

INTERNAL AUDIT PROGRESS REPORT

Oxford City Council

January 2020

IDEAS | PEOPLE | TRUST



CONTENTS

Progress against internal audit plan	3
Executive Summary - Treasury Management	5
Executive Summary - Corporate Performance and Service Area Performance (High Level)	7
Executive Summary - Events Management	11
Audit Satisfaction Survey Results	16
Local Government Sector Update	17
Appendices:	
Definitions of assurance	22

SUMMARY OF 2019/20 WORK

Internal Audit

This report is intended to inform the Audit Committee of progress made against the 2019/20 internal audit plan. It summarises the work we have done, together with our assessment of the systems reviewed and the recommendations we have raised. Our work complies with Public Sector Internal Audit Standards. As part of our audit approach, we have agreed terms of reference for each piece of work with the risk owner, identifying the headline and sub-risks, which have been covered as part of the assignment. This approach is designed to enable us to give assurance on the risk management and internal control processes in place to mitigate the risks identified.

Internal Audit Methodology

Our methodology is based on four assurance levels in respect of our overall conclusion as to the design and operational effectiveness of controls within the system reviewed. The assurance levels are set out in Appendix 1 of this report, and are based on us giving either "substantial", "moderate", "limited" or "no". The four assurance levels are designed to ensure that the opinion given does not gravitate to a "satisfactory" or middle band grading. Under any system we are required to make a judgement when making our overall assessment.

2019/20 Internal Audit Plan

We are making good progress in the delivery of the 2019/20 audit plan, and we are pleased to present the following reports to this Audit Committee meeting:

- Treasury Management
- Corporate Performance and Service Area Performance (High Level)
- Events Management
- Fusion Follow up
- Follow up Report

We are also completing the fieldwork on the following audits:

- Business Continuity and Disaster Recovery

We anticipate presenting these reports at the next Audit Committee.

Changes to the Plan

The implementation of the Councils QL Areon system has been postponed to 31st March 2019. Therefore, the Housing Rents controls and processes cannot be tested until the implementation of the QL system. This review will be moved to the 2020-21 audit plan, subject to the Audit Committees approval. The 12 days will be carried forward to the 2020-21 audit plan.

Process to Agree 2020/21 Audit Plan

The Draft Audit Plan for 2020/21 will be presented to the S151 Officer for discussion in Feb 20. Subsequently, we will bring our Annual Opinion and Audit Plan for committee approval to the May 20 Audit Committee.

REVIEW OF 2019/20 WORK

Audit Area	Audit Days	Executive Lead	Planning	Fieldwork	Reporting	Opinion			
						Design	Effectiveness		
Audit 1: Accounts Payable and Procurement	18	Nigel Kennedy	✓	✓	✓	Moderate	Moderate		
Audit 2: ICT General Control	12	Nigel Kennedy	✓	✓	✓	Substantial	Moderate		
Audit 3: Collection Fund	12	Nigel Kennedy	✓	✓	✓	Substantial	Substantial		
Audit 4: Treasury Management High Level	8	Nigel Kennedy	✓	✓	✓	Substantial	Substantial		
Audit 4: Health and Safety and Fire Safety	13	Helen Bishop	✓	✓	✓	Substantial	Moderate		
Audit 5: Contract Management	15	Nigel Kennedy	✓	✓	✓	Moderate	Moderate		
Audit 6: High Level Business Continuity, Disaster Recovery and Emergency Planning Review	12	Helen Bishop	✓	✓	✓	Substantial (Draft)	Moderate (Draft)		
Audit 7: Corporate Performance	13	Helen Bishop	✓	✓	✓	Moderate	Moderate		
Audit 8: Enforcement Restructure	12	Nigel Kennedy	✓						
Audit 9: Events Management	12	Ian Brooke	✓	✓	✓	Moderate	Moderate		
Audit 10: Graffiti and Street Appearance	10	Ian Brooke	✓						
Audit 11: Housing Rents System	12	Stephen Clarke	See changes to plan section on page 3, to be moved to 2020/21 Audit Plan.						
Audit 12: Environment	15	Nigel Kennedy	✓						
Audit 13: Fusion follow-up	4	Ian Brooke	✓	✓	✓	N/A	N/A		
Audit 14: Election Accounts	12	Anita Bradley	✓	✓	✓	Substantial	Moderate		

EXECUTIVE SUMMARY - TREASURY MANAGEMENT

EXECUTIVE SUMMARY

LEVEL OF ASSURANCE: (SEE APPENDIX I FOR DEFINITIONS)

Design	Substantial	There is a sound system of internal control designed to achieve system objectives.
Effectiveness	Substantial	The controls that are in place are being consistently applied.

SUMMARY OF RECOMMENDATIONS: (SEE APPENDIX I)

High	0
Medium	0
Low	1

TOTAL NUMBER OF RECOMMENDATIONS: 1

BACKGROUND:

Good treasury management is a key element of the effective management of working capital, ensuring that the organisation has cash available to meet its obligations while ensuring any surplus cash is managed within the council's appetite for risk and return.

Legislation requires local authorities to have regard for statutory proper practices in relation to treasury management, including CIPFA's Treasury Management in the Public Services Code of Practice, which provides guidance on recommended treasury management practices.

Oxford City Council (the Council) have a Treasury Management Strategy in place that is in line with this legislation, and outlines its arrangements for future investments. These include both specified (low risk with no more than one year in duration) and non-specified (any other type) investments.

As at 31st March 2019 (FY 2018 -19), the Council held investments of £96.2 million, with net interest earned during the year of £3.12 million (excluding one-off or exceptional items). We can confirm the Council had no borrowings in FY 2018-19, and hence no borrowings were tested in this review. This exceeded the target of £2.91 million interest. The target for 2019/20 is £2.95 million.

This was a high-level review which considered whether there is an appropriate Strategy for treasury management in place, and in particular if there is compliance with this when investments are made. To test this, we conducted sample testing of seven short-term and long-term investments, and three overnight Money Market Funds from April to September 2019. We also assessed if there were segregation of duties in place with regards to the processing and approval of such investments. Finally, we considered the level of treasury management performance reporting to the Council's Cabinet.

Treasury is noted as one of only two high risks identified by the Council.

GOOD PRACTICE:

During the audit we noted the following areas of good practice:

- The Council have a Treasury Management Strategy in place that was approved by the Executive Board on 12th February 2019 prior to the 2019-20 financial year. The Strategy is reviewed and approved annually, which ensures that relevant economic climate factors are considered
- There are Appendices to the Strategy which clearly set out minimum credit criteria, the maximum amount of investment and maximum maturity periods allowed per different specified and non-specified investments
- In a sample of seven investments and three Money Market Funds that occurred between April and September 2019, there was 100% compliance with the various limits outlined in the Appendices
- Of the sample of seven investments and three Money Market Funds that occurred between April and September 2019, there were appropriate segregation of duties between completing, checking and approving the investments
- The Council prepare mid-year and year-end Treasury Management Reports that are presented to the Cabinet, and outline the Council's activity and performance for the previous six months/ one year.

KEY FINDINGS:

Finding	Summary of Recommendations	Owner	Due date
Finding 1 (Low)- In a sample of seven investments made by the Council between April and September 2019, there was one instance of email approval not being obtained from the Financial Accounting Manager. However, a verbal approval was obtained; this was a rollover of an existing investment. (Risk Accepted)	a) The Council should follow their current process, of gaining relevant approval via email before any transactions are made b) As per current Council process, in exceptional circumstances where verbal approval has been given, the Financial Accounting Manager should evidence this by providing a signature and date on the loan ticket form.	Financial Accounting Manager and Treasury Manager	Currently in place

CONCLUSION:

Overall, the Council has treasury management procedures in place that are designed effectively to ensure compliance with the Treasury Management Strategy. The Strategy has been approved appropriately, with timely reporting of performance during the year.

Of the ten investments tested between April and September 2019, there was sufficient evidence of segregation of duties between completing, checking and approving before any payments were processed. However, when analysing the final approval required by the Financial Accounting Manager, there was one instance of non-compliance. It is expected that this approval is via email for appropriate documentation, but in this case the approval gained was only verbal in nature.

Therefore, our overall rating is a Substantial opinion on both the design and effectiveness of the system that was included in this high-level review.

EXECUTIVE SUMMARY - CORPORATE PERFORMANCE & SERVICE AREA PERFORMANCE (High Level)

EXECUTIVE SUMMARY

LEVEL OF ASSURANCE: (SEE APPENDIX I FOR DEFINITIONS)

Design	Moderate	Generally a sound system of internal control designed to achieve system objectives with some exceptions.
Effectiveness	Moderate	Evidence of non-compliance with some controls that may put some of the system objectives at risk.

SUMMARY OF RECOMMENDATIONS: (SEE APPENDIX I)

High	0
Medium	2
Low	1

TOTAL NUMBER OF RECOMMENDATIONS: 3

BACKGROUND:

Oxford City Council’s (the Council) Corporate Plan for 2016-2020 sets out the Council’s ambition and strategy to help make Oxford a world-class city for all their citizens. The Council collaborated with local businesses, community organisations, unions and health education sectors to help formulate the Corporate Plan. The plan focusses on five interlinked priorities, addressing the key needs of the City. These are as follows:

1. A Vibrant and Stable Economy
2. Meeting Housing Needs
3. Strong and Active Communities
4. A Clean and Green Oxford
5. An efficient and effective Council.

Corporate performance indicators

The Council use several corporate KPIs to monitor and manage the performance of the above priorities. Performance is reported by the service areas within the Council. Each Head of Service is required to monitor the performance of their corresponding corporate KPIs and upload performance to CORVU (management information system) on a monthly basis. Corporate performance is reported in a corporate dashboard to the Council’s Operational Delivery Group (ODG) and also the Council’s CMT meeting on a monthly basis. The Scrutiny Committee also select various corporate KPIs that are reported on a quarterly basis; these are often different to the KPIs reported at ODG and CMT.

Performance for each corporate indicator is discussed within the following structure:

-
- Commentary on the monthly performance by service area
 - Risks and mitigating actions proposed due to the performance results
 - People performance, financial performance and customer performance
 - Each indicator is RAG rated as Red, Amber or Green dependent on performance of each category.

Service level performance indicators

The service level performance is discussed and managed locally by heads of services and can be requested to be reported within the Council's scrutiny committee. Service level indicators are uploaded onto CORVu however, these are not used to form dashboard reports.

This review assessed the controls and processes in place for the monitoring, managing and reporting of Corporate Performance and Service level performance. We reviewed CMT meeting minutes, Scrutiny committee meeting minutes and a sample of corporate dashboard reports. We understood the CORVu system process and its utilisation. We interviewed heads of service to understand how service level performance is monitored and whether this is consistent across service areas.

GOOD PRACTICE:

We noted the following areas of good practice:

- Heads of Service were aware of how to use the CORVu system and the mechanics behind the system
- There was a good governance structure in place to monitor corporate performance indicators i.e. reviewed at Operational Delivery Group, CMT and also Scrutiny Committee
- The design of the corporate performance dashboard report was adequate as it aimed to give an overall snapshot on the performance of corporate indicators
- Team level/Service level indicators were monitored by service area management and the heads of service. Performance was reviewed on a monthly and/or fortnightly basis (especially if underperformance was reported)
- There were monthly performance management meetings conducted for service performance within the service areas we reviewed. Action plans were collated where required
- The scrutiny committee reviewed selective corporate performance indicators on a quarterly basis; we reviewed the scrutiny committee meeting minutes and noted that there was robust reviews carried out by the committee
- Corporate performance indicators were clearly defined and reviewed annually to ensure the definitions are adequate.

KEY FINDINGS:

Finding	Summary of Recommendations	Owner	Due date
Finding 1 (Medium) - The Corporate Performance Management Framework has not been updated since 2011. The methodology of the framework was outdated and was not in line with the Council's current corporate plan from 2016 - 2020	Review the Performance Management Framework (2011 - 2015) and ensure it is updated regularly i.e. every two years and ensure it is in line with the Council's current Corporate Plan	Helen Bishop, Head of Business Improvement, Anita Bradley, Head of Law and Governance and Nigel Kennedy, S151 Officer	1 st Apr 2020
Finding 2 (Medium) - The progress of mitigating actions plans and due dates of actions were not detailed in the corporate dashboard report	<ul style="list-style-type: none"> a) Actions plans should be SMART against each risk identified b) The actions original date should be outlined in the corporate dashboard report for each corporate indicator c) The due date should be outlined for each corresponding action d) There should be a detailed response on the mitigation of the risk since performance on the progress to date against each action plan. 	Nigel Kennedy, S151 Officer and Head of Business Improvement, Helen Bishop	31 st Mar 2020
Finding 3 (Low) - There are often delays in updating performance indicator results on the CORVu system by the heads of services and/or indicator updates on a monthly basis.	<ul style="list-style-type: none"> a) The roles and responsibilities should be revised to ensure the data uploader and the indicator owner are separate b) There should be a discussion held within the ODG meeting to understand the reasons for delayed response in the upload of results. The importance of the data upload should be communicated clearly to all head of service and officers who upload results. 	All Heads of Services	31 st Mar 2020

ADDED VALUE

We compared the Council's Performance Improvement Framework against other Councils and noted the approach used to manage and measure performance against their corporate objectives. We also noted how other Council's approach to performance monitoring and improvement differs to the Council. We also compared the Council's dashboard reports contents, presentation and systems used to record performance results against other Council's. We did not identify any improvements that could be made to the Council's approach from this, although it was interesting to note that some Councils adopt a more 'bottom up' localised approach to performance. See appendix I and II for details.

CONCLUSION:

Overall, the Council has a robust corporate performance reporting mechanism in place however, the Corporate Performance Management Framework has not been updated since 2011 and therefore, the methodology outlined in the framework was not in line with the current corporate plan (2016 - 2020).

Furthermore, the mitigating actions outlined against each risk within the corporate dashboard report did not provide sufficient details, such as progress to date and the due date of actions. Therefore, we were unable to identify whether the actions were overdue. As a result, we have concluded on a Moderate opinion for both the design and operational effectiveness of this area.

EXECUTIVE SUMMARY - EVENTS MANAGEMENT

EXECUTIVE SUMMARY

LEVEL OF ASSURANCE: (SEE APPENDIX I)

Design	Moderate	Generally a sound system of internal control designed to achieve system objectives with some exceptions.
Effectiveness	Moderate	Evidence of non compliance with some controls, that may put some of the system objectives at risk.

SUMMARY OF RECOMMENDATIONS: (SEE APPENDIX I)

High	0
Medium	5
Low	3

TOTAL NUMBER OF RECOMMENDATIONS: 8

CRR REFERENCE:

Strong, Active Communities

BACKGROUND:

Oxford City Council's (the Council) Culture & Events Team directly funds and delivers with partners a number of major citywide events, such as May Morning, St Giles Fair, Christmas Light Festival and Dancin' Oxford. The Council financially supports large events, e.g. Cowley Road Carnival, it also manages and co-ordinates approximately 300 community events and filming activities are held on Oxford City Council land each year.

To hold an event the organiser of the event must apply using Event App external software available as a link on the Oxford City Council website. Once applications are submitted, they undergo a consultation process by the relevant stakeholders such as the emergency services, statutory services, relevant Council departments and relevant resident/community groups. The consultation process takes 2 weeks. The Council are responsible for approving applications once the consultation period has passed.

The Council's events staff administer events applications. Organisers are able to review their application status and add supporting documentation via the management system.

We have sought to understand the processes and procedures in place through conducting meetings with various members of staff involved in the events process. We have gained access to the Event App and selected a sample of external events to trace through the application and approval process. We have also examined the policies and documents available to event organisers and compared these to those available at other councils. We have obtained the meeting minutes of the

Safety Advisory Group and observed communications with various stakeholders.

GOOD PRACTICE:

Our review has highlighted how the events team has grown and developed over the last few years and has, in particular, incorporated the following best practices:

- Event Surgeries have been introduced and appear to be successful at aiding the application process and improving efficiencies. From our observation of communications between the team and prospective applicants we noted applicants were encouraged to attend these events rather than communicating via lengthy email in the initial stages. The usefulness of these events was also noted by organisers in the recent customer feedback survey
- The controls in place to obtain documents and payments from event organisers are effective, our testing of 15 events showed in all cases policies regarding required documents and approvals had been adhered to. All documents were reviewed and inadequate assessments were returned.
- The internship scheme has received positive feedback from other team members and our review of communications has shown its usefulness in improving efficiencies for administration tasks
- The introduction of the Event App has improved efficiencies and provides a useful audit trail of the application documents, reviews and communications. The feedback survey showed the majority of respondents rated the introduction of the app and improvements to the process as excellent, very well or good (67%), with the remaining either neutral or not applicable
- The support provided by the team to event organisers was noted in the customer feedback survey; we observed through tracing application communications that the team are thorough in the guidance they provide to applicants and their responsiveness and customer service was rated highly
- The Safety Advisory Group is effective at appraising and advising on events, we noted all expected events were presented and discussed at the group and feedback for it has been positive.

KEY FINDINGS:

Finding	Summary of Recommendations	Owner	Due date
Finding 1 (Medium) - There is no policy to ensure a sufficient number of staff are in place to safely manage large-scale events, including the appointing of deputies	<p>a) The events team and SAG agree on a minimum number of staff required to safely run council-organised events based on the size and risk levels identified in risk assessments. This should be signed-off and documented, so that it may be adhered to for future events. The policy should also state if individuals of a certain grade or holding a particular level of experience and/or formal qualifications are required.</p> <p>b) For the main events organised by the council during the year (e.g. St. Giles Fair, Xmas Lights, May Morning), appropriate deputies should be assigned for all key staff members within the events team, who would be able to temporarily cover their responsibilities in the event of an unexpected circumstance, therefore ensuring that the minimum staff requirements in the above policy are met.</p>	Paula Redway, Culture and Community Development Manager	28 th February 2020
Finding 2 (Medium) - There is no formal training policy or process for ensuring staff are equipped with the appropriate training for their roles	A formal training policy should be agreed upon that details any standard training required by all events management members, as well as role specific requirements that correspond to the newly classified roles (see finding 4).	Paula Redway, Culture and Community Development Manager in conjunction with Emergency Planning	28 th February 2020
Finding 3 (Medium) - here is no agreed strategy or vision for events management in place	a) Management should create a more detailed internal strategy for events going forward in Oxford; the events team has shared the Brighton Hove events strategy with us which we understand could be used as a basis for this. This should be drafted by the events team based on current	Alison Drummond, Events Officer	To tie in with the Vibrant Active Inclusive Communities and City Centre strategy

	<p>practice and knowledge, then shared with other relevant members of the council to obtain agreement and sign-off.</p> <p>b) The agreed upon objectives policy should also be shared externally with applicants in order to guide applications, this could be an individual document or form part of a larger updated guidance policy (see Finding 8).</p>		<p>deadlines for February 2020</p>
<p>Finding 4 (Medium) - The responsibilities and limitations of roles within the team have not been formally defined</p>	<p>a) The events team should develop their current team structure to ensure it is up-to-date and includes details of the specific roles and responsibilities covered by both the team as a whole and individual members; this should be agreed and shared with more senior management</p> <p>b) The events management and emergency planning teams should create a combined policy to document which responsibilities and expertise sit with each team. This should be accessible so it can easily be shared with members of the SAG and external event organisers, in order to facilitate the appropriate direction of communications</p>	<p>Paula Redway, Culture and Community Development Manager</p>	<p>28th February 2020</p>
<p>Finding 5 (Medium) - There is a lack of clarity around the legal implications, particularly of advice given to event organisers</p>	<p>a) The Council should review their internal policy as to what advice and guidance should and should not be offered by the events team</p> <p>b) If it is deemed that a team member should be regularly giving guidance or approval on areas such as risk assessments then consideration should be given as to what additional training or qualifications that individual should hold</p> <p>c) Consider adding a clause to the terms and conditions to state the Council's legal position for any advice given</p>	<p>Paula Redway, Culture and Community Development Manager</p>	<p>31 March 2020</p>

Finding 6 (Low) - Governance structures, roles and responsibilities between the Council and Oxfordshire County Council are not clearly defined for the management of events	A memorandum of understanding should be developed and agreed upon by Oxford City Council and Oxfordshire County Council, to clearly define the approach to events in the City and where the roles and responsibilities sit.	Alison Drummond, Events Officer	31 March 2020
Finding 7 (Low) - Applicants are limited to the number of documents they are able to attach to an email message via EventApp	Assess whether it would be possible to allow more documents to be attached to an email message on EventApp.	Alison Drummond, Events Officer	31 March 2020
Finding 8 (Low) - There is scope to improve the application information available on the Council website, in line with other Councils	<p>a) Update the current applicant information available to include more details about the process. In particular, more guidance should be given over the type of events that would be encouraged (in line with Finding 3) and when additional requirements are likely to be needed (such as criteria for SAG attendance)</p> <p>b) Assess developing further resources, such as an FAQ, that team members can add responses to and upload online, to help reduce the number of queries the team has to deal with</p>	Alison Drummond, Events Officer	31 March 2020

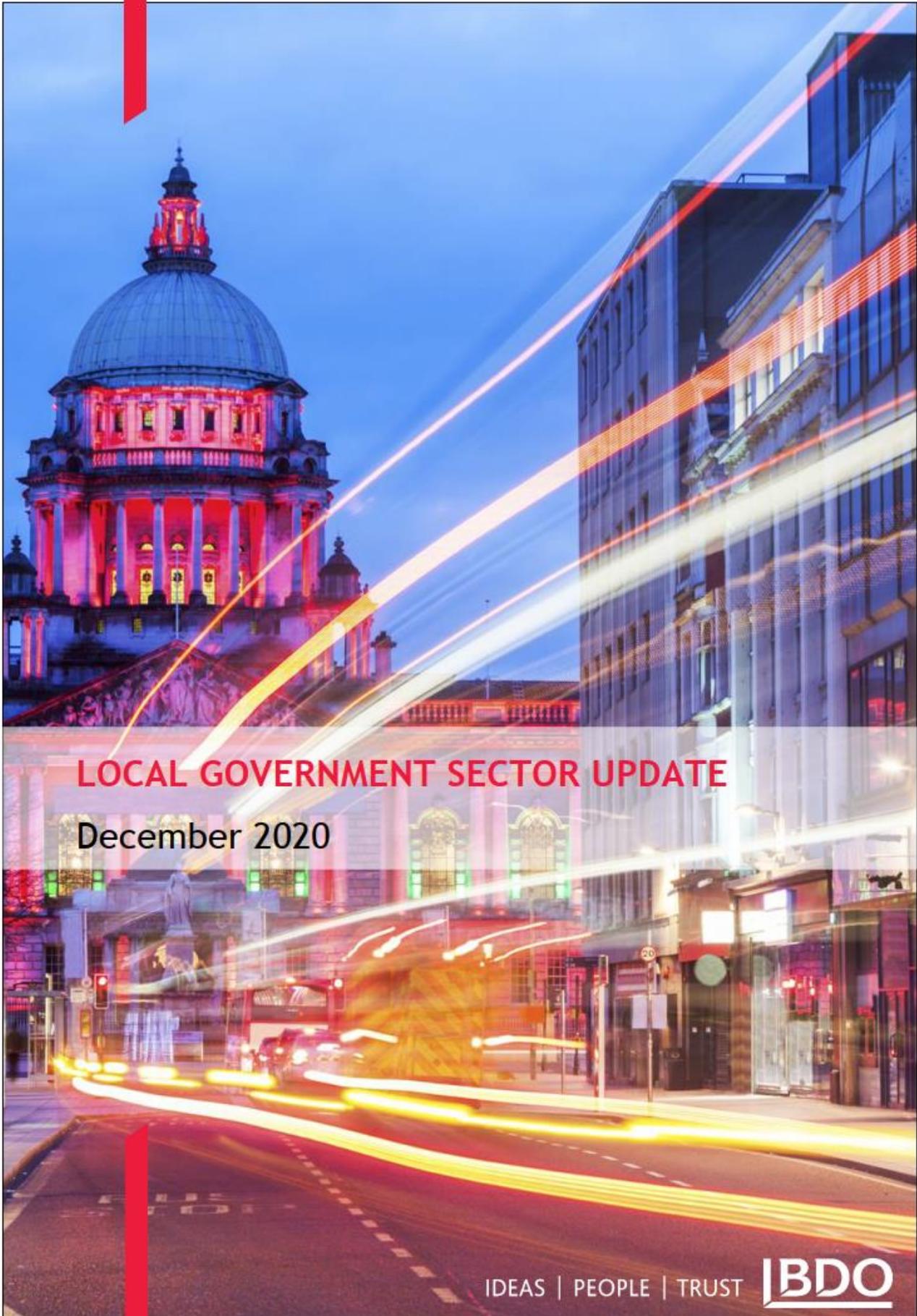
CONCLUSION:

We have seen how the number of events held within Oxford has grown significantly over recent years. We have observed several examples of best practice, including the effectiveness of the SAG, introduction of the Events App, internships and event surgeries to manage these. We have identified areas of improvement which include ensuring that policies, procedures and training are updated to keep up with the developments. We have therefore reported a moderate design and effectiveness overall and have raised eight findings (five medium and three low) to address the risks identified.

AUDIT SATISFACTION SURVEY RESULTS

In aim to provide exceptional client service, we sent out a satisfaction survey on completion of each audit review. We were scored from a rate of 1-5 (1= poor and 5= exceptional). Please see the satisfaction results gained so far. We received an overall score of 5 or above (good/Excellent) on most of our survey responses. Where we received a response, less than 4 we will endeavour to improve this going forward.

Audit Review	TOR Aligned to strategic/departmental risks?	Timeline of events from reporting agreed and clearly explained?	Rate understanding of your business	Rate communication	Rate the closedown	Rate the audits contribution to delivering added value	Final report clear and concise	Agreement of stakeholder	Recommendations were constructive	Did our work add value?	Overall audit experience	Would you recommend BDO to others
Elections	Strongly Agree	Strongly Agree	5	5	5	4	Strongly Agree	Strongly Agree	Strongly Agree	Agree	5	Yes
Overall Score			5	5	5	5					5	



LOCAL GOVERNMENT SECTOR UPDATE
December 2020

IDEAS | PEOPLE | TRUST **BDO**

SECTOR UPDATE

Our quarterly Local Government briefing summarises recent publications and emerging issues relevant to Local Authorities that may be of interest to your organisation. It is intended to provide a snapshot of current issues for senior managers, directors and members.

FINANCE

Councils' draft funding settlement 'needs to be announced as soon as possible'

The local government finance settlement must be made a priority by the new government and should be published this year, sector leaders have said.

The draft funding settlement for councils must be published "no later than parliament rising for Christmas recess", the Local Government Association chair James Jamieson said.

"One of [government's] first priorities must be to publish the provisional 2020 local government finance settlement as soon as possible and no later than parliament rising for the Christmas recess.

"This is absolutely vital to give councils the certainty and time they need to plan how to provide the vital local services our communities rely on next year."

<https://www.publicfinance.co.uk/news/2019/12/councils-draft-funding-settlement-needs-be-announced-soon-possible>

Government's biggest contractors 'likely to benefit from spending increases'

The 34 companies the government pays more than £100m a year to for services are likely to benefit from rises in public spending, according to a data firm.

Central and local government in the UK spent more than £10bn on the so-called 'strategic suppliers' in 2018-19, a report from Tussell, data analysts on UK government contracts, has shown. The government spends about £250bn on commercial relationships, which is approximately a third of total government spending.

The majority of the £10bn went on suppliers in the construction and engineering industries, the company said.

From the collapse of Carillion to a number of high-profile IT contract failures, many questions have been raised over the model of outsourcing and large contractors have often been in the news for all the wrong reasons, the report said.

"Despite market potential the last two years have been a turbulent time to be a major supplier to government".

Outsourcing giant Carillion went into liquidation at the start of last year and Interserve collapsed at the start of this year.

The market share of these 34 firms, which include organisations such as Interserve, Kier, Capita and Serco shrank by 15% year-on-year - down from a high of 14.4% in 2015-16 to 10.2% in 2018-19.

<https://www.publicfinance.co.uk/news/2019/12/governments-biggest-contractors-likely-benefit-spending-increases>

Poll shows increase in trust in local government

A poll commissioned by the Association for Public Service Excellence membership organisation also found the majority of respondents think not enough money raised from taxes is spent locally. The survey, which had 1,535, responses, found 61% of the public do not believe enough of their taxes are spent in the local area. A further 81% thought that the government should give councils more money to spend locally rather than spend at a national level.

Nine times as many respondents trusted councils to provide local services over the government, which represents an increase from the 2018 when just five times as many favoured local government.

The survey, conducted by market research company Survation, also recorded public satisfaction with service areas and found that satisfaction was highest for parks at 7.1/10. School meals (6.7), street lighting (6.6) and refuse collection (6.5) also had reasonable satisfaction levels. The lowest ranked services included affordable housing (4.3) and road maintenance (4.6).

<https://www.publicfinance.co.uk/news/2019/12/poll-shows-increase-trust-local-government>

NHS business rates claim rejected by High Court

Councils have successfully defended a claim for billions of pounds of tax relief for NHS trusts. The High Court has ruled that NHS Trusts and Foundation Trusts are not eligible for business rates relief this morning.

Derby Teaching Hospitals NHS Foundation Trust led a group of 17 trusts arguing that they should be treated in the same manner as charities, which receive relief on their business rates of 80%. A group of 45 local authorities, including Derby City Council, defended the claim for a rebate dating back to 2010.

'Councils, supported by the LGA, are pleased this common-sense decision will not see them having to pay NHS Trusts and Foundation Trusts £1.5 billion in unfounded backdated business rates relief nor see them eligible for 80% relief going forward.

<https://www.localgov.co.uk/NHS-business-rates-claim-rejected-by-High-Court/48693>

IT

Councils 'suffer 800 cyber attacks every hour'

UK local authorities were hit by an average of 800 cyber attacks every hour in the first six months of 2019, a consultancy firm has found. Freedom of Information data collected by the consultancy firm Gallagher showed that there were 263 million cyber attacks over the six month period sometimes resulting in financial and data loss.

Analysis also found that 101 UK councils had experienced an attempted cyber attack on their IT systems since 2017

In 17 cases a council had reported a loss of data or money, with one council losing more than £2m.

FOIs were sent to 407 local authorities in the UK with 342 councils responding between August and September 2019. Given the number of councils who did not respond Gallagher said the true number of attacks could be higher.

The Public Accounts Committee warned earlier this year that UK is more vulnerable to cyber attacks than ever before.

<https://www.publicfinance.co.uk/news/2019/10/councils-suffer-800-cyber-attacks-every-hour>

Environment

English councils ramp up charges for services

Council charges for services such as garden waste removal, funeral services and public lavatories have increased above inflation over the last decade, according to *The Times*.

Analysis of English council accounts by the newspaper found environmental, regulatory and planning charges increased by almost 50% to £2.3bn from 2009 to 2017-18.

The revenue from these charges in the last financial year increase by more than two and a half times the rate of inflation, leaving every home in England paying an average of more than £100 a year in additional charges on top of council tax bills.

The newspaper said that households were paying 40% more than a decade ago for waste collection and disposal services, with councils earning £329m a year.

Cemetery, cremation and mortuary services generated a record income of £320m in 2017-18 - a 45% increase from 2009. *The Times* said the cost of running these services is just £219m a year, which suggests a profit margin of 46%.

Councils also increased charges for public lavatories by a fifth last financial year, following the closure of half of facilities since 2009, the paper found.

CIPFA's *Performance Tracker* last year found the number of authorities in England charging for garden waste collection rose from 88 to 199 between 2010-11 and 2017-18.

<https://www.publicfinance.co.uk/news/2019/12/analysis-english-councils-ramp-charges-services>

Counting the cost of climate action

As more and more councils recognise the severity of the climate crisis and devise ways to tackle it with support from residents, cost becomes a pivotal issue. Neil Merrick reports.

In Leeds, reports show that a clean air zone, which charges diesel and other high-polluting vehicles, is cutting air pollution.

In Bristol, homes continue to be connected to heating systems that save energy by serving large districts. Cycle lanes and charging points for electric vehicles are commonplace in most towns and cities.

Since the start of 2019, local authorities have not just declared climate emergencies but are aiming to become carbon-neutral (or net zero) by 2030 - 20 years ahead of the government's 2050 target.

Bristol, just last month, announced that it is set to become the first UK city to ban diesel cars in a bid to improve air quality.

Under the plans, by March 2021, all privately owned diesel vehicles will be barred from entering a clean-air zone in the city centre every day between 7am and 3pm. Some efforts are being made.

<https://www.publicfinance.co.uk/feature/2019/12/counting-cost-climate-action>

Climate change means more funds are needed for flood prevention

With flooding expected to become more frequent in the North of England, councils need more funding to protect residents.

After communities in the North and the Midlands were struck by severe flooding, government activated the emergency Bellwin scheme, followed by 100% relief for residents and businesses on their council tax and business rates alongside grants of £5,000.

Derbyshire County Council and Worcestershire County Council, both of which were affected by the floods, said they would be applying for reimbursement under the Bellwin scheme but neither was able to estimate the cost of the flooding at this point.

To reduce the impact of future floods, Wheeler suggested "soft engineering" methods to reduce run-off from uplands, such as planting extra trees, although he noted that this would only reduce floods "by a few per cent".

<https://www.publicfinance.co.uk/news/2019/11/climate-change-demands-more-funds-flood-prevention1>

Vast majority' of council vehicles run on diesel despite pollution concerns

Over 90% of vehicles operated by local authorities run on diesel despite council efforts to tackle air pollution, new research has revealed.

A car news website has found that an average of 91.6% of council vehicles use diesel and 62 council fleets consist entirely of diesel vehicles. It has also discovered that London authorities are still running 724 non-ULEZ-compliant diesel vehicles.

The website Auto Express's findings are based on responses to a freedom of information request from 320 councils in England, Scotland, Wales and Northern Ireland. Between them these councils operate 66,617 vehicles.

Bristol City Council was recently forced to suspend its roll-out of a new vehicle fleet after purchasing dozens of diesel vehicles despite planning to introduce a city centre diesel ban.

Of the 135 new vehicles already introduced for use across all the council's services, 64 were diesel. The council said they were 'purchased due to suitable petrol equivalents being unavailable'.

<https://www.localgov.co.uk/Vast-majority-of-council-vehicles-run-on-diesel-despite-pollution-concerns/48675>

BREXIT

Brexit isn't the only unfinished business for this new government

After a historic win, Boris Johnson's government is now left to deliver on their mandate to get Brexit done and finish what they started. But that isn't all they need to do, Local authority finances are in a dire state after a decade of cuts with councils up and down the country struggling to keep basic statutory services going. Many of the acute service challenges local government faces: adult social care, children's services and housing for example, have been growing in scale and intensity over the last ten years.

Big global issues such as climate change, technology and economic disruption continue to make themselves felt at local level in unpredictable ways and many of the underlying questions, around localism, democracy, place and power are the same issues we were discussing at the beginning of the decade.

<https://www.publicfinance.co.uk/opinion/2019/12/brexit-isnt-only-unfinished-business-new-government>

APPENDIX 1

OPINION SIGNIFICANCE DEFINITION

Level of Assurance	Design Opinion	Findings from review	Effectiveness Opinion	Findings from review
Substantial 	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
Moderate 	In the main, there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non compliance with some controls, that may put some of the system objectives at risk.
Limited 	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
No 	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non compliance and/or compliance with inadequate controls.

FOR MORE INFORMATION:

FIRSTNAME SURNAME

+44 (0)XX XXXX XXXX
firstname.surname@bdo.co.uk

This publication has been carefully prepared, but it has been written in general terms and should be seen as broad guidance only. The publication cannot be relied upon to cover specific situations and you should not act, or refrain from acting, upon the information contained therein without obtaining specific professional advice. Please contact BDO LLP to discuss these matters in the context of your particular circumstances. BDO LLP, its partners, employees and agents do not accept or assume any liability or duty of care for any loss arising from any action taken or not taken by anyone in reliance on the information in this publication or for any decision based on it.

BDO LLP, a UK limited liability partnership registered in England and Wales under number OC305127, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. A list of members' names is open to inspection at our registered office, 55 Baker Street, London W1U 7EU. BDO LLP is authorised and regulated by the Financial Conduct Authority to conduct investment business.

BDO is the brand name of the BDO network and for each of the BDO Member Firms.

BDO Northern Ireland, a partnership formed in and under the laws of Northern Ireland, is licensed to operate within the international BDO network of independent member firms.

© 2019 BDO LLP. All rights reserved.

www.bdo.co.uk

This page is intentionally left blank