with other bodies and partners to support its commercial investment strategy.

We will consider the level of reliance for future financial resilience on investment income and the risk assessment/sensitivity analysis the Council has undertaken.



04

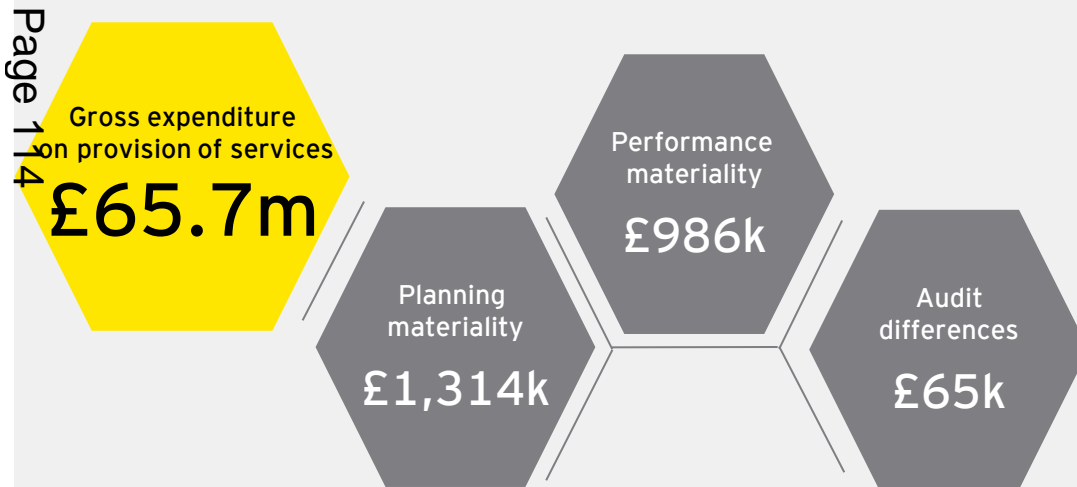
Audit materiality



Materiality

Materiality

For planning purposes, materiality for 2019/20 has been set at £1,314k. This represents 2% of the Council's prior year gross expenditure on provision of services. For the reasons set out on page 7, our materiality levels will be reassessed throughout the audit process. We have provided supplemental information about audit materiality in Appendix C.



We request that the Monitoring and Audit Committee confirm its understanding of, and agreement to, these materiality and reporting levels.

Key definitions

Planning materiality - the amount over which we anticipate misstatements would influence the economic decisions of a user of the financial statements.

Performance materiality - the amount we use to determine the extent of our audit procedures. We have set performance materiality at £986k which represents 75% of planning materiality.

Audit difference threshold - we propose that misstatements identified below this threshold are deemed clearly trivial. We will report to you all uncorrected misstatements over this amount relating to the comprehensive income and expenditure statement, balance sheet and collection fund that have an effect on income or that relate to other comprehensive income.

Other uncorrected misstatements, such as reclassifications and misstatements in the cashflow statement and movement in reserves statement or disclosures, and corrected misstatements will be communicated to the extent that they merit the attention of the Monitoring and Audit Committee, or are important from a qualitative perspective.

Specific materiality - We will set a lower materiality for remuneration disclosures, related party transactions, members' allowances and exit packages which reflects our understanding that an amount less than our materiality would influence the economic decisions of users of the financial statements in relation to this.



05

Scope of our audit



Our Audit Process and Strategy

Objective and Scope of our Audit scoping

Under the Code of Audit Practice our principal objectives are to review and report on the Council's financial statements and arrangements for securing economy, efficiency and effectiveness in its use of resources to the extent required by the relevant legislation and the requirements of the Code.

We issue an audit report that covers:

1. Financial statement audit

Our objective is to form an opinion on the financial statements under International Standards on Auditing (UK).

We also perform other procedures as required by auditing, ethical and independence standards, the Code and other regulations. We outline below the procedures we will undertake during the course of our audit.

Procedures required by standards

- Addressing the risk of fraud and error;
- Significant disclosures included in the financial statements;
- Entity-wide controls;
- Reading other information contained in the financial statements and reporting whether it is inconsistent with our understanding and the financial statements; and
- Auditor independence.

Procedures required by the Code

- Reviewing, and reporting on as appropriate, other information published with the financial statements, including the Annual Governance Statement; and
- Reviewing and reporting on the Whole of Government Accounts return, in line with the instructions issued by the NAO

2. Arrangements for securing economy, efficiency and effectiveness (value for money)

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.

Our Audit Process and Strategy (cont.)

Audit Process Overview

Our audit involves:

- ▶ Identifying and understanding the key processes and internal controls; and
- ▶ Substantive tests of detail of transactions and amounts.

For 2019/20 we plan to follow a substantive approach to the audit as we have concluded this is the most efficient way to obtain the level of audit assurance required to conclude that the financial statements are not materially misstated.

Analytics:

We will use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular journal entries. These tools:

▶ Help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests; and

▶ Give greater likelihood of identifying errors than random sampling techniques.

We will report the findings from our process and analytics work, including any significant weaknesses or inefficiencies identified and recommendations for improvement, to management and the Monitoring and Audit Committee.

Internal audit:

We will meet with the Head of Internal Audit, and review internal audit plans and the results of their work. We will reflect the findings from these reports, together with reports from any other work completed in the year, in our detailed audit plan, where they raise issues that could have an impact on the financial statements.



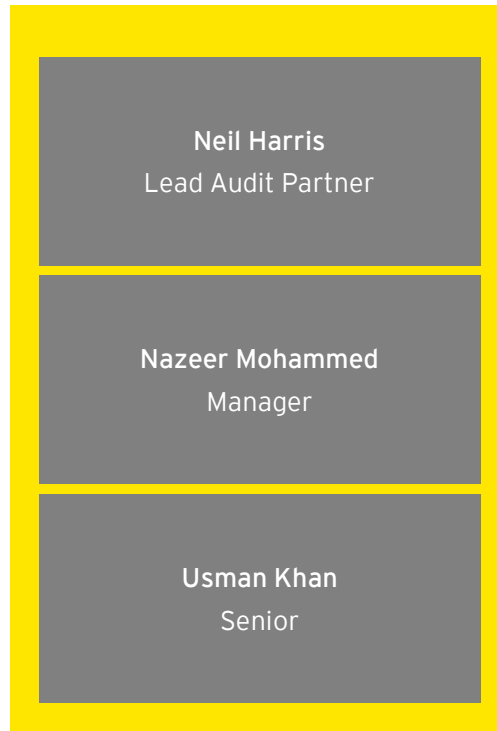
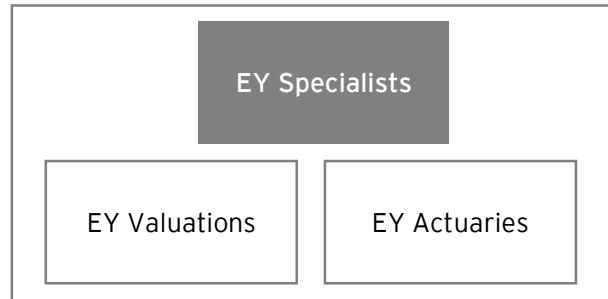
06

Audit team



Audit team

Audit team structure:



Use of specialists

When auditing key judgements, we are often required to rely on the input and advice provided by specialists who have qualifications and expertise not possessed by the core audit team. The areas where either EY or third party specialists provide input for the current year audit are:

Area	Specialists
Valuation of Land and Buildings	EY Valuations Team
Pensions disclosure	EY Actuaries

In accordance with Auditing Standards, we will evaluate each specialist's professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work.

We also consider the work performed by the specialist in light of our knowledge of the Council's business and processes and our assessment of audit risk in the particular area. For example, we would typically perform the following procedures:

- ▶ Analyse source data and make inquiries as to the procedures used by the specialist to establish whether the source data is relevant and reliable;
- ▶ Assess the reasonableness of the assumptions and methods used;
- ▶ Consider the appropriateness of the timing of when the specialist carried out the work; and
- ▶ Assess whether the substance of the specialist's findings are properly reflected in the financial statements.



07

Audit timeline





Audit timeline

Timetable of communication and deliverables

Timeline

Below is a timetable showing the key stages of the audit and the deliverables we have agreed to provide to you through the audit cycle in 2019/20.

From time to time matters may arise that require immediate communication with the Monitoring and Audit Committee and we will discuss them with the committee Chair as appropriate. We will also provide updates on corporate governance and regulatory matters as necessary.

The disruption caused by Covid-19 may impact on management's ability to produce the financial statements and our ability to complete the audit to the planned timetable. For example, it may be more difficult than usual to access the supporting documentation necessary to support our audit procedures. There will be additional audit procedures we have to perform to respond to the additional risks caused by the factors noted above. The timetable below is therefore provisional and will need to be revisited throughout the period. We will discuss any potential delays to the timetable with officers and the Monitoring and Audit Committee Chair. In recognition of this, MHCLG have provided flexibility to Local Government bodies on the timetable for the preparation of draft accounts (by the end of August 2020), the public inspection period (by September 2020) and the target date for publication of audited financial statements (by end of November 2020). At the moment, the Council are working towards preparing draft accounts and supporting working papers for the beginning of July 2020. We are planning to undertake our audit throughout August 2020.

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Audit phase	Timetable	Committee timetable	Deliverables
Planning: Risk assessment and setting of scopes	June		
Walkthrough of key systems and processes	July	July 2020	Audit Planning Report
Year end audit	August		
Audit Completion procedures*	September	September/ October 2020	Audit Results Report Audit opinions and completion certificates
Conclusion of reporting*	September/ October 2020	September/ October 2020	Annual Audit Letter

*We wish to highlight to the committee that the 2019/20 Northamptonshire Pension Fund audit is not due to commence until July 2020, due to delays in concluding the 2018/19 pension fund audit. Any delays in the 2019/20 Northamptonshire Pension Fund audit will impact the timetable for the audit completion and conclusion of the Council's audit in relation to IAS 19 assurance provided by the pension fund auditors for the Council's pension liability.



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08

Independence



Introduction

The FRC Ethical Standard and ISA (UK) 260 “Communication of audit matters with those charged with governance”, requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard, as revised in June 2016, requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications

Planning stage

- ▶ The principal threats, if any, to objectivity and independence identified by Ernst & Young (EY) including consideration of all relationships between you, your affiliates and directors and us;
- ▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review;
- ▶ The overall assessment of threats and safeguards;
- ▶ Information about the general policies and process within EY to maintain objectivity and independence.
- ▶ Where EY has determined it is appropriate to apply more restrictive independence rules than permitted under the Ethical Standard.

Final stage

- ▶ In order for you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed;
- ▶ Details of non-audit services provided and the fees charged in relation thereto;
- ▶ Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us;
- ▶ Written confirmation that all covered persons are independent;
- ▶ Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy;
- ▶ Details of any contingent fee arrangements for non-audit services provided by us or our network firms; and
- ▶ An opportunity to discuss auditor independence issues.

In addition, during the course of the audit, we are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services.

We also provide information on any contingent fee arrangements, the amounts of any future services that have been contracted, and details of any written proposal to provide non-audit services that has been submitted;

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period, analysed in appropriate categories, are disclosed.

Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including the principal threats, if any. We have adopted the safeguards noted below to mitigate these threats along with the reasons why they are considered to be effective. However we will only perform non-audit services if the service has been pre-approved in accordance with your policy.

Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence of Neil Harris, your audit engagement partner and the audit engagement team have not been compromised.

Self interest threats

A self interest threat arises when EY has financial or other interests in the Council. Examples include where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with you. At the time of writing, there are no long outstanding fees.

We believe that it is appropriate for us to undertake permissible non-audit services and we will comply with the policies that you have approved.

None of the services are prohibited under the FRC's ES or the National Audit Office's Auditor Guidance Note 01 and the services have been approved in accordance with your policy on pre-approval. The ratio of non-audit fees to audit fees is not permitted to exceed 70%.

At the time of writing, the current ratio of non-audit fees to audit fees is nil. No additional safeguards are required.

A self interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to you. We confirm that no member of our audit engagement team, including those from other service lines, has objectives or is rewarded in relation to sales to you, in compliance with Ethical Standard part 4.

There are no other self interest threats at the date of this report.

Self review threats

Self review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements.

There are no self review threats at the date of this report.

Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of the Council. Management threats may also arise during the provision of a non-audit service in relation to which management is required to make judgements or decision based on that work.

There are no management threats at the date of this report.

Relationships, services and related threats and safeguards

Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise.

There are no other threats at the date of this report.

New UK Independence Standards

The Financial Reporting Council (FRC) published the Revised Ethical Standard 2019 in December and it will apply to accounting periods starting on or after 15 March 2020. A key change in the new Ethical Standard will be a general prohibition on the provision of non-audit services by the auditor (and its network) which will apply to UK Public Interest Entities (PIEs). A narrow list of permitted services will continue to be allowed.

Summary of key changes

- Extraterritorial application of the FRC Ethical Standard to UK PIE and its worldwide affiliates
- A general prohibition on the provision of non-audit services by the auditor (or its network) to a UK PIE, its UK parent and worldwide subsidiaries
- A narrow list of permitted services where closely related to the audit and/or required by law or regulation
- Absolute prohibition on the following relationships applicable to UK PIE and its affiliates including material significant in vestees/investors:
 - Tax advocacy services
 - Remuneration advisory services
 - Internal audit services
 - Secondment/loan staff arrangements

An absolute prohibition on contingent fees.

Requirement to meet the higher standard for business relationships i.e. business relationships between the audit firm and the audit client will only be permitted if it is inconsequential.

Permitted services required by law or regulation will not be subject to the 70% fee cap.

Grandfathering will apply for otherwise prohibited non-audit services that are open at 15 March 2020 such that the engagement may continue until completed in accordance with the original engagement terms.

- A requirement for the auditor to notify the Audit Committee where the audit fee might compromise perceived independence and the appropriate safeguards.
- A requirement to report to the Audit Committee details of any breaches of the Ethical Standard and any actions taken by the firm to address any threats to independence. A requirement for non-network component firm whose work is used in the group audit engagement to comply with the same independence standard as the group auditor. Our current understanding is that the requirement to follow UK independence rules is limited to the component firm issuing the audit report and not to its network. This is subject to clarification with the FRC.

Next Steps

We will continue to monitor and assess all ongoing and proposed non-audit services and relationships to ensure they are permitted under FRC Revised Ethical Standard 2016 which will continue to apply until 31 March 2020 as well as the recently released FRC Revised Ethical Standard 2019 which will be effective from 1 April 2020. We will work with you to ensure orderly completion of the services or where required, transition to another service provider within mutually agreed timescales.

We do not provide any non-audit services which would be prohibited under the new standard.

Other communications

EY Transparency Report 2019

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year end 30 June 2019:

https://assets.ey.com/content/dam/ey-sites/ey-com/en_uk/about-us/transparency-report-2019/ey-uk-2019-transparency-report.pdf



09

Appendices



Appendix A

Fees

Public Sector Audit Appointments Ltd (PSAA) has published the fee scale for the audit of the 2019/20 accounts of opted-in principal local government and police bodies.

This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

	Planned fee 2019/20	Scale fee 2019/20	Final Fee 2018/19
	£	£	£
Total Fee - Code work	TBC**	41,337	41,337*
Other non-audit services not covered above (Housing Benefits)	Nil	Nil	Nil

All fees exclude VAT

*The scale fee for 2018/19 was £41,337. The fee shown above does not allow for the additional procedures required to respond to the identified additional risks. We believe these were not included within the base scale fee. These include:

- i. Additional pensions procedures as a result of the McCloud and GMP judgements, as well as the actual asset position compared with the estimated position which we estimate to be £3,500.
- ii. Work undertaken by EY specialist (Real Estates) in relation to the valuation of material specialised assets which we estimate to be £4,500;
- iii. VFM conclusion work associated with a review of the Council's arrangements for commercial decisions and transactions which we estimate to be £2,000.

We estimate our additional fee to be £10,000. We have yet to agree the proposed additional fee with officers and is subject to PSAA approval.

**For 2019/20, the planned fee will be impacted by a range of factors which will result in additional work. The issues we have identified at the provisional planning stage which will impact on the fee are set out below. As we conclude our 2019/2020 audit planning procedures, we will discuss with senior management our estimate of the additional fee which is subject to PSAA approval.

- The additional risks presented by several areas of the Council's financial statements which require additional audit procedures and the need to engage specialists. These include, but are not limited to the valuation of property and the net pension liability.
- In addition, we are in an unprecedented period of change. A combination of pressures are impacting Local Audit and has meant that the sustainability of delivery is now a real challenge. As an illustration, 85 organisations within the PSAA regime had not yet received their 2018/19 audit opinion as at the end of January 2020.
- This is requiring us to revisit with PSAA the basis on which the scale fee was set. The factors behind this are explained in more detail on the following pages.
- **Note** if any further risks arise during the course of the 2019/20 audit then this will result in a further additional fee.

Any agreed fee is presented based on the following assumptions:

- Officers meeting the agreed timetable of deliverables;
- Our accounts opinion and value for money conclusion being unqualified;
- Appropriate quality of documentation is provided by the Council; and
- The Council having an effective control environment.

If any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with the Council in advance.

Fees for the auditor's consideration of correspondence from the public and formal objections will be charged in addition to the scale fee.

Fees

We do not believe the existing scale fees provide a clear link with both a public sector organisation's risk and complexity. For an organisation such as the Council the extent of audit procedures now required mean it will take 1200-1300 hours to complete a quality audit.

Summary of key factors

1. **Status of sector.** Financial reporting and decision making in local government has become increasingly complex, for example from the growth in commercialisation, speculative ventures and investments. This has also brought increasing risk about the financial sustainability / going concern of bodies given the current status of the sector.
 - To address this risk our procedures now entail higher samples sizes of transactions, the need to increase our use of analytics data to test more transactions at a greater level of depth. This requires a continual investment in our data analytics tools and audit technology to enhance audit quality. This also has an impact on local government with the need to also keep pace with technological advancement in data management and processing for audit.
- Audit of estimates.** There has been a significant increase in the focus on areas of the financial statements where judgemental estimates are made. This is to address regulatory expectations from FRC reviews on the extent of audit procedures performed in areas such as the valuation of land and buildings and pension assets and liabilities.
 - To address these findings, our required procedures now entail higher samples sizes, increased requirements for corroborative evidence to support the assumptions and use of our internal specialists.
3. **Regulatory environment.** Other pressures come from the changing regulatory landscape and audit market dynamics:
 - Parliamentary select committee reports, the Brydon and Kingman reviews, plus within the public sector the Redmond review and the new NAO Code of Audit practice are all shaping the future of Local Audit. These regulatory pressures all have a focus on audit quality and what is required of external auditors.
 - This means continual investment in our audit quality infrastructure in response to these regulatory reviews, the increasing fines for not meeting the requirements plus changes in auditing and accounting standards. As a firm our compliance costs have now doubled as a proportion of revenue in the last five years. The regulatory lens on Local Audit specifically, is greater. We are three times more likely to be reviewed by a quality regulator than other audits, again increasing our compliance costs of being within this market.

Fees

Summary of key factors (cont'd)

4. As a result Public sector auditing has become less attractive as a profession, especially due to the compressed timetable, regulatory pressure and greater compliance requirements. This has contributed to higher attrition rates in our profession over the past year and the shortage of specialist public sector audit staff and multidisciplinary teams (for example valuation, pensions, tax and accounting) during the compressed timetables.
- We need to invest over a five to ten-year cycle to recruit, train and develop a sustainable specialist team of public sector audit staff. We and other firms in the sector face intense competition for the best people, with appropriate public sector skills, as a result of a shrinking resource pool. We need to remunerate our people appropriately to maintain the attractiveness of the profession, provide the highest performing audit teams and protect audit quality.
 - We acknowledge that local authorities are also facing challenges to recruit and retain staff with the necessary financial reporting skills and capabilities. This though also exacerbates the challenge for external audits, as where there are shortages it impacts on the ability to deliver on a timely basis.

Next steps




- In light of recent communication from PSAA, we have quantified the impact of the above to be able to accurately re-assess what the baseline fee is for the Council should be in the current environment. As we conclude our 2019/2020 audit planning procedures, we will discuss with senior management our estimate of the additional fee. We will discuss the basis for the proposed increase to the baseline fee with the Council's finance team and update the Monitoring and Audit Committee on the next steps. Any proposed change to the baseline fee and fee variations are subject to approval by PSAA.

Appendix B

Required communications with the Monitoring and Audit Committee




We have detailed the communications that we must provide to the Monitoring and Audit Committee.

Our Reporting to you

Required communications	 What is reported?	  When and where
Terms of engagement	Confirmation by the Monitoring and Audit Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.	Audit planning report - June 2020
Significant findings from the audit	<ul style="list-style-type: none"> ▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Significant difficulties, if any, encountered during the audit ▶ Significant matters, if any, arising from the audit that were discussed with management ▶ Written representations that we are seeking ▶ Expected modifications to the audit report ▶ Other matters if any, significant to the oversight of the financial reporting process 	Audit results report - <i>Upon completion of the audit</i>





Appendix B

Required communications with the Monitoring and Audit Committee (continued)

			 Our Reporting to you	
Required communications	 What is reported?	 When and where		
Page 134	Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▶ Whether the events or conditions constitute a material uncertainty ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The adequacy of related disclosures in the financial statements 	Audit results report - <i>Upon completion of the audit</i>	
	Financial statements	<ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ Corrected misstatements that are significant ▶ Material misstatements corrected by management 	Audit results report - <i>Upon completion of the audit</i>	
	Fraud	<ul style="list-style-type: none"> ▶ Enquiries of the Monitoring and Audit Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ A discussion of any other matters related to fraud 	Audit results report - <i>Upon completion of the audit</i>	
	Related parties	<ul style="list-style-type: none"> ▶ Significant matters arising during the audit in connection with the entity's related parties including, when applicable: ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures ▶ Non-compliance with laws and regulations ▶ Difficulty in identifying the party that ultimately controls the entity 	Audit results report - <i>Upon completion of the audit</i>	

Appendix B



Required communications with the Monitoring and Audit Committee (continued)

			 Our Reporting to you
Required communications	 What is reported?	  When and where	
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information about the general policies and process within the firm to maintain objectivity and independence 	<p>Audit planning report - June 2020</p> <p>Audit results report - <i>Upon completion of the audit</i></p>	
External confirmations	<ul style="list-style-type: none"> ▶ Management's refusal for us to request confirmations ▶ Inability to obtain relevant and reliable audit evidence from other procedures 	<p>Audit results report - <i>Upon completion of the audit</i></p>	
Consideration of laws and regulations	<ul style="list-style-type: none"> ▶ Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off ▶ Enquiry of the Monitoring and Audit Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Audit and Scrutiny Committee may be aware of 	<p>Audit results report - <i>Upon completion of the audit</i></p>	
Internal controls	<ul style="list-style-type: none"> ▶ Significant deficiencies in internal controls identified during the audit 	<p>Audit results report - <i>Upon completion of the audit</i></p>	

Appendix B

Required communications with the Monitoring and Audit Committee (continued)

Our Reporting to you

Required communications	 What is reported?	 When and where
Representations	Written representations we are requesting from management and/or those charged with governance	Audit results report - <i>Upon completion of the audit</i>
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Audit results report - <i>Upon completion of the audit</i>
Auditors report	<ul style="list-style-type: none"> ▶ Any circumstances identified that affect the form and content of our auditor's report 	Audit results report - <i>Upon completion of the audit</i>
Fee Reporting	<ul style="list-style-type: none"> ▶ Breakdown of fee information when the audit plan is agreed ▶ Breakdown of fee information at the completion of the audit ▶ Any non-audit work 	Audit planning report - June 2020 Audit results report - <i>Upon completion of the audit</i>

Additional audit information

Other required procedures during the course of the audit

In addition to the key areas of audit focus outlined in section 1, we have to perform other procedures as required by auditing, ethical and independence standards and other regulations. We outline the procedures below that we will undertake during the course of our audit.

Our responsibilities required by auditing standards

- ▶ Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- ▶ Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- ▶ Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Concluding on the appropriateness of management's use of the going concern basis of accounting.
- ▶ Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtaining sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Council to express an opinion on the consolidated financial statements. Reading other information contained in the financial statements, the Monitoring and Audit Committee reporting appropriately addresses matters communicated by us to the Audit Committee and reporting whether it is materially inconsistent with our understanding and the financial statements; and
- ▶ Maintaining auditor independence.

Additional audit information (continued)

Purpose and evaluation of materiality

For the purposes of determining whether the accounts are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We would be happy to discuss with you your expectations regarding our detection of misstatements in the financial statements. We will update the Monitoring and Audit Committee prior to our audit of the 2019/20 financial statements on our planned level of audit materiality.

For the Council, we typically base on our audit materiality on service expenditure as we believe the Authority's expenditure on its core services influence the economic decisions of the users of the financial statements.

Materiality determines the level of work performed on individual account balances and financial statement disclosures. The amount we consider material during and at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all of the circumstances that may ultimately influence our judgement about materiality. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the accounts, including the total effect of the audit misstatements we identify, and our evaluation of materiality at that date.

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Report Originator	Shirley Plenderleith Head of Public Services	Fwd Plan Ref No: N/A	
Wards Affected	All	14 th July 2020	
Title	MONITORING OF VOLUNTARY SECTOR GRANT AGREEMENTS 2019/2020: THIRD YEAR END UPDATE		

1. PURPOSE OF REPORT

- 1.1 To update Members on the performance of voluntary sector organisations in relation to their Voluntary Sector Grant Agreements (VSGA's) for 2019/20.
- 1.2 To set out the reporting timetable for the 2020/21 VSGA's.

2. INFORMATION

- 2.1 The Council has four-year Voluntary Sector Grant Agreements (VSGA) with voluntary organisations for the provision of a range of services linked to corporate objectives. This approach provides certainty to the organisations which has been very much welcomed by the sector.
- 2.2 The VSGAs were awarded to voluntary organisations to meet a number of key outcomes highlighted by the Council, which were aligned to the Council's corporate objectives, recognising that the voluntary sector was best placed to achieve the objectives and outcomes identified.
- 2.3 As part of the review prior to the funding bid process in 2016, the core service objectives and key outcomes were incorporated into the service specifications for each VSGA. **Appendix A.**
- 2.4 These outcomes include but are not limited to:
 - Increasing healthy living
 - Reducing crime, discrimination and anti-social behaviour
 - Increasing financial awareness and money management
 - Reducing homelessness
 - Reducing poverty
 - Increasing access to town centre
- 2.5 Achieving these key outcomes provides better solutions for the families and individuals, enhancing the quality of life for local residents.
- 2.6 Included in the review was the recognition that the work undertaken by the voluntary organisations needed to have an increased focus on taking person-centred approach rather than an intervention on just one aspect of someone's life experience. For example, someone with poor mental health may be struggling to

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manage their finances; poor housing conditions might be contributing to poor mental health and someone with a poor credit history is likely to struggle to find or maintain a tenancy.

- 2.7 At the time of the review, there was also the recognition of reductions in in Northamptonshire County Council and other government funding for voluntary sector organisations is not only impacting on the sector but on the client base they serve. This could then potentially increase the risk that more people who went unsupported or fall into a cycle of need, would, ironically, put more pressure on statutory services dealing with more people in crisis.
- 2.8 When the Executive agreed the four-year VSGAs at the meeting on 16th November 2016 it did so with the caveat that it would review the funding in light of its budget position for years three and four.
- 2.9 The Executive at the meeting on 14th November 2018 agreed that the Council was in a financial position whereby it could continue to fund the Service Providers, at their current levels for the next two years (2019/20 and 2020/21). Table 1 provides a summary of the Council's VSGAs with the voluntary sector.

Table 1 – VSGA's 2017/18 – 2020/21		
Specification	Annual Grant (£)	Organisation
Activities for Young People	13,250	Groundwork Northamptonshire
Activities for Young People	13,250	Youth Works CIO
Community Watch	5,000	Neighbourhood Watch
Debt and Money Advice	80,000	Citizens Advice Services Corby and Kettering
Discrimination Casework	5,000	Northamptonshire Rights and Equality Council
Healthy Living	10,000	Groundwork Northamptonshire
Housing Options	30,000	Citizens Advice Corby and Kettering
Independent Living	20,000	Age UK Northamptonshire
Independent Living	20,000	Vine Community Trust
Shopmobility	13,000	Evans Hearing & Healthcare
Upcycling	20,000	KCU Ltd
Voluntary Sector Local Infrastructure	19,000	Groundwork Northamptonshire
Total	248,500	

- 2.10 The Council approved funding in November 2019 to extend the provision for a further two years beyond March 2021, taking the funding to March 2023 and as

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outlined in Table 1. After which point in time any future service provision will be made by North Northants Council.

2.11 All of the voluntary organisations have a signed VSGA with the Council which sets out the obligations for both parties. The Council has the option of deferring or reviewing all or part of agreed grant payments where the agreement / service specification have not been met, subject to:

- A report to the Monitoring & Audit Committee and to the Executive Committee
- Consultation with the organisation and other funders
- The opportunity for the organisation to make a representation to the Executive Committee

During 2019/20 all organisations were performing satisfactorily, and grant payments were made in full.

3. PERFORMANCE INDICATORS

1.1. Performance is monitored quarterly and a six-monthly appraisal is undertaken to review how the grant is being used. The timetable for 2020/21 is set out in Table 2.

Table 2 – VSGA Monitoring Timetable		
Quarter	Date due at Kettering Borough Council	Performance Information to M & A
April - June 2020	10 July 2020	Dates to be confirmed
July - September 2020 (6 monthly Appraisal Form)	2 October 2020	
October - December 2020	8 January 2021	
January - March 2021 (6 monthly Appraisal Form)	9 April 2021	

4. PERFORMANCE UPDATES AND INFORMATION

1.2. Performance information for each specification for all Quarters to year-end 2019/20 is shown in **Appendix B**. Each specification has a number of key performance indicators that a voluntary organisation reports against, the table in Appendix B sets out the detail against two or three key indicators.

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- 1.3. All VSGA providers have performed well this year (2019/20). All quarterly meetings are documented to allow for follow up on any issues that may arise.
- 1.4. In addition to the performance information, **Appendix C**, Table 3 provides further detail and examples of the activities the voluntary organisations have undertaken over the year for 19/20. This provides the opportunity for the Committee to recognise the work the voluntary organisation supports the local community through the funding provided by the Council.
- 1.5. During 2018/19 there was one amendment to the VSGA providing support to households requiring advice and support regarding homelessness and one VSGA that had to be monitored more closely due to the provider experiencing financial difficulties. Details on both of these can be found in **Appendix D**.
- 1.6. NREC were closely monitored through the last two quarters of year-end 2018/19 having regular meetings with the Lead Officer and the Community Services Manager to ensure services continued to be delivered as required by the VSGA. During 2019/20 NREC have overcome the difficulties they faced and have performed well during this last year.
- 1.7. All VSGA providers have performed well this year (19/20), even with the impact of the COVID-19 situation. Other than the Shopmobility scheme, VSGA providers have adapted their services accordingly to manage and deliver their services.
- 1.8. With the majority of shops closed in Kettering Town Centre, the Evans Hearing and Healthcare Ltd, providers of the Shopmobility Scheme based out of Wadcroft Car Park, made the decision to close.

5. CONSULTATION AND CUSTOMER IMPACT

- 1.9. As part of the extended funding period (2021/22 and 2022/23), we are taking the opportunity to strengthen the Performance Indicators and to review the service specifications, to ensure best value from the continued investment, in discussion with the VSA holders.
- 1.10. The Service Providers are required to provide detailed information on the performance against their specification on the relevant indicators. Quarterly monitoring meetings are held between the Service Provider and the Council to allow the opportunity to develop a relationship with the Provider, examine any emerging issues or priorities, and manage and address any performance issues.
- 1.11. The Service Providers are required to undertake an annual service user satisfaction survey, which is returned alongside the monitoring information.

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6. POLICY IMPLICATIONS

1.12. Grant Agreement funding to the voluntary sector continues to contribute towards the Council's corporate objectives.

7. FINANCIAL/RESOURCE IMPLICATIONS

1.13. The service providers receive their grant payment annually with two thirds received in April and one third in November of each financial year subject to satisfactory performance.

1.14. Future service delivery and funding commitments beyond 2023 are likely to be a decision for the North Northamptonshire Unitary Council.

1.15. Following the national implementation of emergency measures to support the most vulnerable in society in response to COVID-19, since 23rd March the Community Services Team have led the response by Kettering Borough Council, in conjunction with Northamptonshire County Council (NCC).

1.16. Support has included matching a vulnerable resident with a volunteer for shopping or welfare checks/ befriending, Council staff collecting and delivering medication, and relevant referrals to Housing or Benefits Teams as appropriate.

1.17. Initially officers from across the Council helped deliver the service however, this additional capacity has now decreased as many of the officer's return to their substantive roles. The Community Services Team now need to return to their business as usual roles.

1.18. As part of the COVID-19 recovery and resilience planning, potential options as to how the current service provided by Groundwork Northamptonshire and KCU could be expanded to help families and individuals with support requests and food poverty are being developed. This would replace the activity of the Resilience Hub.

1.19. In order to be able to support Groundwork to undertake the current community support hub work, it has been proposed that a one-off sum of up to £15,000 could be allocated to set up such a post. This would cover the period until 31st March 2022, allowing the new council to make arrangements going forward.

The money would be made up of:

- underspend from the Community fund for 19/20 of £10,000
- underspend in the Community Fund for 20/21 of £5,000

1.20. In order to help sustain the demand around food poverty and to develop the offer from KCU, it is proposed that a one-off grant of £5,000 is provided to extend the Food with Dignity project until March 31st 2021. This would be funded via the underspend from the Community Fund.

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1.21. This grant fund would be ringfenced for food parcels and would be rolled forward from one year to the next enabling a small fund to accrue for use when it was needed. The Council would in addition be able to provide top up funding from the Community Fund if that was deemed appropriate in any given year.

2. CLIMATE CHANGE IMPLICATIONS

2.1. The Council and its partners are committed to ongoing improvements to combat climate change implications and will continue to work with them to reduce carbon footprint where possible. Several of the VSGAs make a positive contribution to climate change objectives and outcomes.

9. RECOMMENDATION

The Committee notes;

1.1. The performance of the voluntary sector organisations for 2019/20.

1.2. The reporting timetable for 2020/21 as set out in Table 2.

Contact Officer: Shirley Plenderleith (ext. 1241)
Hazel Webb (ext. 1245)

Date: 14th July 2020

MONITORING OF VOLUNTARY SECTOR GRANT AGREEMENTS 2019/2020: THIRD YEAR END UPDATE

A7 Appendix A – Core Service Objectives and Key Outcomes for the current VSGA Service Specifications

Key Outcomes	Core Service Objectives	Service Specification	Voluntary Organisation(s)
<ul style="list-style-type: none"> Young people are positively engaged in activities and there is a decrease in the incidences of self-harm, cyber bullying and online sexual exploitation. Young people take part in activities which promote and encourage active and healthy lifestyles. Young people and adults interact positively in communities. 	<ul style="list-style-type: none"> Provide activities for young people prioritising people who are not in employment education or training, which keep them engaged in positive activities. Provide an in-centre targeted service aimed at young people whose circumstances and background mean that they are of greater risk to themselves and the community because of shortcomings in their education or socialisation. 	Activities for Young People	<ul style="list-style-type: none"> Groundwork Northamptonshire Youth Works
<p>Page 145</p> <p>More people feeling more confident that they are part of the solution for reducing incidents of burglary, vehicle crime and violent crime and anti-social behaviour in their local area.</p>	<ul style="list-style-type: none"> To support the development of community led crime reduction schemes such as Neighbourhood Watch; Dog Watch; Allotment Watch; Park Watch. 	Community Watch	Neighbourhood Watch
<ul style="list-style-type: none"> Kettering residents are more aware of available benefits. Kettering residents in debt are able to manage their money more effectively. Young people in Kettering have a better awareness of financial management and the effects of debt and welfare reform. 	<ul style="list-style-type: none"> To provide a free, independent, confidential and impartial debt advice service that delivers a fair outcome for both debtors and creditors. To assist people in budgeting and managing their money more effectively, particularly those who are most affected by changes in the benefit regimes. To work with young people to help them understand about debt, money management and the impact of welfare reform. 	Debt and Money Advice	Citizen Advice Services Kettering & Corby

MONITORING OF VOLUNTARY SECTOR GRANT AGREEMENTS 2019/2020: THIRD YEAR END UPDATE

Key Outcomes	Core Service Objectives	Service Specification	Voluntary Organisation(s)
	<ul style="list-style-type: none"> To promote and assist people in accessing the use of affordable and responsible credit. To provide advice to maximise household, family and individual income and reduce arrears. Help improve understanding of benefit systems, in order to assist people to claim more effectively. 		
<p>Residents of Kettering Borough are who may be suffering discrimination are supported.</p>	<ul style="list-style-type: none"> Challenge organisations and support people who are suffering discrimination under the nine protected characteristics. 	Discrimination Casework	Northamptonshire Rights & Equality
<p>More people benefit from environmental outdoor projects to improve mental health, self-esteem, health and wellbeing, leading to a better quality of life.</p>	<ul style="list-style-type: none"> To deliver projects which improve poor physical and mental health and increase self-esteem through environmental and outdoor socially based activities. 	Healthy Living	Groundwork Northamptonshire
<ul style="list-style-type: none"> Work in partnership with the Housing Options team to implement the personal housing plans of homeless households. Work to relieve and prevent homelessness by helping households maintain and secure decent and safe accommodation. Make appropriate referrals to partner agencies to ensure households are 	<ul style="list-style-type: none"> To work in partnership with the Council's Housing Options team to provide advice and assistance on housing related matters to homeless households owed a prevention or relief duty. To work with homeless households owed a prevention or relief duty who have been referred by the Council's Housing Options team to assist them to implement their personal housing plans. 	Housing Options	Citizen Advice Services Kettering & Corby

MONITORING OF VOLUNTARY SECTOR GRANT AGREEMENTS 2019/2020: THIRD YEAR END UPDATE

Key Outcomes	Core Service Objectives	Service Specification	Voluntary Organisation(s)
<p>supported to maintain successful tenancies and reduce the likelihood of repeat homelessness.</p>	<ul style="list-style-type: none"> To provide support to homeless households to either prevent them from becoming homeless, or relieve their homelessness by accessing suitable alternative accommodation. To liaise with the Council's Private Sector Housing team to ensure households are placed in decent and safe private rented accommodation. 		
<p>Page 147</p> <ul style="list-style-type: none"> Older people are fully informed about their eligibility for resources and services. <p>Older people are able to remain in their own homes for longer.</p> <p>Older people have healthy lifestyles (including diet, less alcohol, stop smoking, physical activity and mental stimulation).</p> <ul style="list-style-type: none"> Older people are less socially isolated. Fewer older people are in fuel poverty. 	<ul style="list-style-type: none"> Through the provision of outreach services, to help older people from Kettering Borough (aged 65+) to live independently and give them choice and control over their daily lives. To provide advice and information to older people in their own homes which will ensure they are able to access services and funding for which they are eligible. To work in partnership with other agencies in delivering services to older people. To increase participation of older people in leisure (physical activity) and cultural activities. To reduce social/geographic isolation. 	<p>Independent Living</p>	<ul style="list-style-type: none"> Age UK Northamptonshire Vine Community Trust
<ul style="list-style-type: none"> More people with limited mobility / disabilities come in to Kettering town centre and stay longer. 	<ul style="list-style-type: none"> To increase the access of people with permanent and temporary disabilities in Kettering Town centre, through the loan of scooters and wheelchairs to residents of 	<p>Shopmobility</p>	<p>Evans Hearing & Healthcare</p>

MONITORING OF VOLUNTARY SECTOR GRANT AGREEMENTS 2019/2020: THIRD YEAR END UPDATE

Key Outcomes	Core Service Objectives	Service Specification	Voluntary Organisation(s)
	Kettering Borough and people visiting the Borough.		
<ul style="list-style-type: none"> Affordable furniture and essential household items are easily available to residents of Kettering Borough and those wanting to donate good quality items are able to do so. The teaching of basic skills through the upcycling of old furniture leads to better employment prospects and well-being. 	<ul style="list-style-type: none"> The provision of upcycling services for furniture and essential household items other than domestic waste within the Borough of Kettering to achieve the following outcomes:- Provide access to affordable, good quality furniture and essential household items for families and individuals in need. Accept and collect donations of furniture and essential household items ready for upcycling where possible. Reduce the amount of waste that is landfilled rather than re-used, upcycled or composted. Provide opportunities for the teaching of skills through the upcycling of old furniture which will assist people to gain confidence in their abilities linking through to better mental health, wellbeing and employment prospects. 	Upcycling	KCU Ltd
<ul style="list-style-type: none"> A strong and vibrant voluntary sector exists and is supported in Kettering 	<ul style="list-style-type: none"> Demonstrate leadership of the Voluntary Sector in Kettering Borough To coordinate volunteering opportunities within Kettering Borough for those organisations / groups and businesses with volunteering opportunities and those looking to volunteer. 	Voluntary Sector Local Infrastructure	Groundwork Northamptonshire

Appendix B - Performance for 2019/20

Core Service Objectives	Amount of Grant	Comments	Specification targets	2019/2020					2018/2019	Direction of Travel	
				Target	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Full Year		Full Year
Activities for Young People Groundwork Northamptonshire Provide activities for young people prioritising people who are not in employment education or training, which keep them engaged in positive activities. Provide an in-centre targeted service aimed at young people whose circumstances and background mean that they are of greater risk to themselves and the community because of shortcomings in their education or socialisation.	£13,250	The numbers of young people benefitting from services provided have increased over this past year in comparison to 2018/19. They have continued to work directly with a number of schools in the borough, targeting issues such as domestic abuse and mental health. The Silent Tears project involving pupils at The Compass Academy and The Grange Primary School has been a huge success, where they identified their own learning and positive progressions. Outcomes of this project included: - Understanding and identifying different forms of domestic abuse - Raising confidence and self-esteem - Identifying support streams for those living with domestic abuse	Number of hours of activity sessions	300	78	117	122	70	387	300	↑
		Additional activities include a weekly drop in at the Green Patch focussing on the '5 Ways to Wellbeing' and the after school club, again at the Green Patch, where they use peer leadership to focus on healthy minds and bodies through developing skills to help support those living in poverty. The S.A.S.S.Y project was completed with pupils at Southfields School for Girls in December, which took a unique approach to self-awareness and safety. The project received great feedback and the young people felt they had grown more confident throughout the project. Performance is closely monitored through quarterly review meetings.	Number of young people benefitting from the services provided	300	54	77	69	140	340	819	↓
Activities for Young People Youth Works CIO Provide activities for young people prioritising people who are not in employment education or training, which keep them engaged in positive activities. Provide an in-centre targeted service aimed at young people whose circumstances and background mean that they are of greater risk to themselves and the community because of shortcomings in their education or socialisation.	£13,250	During 2019/20 Youth Works have continued to deliver youth activities and to support young people to participate in a range of community events across the borough. This has included: - Training and support of young volunteers to work on the holiday activity programmes, to support the LGBTQ group and to work on peer activities and on community projects. Many of the young people supported to complete their training are young people who struggle in mainstream school, have ongoing mental health issues and some with identified learning difficulties.	Number of hours of activity sessions	300	48	62	55	52	217	342	↓
		- Provision of accredited counselling training at Level 2 and Level 3 to local young people, with the offer of volunteer placements to help put skills into practice. - Youth Works supported young people to take part in three different consultation events – a county mental health consultation (Talk Out Loud), a national mental health consultation events (Youth Access) and further consultation relating to the Town Centre Partnership work, including the Youth Town Centre	Number of young people benefitting from the services provided	300	117	178	109	73	477	656	↓
Community Watch Neighbourhood Watch To support the development of community led crime reduction schemes such as Neighbourhood Watch; Dog Watch; Allotment Watch; Park Watch.	£5,000	Due to the COVID-19 situation, the Community Watch Co-ordinator was identified by the NHS as being a shielded individual, and has therefore been in isolation at home. This has meant she has been unable to work from home and consequently, not been able to access Q4 figures. It is envisaged that the numbers of total schemes remains unchanged from Q3. Although the number of schemes fell in Q2, due to the Dog Watch Scheme closing the Community Watch Co-ordinator has successfully set up three new schemes in Cecil Street, Rothwell and Goode Court and Oakley Street in Kettering during Q3, and was keen to meet target of 350 by the end of Q4. As at Q3, fifty people attended a talk on anti-scam, with a local PCSO and a Community Officer from NatWest Bank as the speakers. In addition, the Community Watch Co-ordinator joined the PCSO to visit and talk to residents at Cleaver Court, Kettering on personal and home security. Over £500 worth of security items have been sold via the Police Desk in the Reception Area at the Council's Offices.	Number of current schemes at the end of each quarter (total schemes including new schemes)	350	557	343	346	Not available	346	552	↓

Appendix B - Performance for 2019/20

Core Service Objectives		Amount of Grant	Comments	Specification targets	Target	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Full Year	Full Year	Direction of Travel
Debt and Money Advice CASCK	To provide a free, independent, confidential and impartial debt advice service that delivers a fair outcome for both debtors and creditors.	£80,000	Prior to lockdown, CASCK were delivering from accessible locations across Kettering and the Borough, including KCU, the Job Centre and Libraries Outreach (Rothwell, Desborough and Burton Latimer). Since lockdown, they had been providing a telephone based service from home and the reception in the council offices has been manned to maintain a presence to accept incoming calls. This service will continue to do so, while government restrictions remain in place.	Number of clients seen	2,500	743	585	446	404	2,178	4,040	↓
	To assist people in budgeting and managing their money more effectively, particularly those who are most affected by changes in the benefit regimes.		CASCK have met their targets, however, due to the nature of the cases being presented to them which are more complex and difficult, they will not overachieve as seen in previous years.	Number of clients with multi-debts who are advised	350	46	33	29	38	146	505	↓
	To work with young people to help them understand about debt, money management and the impact of welfare reform. To promote and assist people in accessing the use of affordable and responsible credit. To provide advice to maximise household, family and individual income and reduce arrears. Help improve understanding of benefit systems, in order to assist people to claim more effectively.		CASCK continue to see that clients who are presenting to CASCK with more complicated issues meaning that they require more interventions and therefore, it is taking longer to resolve their cases. This obviously impacts on their resources and they are doing their best to make sure that they can still respond to all people asking for support. CASCK continue to work in partnership with other partners, such as the Community Law Service Northamptonshire to be able to provide specialist services in debt and benefits. In response to the Community Support Hub for vulnerable individuals, such as those in the shielding programme or who have been furloughed, CASCK have provided a direct referral process to help support those individuals with guidance and advice, particularly relating to financial issues. In addition to the specific targets shown here, CASCK have also aided residents to access in excess of £1.4m worth of welfare benefits, which has considerably surpassed the target of £200,000.	Amount of debt repaid to the Council	£65,000	£51,165	£8,837	£11,742	£7,652	£ 79,396	£ 67,203	↑
Discrimination Casework NREC	Challenge organisations and support people who are suffering discrimination under the nine protected characteristics.	£5,000	NREC have over 19/20 been offering telephone based support and drop in sessions at Johnnies Happy Place for advice and support. The organisation have also been active in supporting the ASB & Hate Crime Delivery Group and the Strategy Group. NREC have been successful in gaining funding from the Horner Foundation has meant they are able to work with student midwives and nurses to support pregnant young women and young women faced by discrimination. In total, they have been successful in gaining £47,000 in funding to support a range of projects. However, the number of people interacting with the service through the education activities has increased. NREC have attended a number of events over the last year, including the Health & Wellbeing Festival, Kettering Carnival, Kettering Pride and a Discrimination in the Gig Economy meeting.	Number of case enquiries	20	4	3	3	4	14	20	↓
				Number of individuals who have access to public legal education	100	20	60	35	6	121	125	↔
				Number of events to raise awareness	4	1	2	3	1	7	5	↔
Healthy Living Groundwork Northamptonshire	To deliver projects which improve poor physical and mental health and increase self-esteem through environmental and outdoor socially based activities.	£10,000	Due to the COVID-19 response, the health walks were cancelled during March. Healthy Walks continue to be delivered and the numbers attending the walks continues to grow, for example, between 25-35 people attend each week at the two available walks in Burton Latimer supported by three Health Walk Volunteer Leaders and between 15-20 people attending the walk in Kettering starting at the Holiday Inn. Activities at the Green Patch were suspended due to COVID-19, however, prior to this Olympus Care were attending the Green Patch on a weekly basis for gardening activities and to take part in a health walk from there. Isebrooke School were also carrying out a community based project out of the Green Patch, to learn about gardening and to help clear the pond area. During the lockdown period, they had adapted their services in offering a 'pop up' shop, where residents in the Grange area are able to come down to collect food items, seeds and children's books and toys, to help families work together during school closures. During various school holidays, the Green Patch have supported the Holiday Ranger scheme, funded by Public Health Northamptonshire in partnership with KCU to offer activities and meals to those children who would normally have access to free school meals. The Green Patch Co-ordinator is now a fully trained trainer who is able to provide Health Walk Leader training, prior to lockdown, seventeen new volunteer leaders have undertaken the initial training, further 'on the job' training needs to be completed once government restrictions are reduced.	Number of Health Walks organised and led	50	48	48	48	48	192	288	↓
				Number of volunteers trained	5	5	5	7	8	8	5	↑

Appendix B - Performance for 2019/20

Core Service Objectives		Amount of Grant	Comments	Specification targets	Target	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Full Year	Full Year	Direction of Travel
Housing Options CASCK	To work in partnership with the Council's Housing Options team to provide advice and assistance on housing related matters to homeless households owed a prevention or relief duty.	£30,000	In light of the new legislation, these PIs were revised from Q3 18/19. As seen in 18/19, CASCK continue to see a number of clients who come in for an initial assessment for advice, with some not requiring follow up. The clients being seen often have complex problems or vulnerabilities requiring additional support from staff or volunteers to act on their behalf.	Number of potentially homeless households successfully prevented from becoming homeless or homeless households successfully relieved from being homeless	60	5	13	10	7	35	49	↓
	To work with homeless households owed a prevention or relief duty who have been referred by the Council's Housing Options team to assist them to implement their personal housing plans. To provide support to homeless households to either prevent them from becoming homeless, or relieve their homelessness by accessing suitable alternative accommodation.		COVID 19 has changed the way of working but clients continue to get a high level of support with telephone appointments continuing. As Government Guidance changes CASCK will adapt and work to continue to meet the needs of the Borough's residents who require ongoing support.	Number of customer contacts received by the Housing Advisor	700	225	222	201	396	1,044	1,040	↔
Independent Living (AUN) Age UK Northamptonshire	Through the provision of outreach services, to help older people from Kettering Borough (aged 65+) to live independently and give them choice and control over their daily lives.	£20,000	The SLA continues to support a wide range of services provided by AUN which includes: - Hospital Discharge & Community Team (HD&CT) - Day Care - Befriending - Handypersons - Gardening - Volunteering Opportunities - Carer's Sitting Service - Domestic Care - Transport Service This year has seen the closure of the Four Seasons Day Centre but services continue throughout the Borough. Day Care facilities will continue at both St Clements Court and John Brown Court although these have been on hold due the COVID 19 crisis.	Different types of services	10	20	20	20	20	20	20	↔
	To provide advice and information to older people in their own homes which will ensure they are able to access services and funding for which they are eligible. To work in partnership with other agencies in delivering services to older people. To increase participation of older people in			Number of people visited in their own homes and given advice	500	496	677	538	651	2,362	1,460	↑

Appendix B - Performance for 2019/20

Core Service Objectives		Amount of Grant	Comments	Specification targets	Target	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Full Year	Full Year	Direction of Travel
Independent Living Vine Community Trust	Through the provision of outreach services, to help older people from Kettering Borough (aged 65+) to live independently and give them choice and control over their daily lives.	£20,000	Through Marlow House in Desborough, they are able to offer a number of services, that include: - Meals On Wheels with Tea Time Club - Day Centre - Hydrotherapy Bathing Suite - Community Function Room (hired to all of the local community groups at a discounted rate) - Community Transport Service	Different types of services	10	9	9	9	9	9	9	→←
	To provide advice and information to older people in their own homes which will ensure they are able to access services and funding for which they are eligible.		In addition, they are also able to signpost customers to external Service Providers such as NASS, KBC, Age UK and CBA.									
	To work in partnership with other agencies in delivering services to older people.		Marlow House have been working closely with Age UK in relation to the hospital discharge scheme, providing assistance with settling in at home when discharged as well as completing an assessment and making referrals where required.	Number of contacts delivered each year	500	4,200	4,025	4,033	4,074	16,332	18,307	↓
	To increase participation of older people in leisure (physical activity) and cultural activities.											
Shop Mobility Evans Hearing & Healthcare	To increase the access of people with permanent and temporary disabilities in Kettering Town centre, through the loan of scooters and wheelchairs to residents of Kettering Borough and people visiting the Borough.	£13,000	Over 19/20 up to Q3 just over 1,000 customers hired a mobility scooter within the town centre this is down on the same period in 18/19 - the figure for 2018/19 is for the same period for comparison. Customer feedback is sought after every new hirer, as many of the clients are regular hirers. Then at the six month point of a new hirer, feedback is again sought, and feedback is always over the 90% threshold.	Number of trips made	2,000	358	371	346	Not available	1,075	1,254	↓
				90% User satisfaction rate (based on a survey carried out twice a year)	90%					0	100%	→←
Upcycling Page 152	The provision of upcycling services for furniture and essential household items other than domestic waste within the Borough of Kettering to achieve the following outcomes:- Provide access to affordable, good quality furniture and essential household items for families and individuals in need. Accept and collect donations of furniture and essential household items ready for upcycling where possible. Reduce the amount of waste that is landfilled rather than re-used, upcycled or composted. Provide opportunities for the teaching of skills through the upcycling of old furniture which will assist people to gain confidence in their abilities linking through to better mental health.	£20,000	Households continue to be supported by being offered affordable furniture to purchase, which is often very basic and essential items, with these items having been donated and 'refreshed' for households in need. The number of households helped fell over the year, mainly due to the shop not being available for four weeks while they relocated to new premises. Q4 has been impacted by COVID 19 with the shop being closed during the last two weeks of this quarter adding to a decline in numbers. Due to COVID 19 services have been adapted at the end of the year , using phone, text and Facebook to help and assist clients. Additional funding has been secured throughout the year to assist with this project and develop new projects totalling over £480,000, some of those projects are funded for between 3 and 5 years. PI's are monitored closely through quarterly performance review meetings.	Number of households helped with affordable furniture and essential household items	5,000	1,177	1,323	1,032	967	4,499	5,840	↓
				Number of skills training sessions delivered during the 3 courses provided annually for upcycling of furniture	18	6	6	3	6	21	21	→←
				Affordable furniture and essential household items kept out of waste stream (donated and collected)	600	177	57	152	114	500	639	↓

Appendix B - Performance for 2019/20

Core Service Objectives		Amount of Grant	Comments	Specification targets	Target	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Full Year	Full Year	Direction of Travel
Voluntary Sector Local Infrastructure Groundwork Northamptonshire	Demonstrate leadership of the Voluntary Sector in Kettering Borough	£19,000	KVN have been able to offer an open door pop up shop on Kettering High Street once a week, where voluntary organisations were able to drop in and receive support, such as health checks or discuss voluntary opportunities.	Number of Voluntary Sector Forum meetings are held per annum (including 1 celebration event)	4	2	1	2	1	6	5	→←
	To coordinate volunteering opportunities within Kettering Borough for those organisations / groups and businesses with volunteering opportunities and those looking to volunteer.		KVN were also involved in the joint funding fair held in Kettering last October, by helping to promote and arrange the event, and encouraging members to attend.	Number of new volunteers recruited over a period of a year	120	50	51	39	53	193	182	↑
			Regular newsletters, event and funding information is circulated to all members as well as supporting new and existing organisations through 'health checks' to ensure that community and voluntary organisations have the relevant policies and procedures in place.	Number of health checks with community and voluntary organisations ensuring relevant policy and procedures are in place	6	3	3	3	3	12	9	↑
			At the end of the year KVN have been supporting the Community Resilience Hub and sharing updates relating to the COVID 19 crisis with the KVN group. They have been assisting with voluntary groups who have come together in order to assist their local community during the crisis.									

Targets for Current Year:

- On target
- Close to target
- Target not achieved yet

Direction of Travel Key for corresponding position to previous year:

↑
→←
↓

- Performance improved in comparison to the same period last year (cumulative where applicable)
- Performance remained the same in comparison to the same period last year (cumulative where applicable)
- Performance reduced in comparison to the same period last year (cumulative where applicable)

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Appendix C – Additional Information

Table 3 – Voluntary Organisation Activities

Activities for Young People:

- Groundwork Northamptonshire
 - Groundwork built positive partnerships within several school in Kettering to support students who are more at risk of gang involvement or poor mental health, who display risk factors such as low attendance, or family issues. This has been received well with schools sending in regular referrals.
 - Groundwork received funding from the OPCC to deliver the Silent Tears project in three different primary schools in Kettering. The project explores issues associated with domestic violence, and offered to children who have lived, or are living, in homes where domestic violence is prevalent.
 - They are working with both Youth Works & OPCC detached youth workers to come up with a wider offer for young people so that they can refer on to each other, therefore enhancing the offer overall.
 - From feedback, Groundwork have adapted to meet the newly identified needs of the young people. The service has become more targeted and aimed at young people whose circumstances and background mean they are of greater risk to themselves and the community because of shortcomings in their education or socialisation.
 - Due to COVID-19, we have adapted quickly to meet the needs of young people, moving to a virtual model that was in place as of the end of March.
 - They introduced 1:1 telephone support calls offered to all Young People who were currently working with Groundwork as well as still taking referrals from the schools allowing us to offer support to the Young People they were most concerned for during lockdown.
- Youth Works CIO
 - At the start of lockdown, week beginning 23rd March, Youth Works were able to move their services to telephone and video support, and also developed support and communication through their social media.
 - Youth Works also arranged and hosted a community meeting to share ideas to develop community projects with the aim to 'Make Kettering Happier'. This resulted in a Facebook page and Instagram feed to garner ideas and thoughts. Plans to further develop this were prevented from being taken forward due to the lockdown.
 - Secured funding to increase access to counselling services and sexual health services for young people.
 - Continued to provide activities and support at community events across the Borough.

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Table 3 – Voluntary Organisation Activities

- Youth Works, in partnership with Johnny’s Happy Place, encouraged and supported young peoples’ involvement in a range of events:
 - Christmas Lantern Parade
 - Teenage Market Stall (young people struggling to stay in school)
 - Summer Fete (festival make up, henna tattoos)
 - Development of peer support group to provide peer engagement to young people with mental health issues
- Achieved a GOOD from their OFSTED inspection in April 2019.

Community Watch - Neighbourhood Watch

- Taken from the first six-month appraisal due to COVID-19 as the Co-ordinator is self-isolating due to being identified as a shielded individual, and unable to access the office.
- At the six month mark, the Co-ordinator was finding that the setup of new Neighbourhood Watch schemes was getting increasingly difficult, as she was finding member of the public seemed less inclined to participate in community activities. Given the COVID-19 response by local communities, when the Co-ordinator returns to work this may work to reverse this trend and to help increase the number of schemes.
- The Co-ordinator continues to work with both the town and rural local police teams.
- The sales of security items continue to increase.

Debt and Money Advice - Citizens Advice Corby and Kettering (CASCK)

- CASCK deliver services from accessible locations across Kettering.
- CASCK support a range of clients, from those able to act independently once they understand their options, to clients with complex problems or vulnerabilities.
- They also provide specialist support for clients with debts, including:
 - Advising clients on claiming benefits or tax credits to which they may be entitled; maximising their income
 - Offering financial capability advice; enabling clients to make best use of their income (e.g. budgeting, energy best deals) and avoid future debt (e.g. understanding and avoiding costly credit).
- During 19/20 CASCK continue to attract additional funding to deliver complimentary services alongside their core business.
- These include services which support customers to get the best energy deal, support those who are farthest from the job market to remove barriers to employment and a project helping individuals with the application for Universal Credit.

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Table 3 – Voluntary Organisation Activities

- CASK measure client satisfaction through regular client surveys which asks questions about levels of satisfaction and the impact to measure the difference they have made to individuals through their services.
- Results of the client satisfaction surveys consistently show that their customers are happy with the service and have confidence in the knowledge and abilities of their advisers.
- The impact results show that CASCK are making a difference to people's abilities to cope with life's difficulties which has a positive impact on the way they feel and improves health and wellbeing.

Discrimination Casework – Northamptonshire Rights and Equality Council (NREC)

Following the difficulties NREC encountered during 18/19, they have been able to fulfil their provision this year, through the service principally as a Trustee delivery programme.

- Active social media presence, including contributing to Kettering Hour on Twitter.
- Successful funding applications to OPPC Hate Crime Fund, JCWI to support individuals claiming in the Windrush Compensation Scheme and NUUT to deliver discrimination support in the community and with local trade unions.
- NREC have worked with local Kettering based artists to commemorate Stephen Lawrence Day. This involved local Kettering based artists recruiting and working with local young people to develop performance pieces for an event through workshops.
- As a result of the COVID-19 crisis in March the activity was promoted as online activity. This project worked with four young people using video conferencing technology to develop spoken work pieces on the themes of the Stephen Lawrence story, racial justice and promoting good relations between communities.

Healthy Living – Groundwork Northamptonshire

- In line with Walking for Health and Government guidance, towards the end of March all health walks were cancelled due to the COVID-19 pandemic.
- In conjunction with KCU, the holiday hunger programme was run over the school holidays, which allowed children to help learn how to cook, look after animals and to take the same ingredients home for cook the same meal they had at the Green Patch.
- Whilst this project is funded by Public Health it has certainly added benefit to the VSGA and has brought an increased number of more vulnerable people to Green Space and to learn about healthy eating.

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Table 3 – Voluntary Organisation Activities

- Groundwork secured funding for two new beehives at the Green Patch with two volunteers to care for them. Training and equipment have also been funded to train up to 10 community Beekeepers.

Housing Options – Citizens Advice Services Corby and Kettering (CASCK)

- CASCK continue to support a range of clients, from those able to act independently once they understand their options, to clients with complex problems or vulnerabilities.
- They also provide specialist Housing advice in the prevention of homelessness, housing options, finding a positive way forward.
- The partnership working between the Council's Housing Team and CASCK continues to be exceptional and key to the success of helping their mutual customers.
- CASCK provided outreach services at Rothwell, Desborough and Burton Latimer libraries.
- Clients seeking advice and support from CASCK are presenting more complicated issues meaning that they require more interventions, and this means it is taking longer to resolve their cases.
- As seen in 18/19, due to the nature of the cases being presented to them continue to be more complex and difficult, and due to the changes in legislation and referral route for individuals to access the service, they have not overachieved as previously seen in 17/18.

Independent Living:

• Age UK Northamptonshire (AUN)

- The SLA helps to support the wide range of services provided by AUN as outlined in Appendix A.
- In the last quarter alone of 19/20 AUN assisted 86 clients with benefits claims totalling £128,734.
- Since the outbreak of the Covid19 virus crisis AUN have provided a range of emergency services to all their clients and others.
- AUN have worked with a number of partners across the Borough, including the Primary Care Networks and KGH.
- AUN seeks to involve service users, staff, volunteers and community members in monitoring and planning the delivery of all services.
- Trustees regularly meet service users when attending meetings in day centres and community venues to discuss any problems, improvements, compliments or complaints.
- Surveys are carried out on all services to monitor standards, identify training needs and identify areas for improvement.

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Table 3 – Voluntary Organisation Activities

- Vine Community Trust
 - As with previous years, during 19/20 the day centre run at Marlow House, Desborough had over 5,000 attendances, with many clients attending on a regular basis.
 - The Meals on Wheels scheme has reached capacity and now have a waiting list.
 - The activities rota continued to be very well received and includes a weekly Movement to Music sessions, Art and Craft Sessions, Scrabble Club.
 - St Giles, their local parish church, have continued to provide our Service Users with a monthly Praise and Worship service.
 - An extension to their day care services was agreed for Q3 from NCC but reduced in value and have been grateful for additional donations which has helped maintain a consistent level of funding as seen in previous years.

Shopmobility – Evans Hearing & Healthcare

Due to the COVID-19 situation, the service has been closed since March 2020, and this information was taken from the VSGA monitoring meetings:

- They have seen a drop in demand through the retail challenges and this may continue to effect usage going forward. This is reflected in the hiring figures not meeting the target of 2,000.
- Work had commenced in the interior of the shop in order for it to become more accessible.
- A workshop was being set up to assist customers with small repairs or punctures.
- Customer satisfaction is always above 90%.

Upcycling – KCU

- KCU continues to provide services for people in social and/or economic disadvantage, offering crisis and transitional services. These include the
 - Food bank
 - Education and learning centre
 - Inclusive Volunteering, Upcycling
 - Dignity in Crisis Projects
- KCU also provides volunteering and work experience opportunities for people generally, but also for those who might not be given such opportunities elsewhere.

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Table 3 – Voluntary Organisation Activities

- Many of their volunteers are also users of some of KCU services, however, they take pride they are helping someone else in their community while also being helped themselves.
- Feedback and evaluations from those who attended KCU’s education and learning services are used to inform what courses people would like or need in the future.
- They also use the views of their partners and these combined views have resulted in a focus on basic skills provision (basic skills now include ability to use IT) and wellbeing courses to build confidence and improve quality of life.
- The on-going COVID-19 pandemic has already impacted on how KCU deliver services:
 - KCU shops have closed which are a source of income. However, a business grant from the local authority will help to cover some loss of income.
 - They have adapted their services for the foreseeable future and are keeping in touch with volunteers and more vulnerable service users via phone, text and Facebook, with a number of staff working from home.
 - No KCU staff were furloughed any staff as this would have impacted on their ability to deliver crisis services for the more vulnerable and/or financially insecure in the community.
 - The food bank delivery service is a been introduced and is working well.
 - KCU have been capturing feedback from partners and customers where possible.

Voluntary Sector Local Infrastructure – Groundwork Northamptonshire

- The membership is now at 110 groups who all received regular updates on funding, activities and training, with two volunteers having been recruited to support the administration.
- Through the KVN they have run the Kettering Soup initiative, and talks are underway with Kettering Rotary Club in becoming involved in running the soup project in the future.
- Continuing support to the voluntary sector organisations across Kettering and brokering volunteering opportunities via do-it.org website
- Active engagement in supporting Beat the Streets across Kettering and promoting this to voluntary organisations to engage and get active.
- The open day shop was closed with the onset of the COVID-19 emergency, prior to closure this was providing a positive new development in raising the volunteering profile.

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Appendix D – Housing Options Service Specification

- 1.1. It was reported to the Committee on 6th November 2018 that following changes to housing legislation: householders requiring advice and support regarding homelessness can no longer approach Citizens Advice directly. Householders are now being referred to Citizens Advice Services Corby and Kettering (CASCK) directly from the Housing Options Team. This required an amendment to the Key Outcomes and Performance Indicators for the Housing Options Service Specification. The full changes can be seen in in the table below.
- 1.2. On 3rd April 2018 the Homelessness Reduction Act 2017 came into force. The new legislation is the biggest change in the approach to homelessness for 40 years. One of the key changes is that the Council now has a duty to take a homeless application from all eligible households that are homeless and threatened with homelessness.
- 1.3. Previously the duties to non-priority households were limited. Now they are entitled to the same assistance under the prevention and relief stages as priority need households such as those with dependent children.
- 1.4. In terms of the VSGA, the Council could previously direct non-priority cases to CASCK for them to provide advice and attempt to prevent homelessness. The Council now has to open a homeless application for these households meaning they cannot approach CAS directly to receive support without the Council having seen them first.
- 1.5. The updated VSGA ensures that CASCK will work alongside our Housing Options team to implement the Personal Housing Plans (PHP's) of all homeless households. In doing so they will be working to prevent or relieve a household's homelessness. Such interventions, where successful, can be counted in the Council's returns to central government and after verification, in CASCK PI returns.

Original Service Level Agreement	Amended Service Level Agreement
Key Outcomes	
<ul style="list-style-type: none"> • Provide timely housing options advice and prevent homelessness amongst non-priority and intentionally homeless households. 	<ul style="list-style-type: none"> • Work in partnership with the Housing Options team to implement the personal housing plans of homeless households.
<ul style="list-style-type: none"> • To secure decent and safe accommodation for households and work in partnership with the Council to increase the supply of housing in the private sector. 	<ul style="list-style-type: none"> • Work to relieve and prevent homelessness by helping households maintain and secure decent and safe accommodation.

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<ul style="list-style-type: none"> • Make appropriate referrals to partner agencies to ensure households are supported to maintain successful tenancies and reduce the likelihood of repeat homelessness. 	<ul style="list-style-type: none"> • Unchanged
<p>Performance Indicators</p>	
<p>a) Attendance and provision of performance figures at quarterly monitoring meetings with designated lead officer at Kettering Borough Council.</p>	<p>a) Unchanged</p>
<p>b) 60 potentially homeless households prevented from becoming homeless because of their detailed casework, of which i) Total cases able to remain in existing home (by assistance type) ii) Total cases assisted to find alternative accommodation (by accommodation type) (data should be completed as per the P1E homelessness statistics on homelessness prevention).</p> <p>This PI relating to homelessness prevention must be provided to the council by the 2nd of each month (or the next working day).</p>	<p>b) 60 potentially homeless households successfully prevented from becoming homeless or homeless households successfully relieved from being homeless because of their detailed casework.</p> <p>This PI should be recorded in line with the Governments' homelessness statistical return H-CLIC. For each case the following must be recorded:</p> <ol style="list-style-type: none"> I. Date prevention duty started/ended II. Main prevention activity III. Reason prevention duty ended IV. Accommodation outcome when prevention duty ended V. Date relief duty started/ended VI. Main relief activity VII. Reason relief duty ended VIII. Accommodation outcome when relief duty ended IX. Assistance with support need <p>This PI must be provided to the council by the 2nd of each month (or the next working day).</p>

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c) 700 households contacting the housing advisor, by method of contact. i) appointments and drop in at KBC offices ii) appointment and drop in at alternative location iii) other	c) 700 customer contacts received by the housing advisor.
d) Of which, 400 new households contacting the housing advisor by method of contact. i) appointments and drop in at KBC offices ii) appointment and drop in at alternative location iii) other.	d) 400 new household contacts received by the housing advisor.
e) Seek other funding to develop activities for this SLA, aiming to achieve up to 75% of the annual grant. This could include in kind support and income generation.	e) Unchanged

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MONITORING & AUDIT COMMITTEE

There are no task and finish groups reporting to the Monitoring and Audit Committee at the present time.

Work Programme

Ref. No.	Issue for Decision	Date Decision to Be made	Source Reference	Consultation Period	Organisations consulted	Methods of Consultation	Contact for Representations	Documents to be Considered
N/A	Welfare Reform	Ongoing	-	-	-	-	Julie Trahern (01536) 532428	Report
N/A	Homelessness/Voids Update	Ongoing	18.MA.35	-	-	-	John Conway (01536) 534288	Report
N/A	Key Performance Information Booklet	Ongoing	-	-	-	-	Guy Holloway (01536) 534243	Report
N/A	Kettering Borough Training	Ongoing	13.MA.09	-	-	-	Julie Trahern (01536) 532428	Report
N/A	Rent Review	Ongoing	-	-	-	-	John Conway (01536) 534288	Report
N/A	Voluntary Sector SLA Monitoring	Ongoing	13.MA.43	-	-	-	Guy Holloway (01536) 534243	Report
N/A	EY External Audit Reports	Ongoing	12.MA.08	-	-	-	Mark Dickenson (01536) 534303	Report

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