



**WATFORD
BOROUGH
COUNCIL**

AUDIT COMMITTEE

23 November 2023

7.00 pm

Town Hall Annexe, Watford

Contact

Laura MacMillan

democraticservices@watford.gov.uk

01923 278377

For information about attending meetings please visit the [council's website](#).

Publication date: 15 November 2023

Committee Membership

Councillor M Hofman (Chair)

Councillor K Clarke-Taylor (Vice-Chair)

Councillors L Nembhard MBE, A Khan and C Newstead

Agenda

Part A - Open to the Public

1. **Apologies for Absence/Committee Membership**
2. **Disclosure of Interests (if any)**
3. **Minutes**

The [minutes](#) of the meeting held on 14 September 2023 to be submitted and signed.
4. **Freedom of Information Act Requests 1 April 2023 to 30 September 2023** (Pages 3 - 24)
5. **SIAS Update Report on Progress Against the 2023-24 Audit Plan** (Pages 25 - 64)
6. **Treasury Management Mid Term Review 2023/24** (Pages 65 - 87)
7. **Draft treasury Management Strategy 2024/25** (Pages 88 - 108)
8. **Draft External Audit Plan 2023/24 - Azets** (Pages 109 - 130)
9. **Statement of Accounts Update**
10. **Update from the External Auditors - EY**

Part A

Report to: Audit Committee

Date of meeting: Thursday, 23 November 2023

Report author: Group Head of Democracy and Governance

Title: Freedom of Information Act Requests 1 April 2023 to 30 September 2023

1.0 Summary

1.1 This is the half yearly report of Freedom of Information Act requests received between 1 April 2023 and 30 September 2023.

2.0 Risks

2.1

Nature of risk	Consequence	Suggested Control Measures	Response (treat, tolerate, terminate or transfer)	Risk Rating (combination of severity and likelihood)
Requests are not regularly responded to.	Complaints by requesters and investigation and potential sanction by the Information Commissioner.	CLO's and the CSC diarise times and chase responders.	Treat	4

3.0 Recommendations

3.1 That the report be noted.

Further information:

Carol Chen

carol.chen@watford.gov.uk

Tel: 01923 278350

4.0 Detailed proposal

4.1 Since January 2005 when the Freedom of Information Act 2000 came fully into force the council has been obliged to respond to requests for information. These requests should be responded to within 20 working days of receipt. The Act, and public

bodies compliance with it, is overseen by the Information Commissioner who can investigate complaints and can compel the disclosure of information as well as impose fines for failure to meet deadlines.

4.2 This committee receives half yearly reports on the council's performance in replying to such requests.

4.3 For the period 1 April 2023 to 30 September 2023 the council received 339 requests of which 274 were replied to on time 82.03%. For the period 1 October 2022 to 31 March 2023 the council received 275 requests and 264 were replied to on time. Whilst we have had 65 more requests our response rate has dipped.

4.4 All FOI requests are now logged on Firmstep and are able to be viewed on the Qlik system. Appendix 1 details the requests.

5.0 **Implications**

5.1 **Financial**

5.1.1 The Chief Finance Officer comments that that there are no financial implications. Service requests are dealt with from existing resources.

5.2 **Legal Issues** (Monitoring Officer)

5.2.1 The Group Head of Democracy and Governance comments that there are no legal implications.

5.3 **Equalities, Human Rights and Data Protection**

5.3.1 Information is redacted if it contains personal information.

5.4 **Staffing**

5.4.1 Replies are dealt with within services. The customer service centre managers oversee the process via the Firmstep platform.

5.5 **Accommodation**

5.5.1 N/A

5.6 **Community Safety/Crime and Disorder**

5.6.1 N/A

5.7 **Sustainability**

5.7.1 N/A

Appendices

- Appendix 1 FOI requests 1 April 2023 to 30 September 2023

Background papers

No papers were used in the preparation of this report.

FOI Response Team	Firmstep Forms Reference	FOI Reason For Request	FOI Date Received	FOI Due Date	FOI Date Responded	Completed On Time	FOI Information Sent
Benefits FOI	FOI-521462608	Council Tax Support scheme	05/06/2023	03/07/2023	12/06/2023	Y	yes
Benefits FOI	FOI-521926482	Council Tax Reduction/Support Scheme	06/06/2023	04/07/2023	04/07/2023	Y	yes
Benefits FOI	FOI-523534586	Council Tax Support scheme dated April 2018	13/06/2023	11/07/2023	13/06/2023	Y	yes
Benefits FOI	FOI-536952992	Households Presenting as Homeless Between 2022 and 2023 That Claim Universal Credit	04/08/2023	29/08/2023	10/08/2023	Y	yes
Benefits FOI	FOI-548137595	Exempt Rent	19/09/2023	17/10/2023	20/09/2023	Y	yes
Community Protection FOI	FOI-513008393	Food Hygiene report	04/05/2023	01/06/2023	09/06/2023	N	yes
Community Protection FOI	FOI-522700700	Environmental Health Officers	09/06/2023	06/07/2023	07/07/2023	N	yes
Community Protection FOI	FOI-536253539	Environmental Health Officer's file for a property.	02/08/2023	30/08/2023	15/09/2023	N	yes
Community Protection FOI	FOI-536953774	Zoo Licensing Act	04/08/2023	29/08/2023	14/09/2023	N	yes
Community Protection FOI	FOI-537368017	Claim against me for damages caused by proposed disrepair	07/08/2023	04/09/2023	11/09/2023	N	yes
Community Protection FOI	FOI-539422348	Private Rented Sector Enforcement	15/08/2023	11/09/2023	27/09/2023	N	yes
Community Protection FOI	FOI-539710309	Taxi/Private Hire	16/08/2023	04/09/2023	13/09/2023	N	yes
Community Protection FOI	FOI-542876867	Contaminated Land Enquiry	29/08/2023	13/09/2023	19/09/2023	N	yes
Community Protection FOI	FOI-504444192	Food Rating	03/04/2023	01/05/2023	05/04/2023	Y	yes
Community Protection FOI	FOI-504820488	RIDDOR Reporting	04/04/2023	02/05/2023	11/04/2023	Y	yes
Community Protection FOI	FOI-506663572	RIDDOR Reporting	11/04/2023	09/05/2023	21/04/2023	Y	-
Community Protection FOI	FOI-506848571	Stray Dogs Info	11/04/2023	09/05/2023	17/04/2023	Y	yes
Community Protection FOI	FOI-507071564	Food Hygiene report	12/04/2023	10/05/2023	02/05/2023	Y	yes
Community Protection FOI	FOI-507196698	Information on fines for energy performance certificates breaches	12/04/2023	11/05/2023	27/04/2023	Y	yes
Community Protection FOI	FOI-509652910	Spiking: Local Authorities East England (responsible for licensing premises)	21/04/2023	19/05/2023	11/05/2023	Y	yes
Community Protection FOI	FOI-509952788	Dog Boarding	23/04/2023	22/05/2023	28/04/2023	Y	yes

Community Protection FOI	FOI-510924440	Building Responsibility	26/04/2023	25/05/2023	19/05/2023	Y	yes
Community Protection FOI	FOI-511852831	Litter & Enforcement	30/04/2023	29/05/2023	24/05/2023	Y	yes
Community Protection FOI	FOI-512656966	Motor Vehicles registered for public hire	03/05/2023	31/05/2023	23/05/2023	Y	yes
Community Protection FOI	FOI-512671981	Noise Complaints	03/05/2023	31/05/2023	16/05/2023	Y	yes
Community Protection FOI	FOI-512681835	Private Sector Housing Standards Case	03/05/2023	31/05/2023	26/05/2023	Y	yes
Community Protection FOI	FOI-514625042	Food Safety Report Request	10/05/2023	08/06/2023	23/05/2023	Y	yes
Community Protection FOI	FOI-515250584	Food Safety report Request	12/05/2023	09/06/2023	18/05/2023	Y	yes
Community Protection FOI	FOI-516180500	Filthy & Verminous Property Complaints	16/05/2023	13/06/2023	16/05/2023	Y	yes
Community Protection FOI	FOI-519014660	FOI request of businesses and/or individuals	25/05/2023	22/06/2023	20/06/2023	Y	yes
Community Protection FOI	FOI-519178368	Public Health Funerals	26/05/2023	23/06/2023	16/06/2023	Y	yes
Community Protection FOI	FOI-520064496	Dog breeding licence protocols within the local	30/05/2023	27/06/2023	05/06/2023	Y	yes
Community Protection FOI	FOI-522405580	Number of lost or abandoned dogs found by the	08/06/2023	06/07/2023	21/06/2023	Y	yes
Community Protection FOI	FOI-523547510	Unauthorised encampments	13/06/2023	11/07/2023	16/06/2023	Y	yes
Community Protection FOI	FOI-523884437	Private Rental Sector	14/06/2023	12/07/2023	10/07/2023	Y	yes
Community Protection FOI	FOI-523988418	Non-Domestic Minimum Energy Efficiency Standards (MEES)	14/06/2023	12/07/2023	12/07/2023	Y	yes
Community Protection FOI	FOI-523988419	Non-Domestic Minimum Energy Efficiency Standards (MEES)	15/06/2023	12/07/2024	13/07/2023	Y	yes
Community Protection FOI	FOI-525957200	Vehicles registered as a Taxi, Hackney Carriage or for Private Hire between 27th January 2023 and	22/06/2023	20/07/2023	17/07/2023	Y	yes
Community Protection FOI	FOI-527235498	Housing Enforcement and Homes Inspected	27/06/2023	25/07/2023	24/07/2023	Y	yes
Community Protection FOI	FOI-531187010	Environmental Information Regulations (EIR)	12/07/2023	09/08/2023	28/07/2023	Y	yes
Community Protection FOI	FOI-533161948	Accommodation for Asylum Seekers	20/07/2023	17/08/2023	24/07/2023	Y	yes
Community Protection FOI	FOI-535548315	Property Information	31/07/2023	24/08/2023	11/08/2023	Y	yes
Community Protection FOI	FOI-536952253	Fly-tipping	04/08/2023	29/08/2023	29/08/2023	Y	yes
Community Protection FOI	FOI-537810584	Food Hygiene Report	08/08/2023	05/09/2023	18/08/2023	Y	yes
Community Protection FOI	FOI-539738595	Temporary Accommodation in Caravan/Camping Sites	16/08/2023	07/09/2023	29/08/2023	Y	yes

Community Protection FOI	FOI-539844694	Food Hygiene report	16/08/2023	13/09/2023	13/09/2023	Y	yes
Community Protection FOI	FOI-541085539	Dangerous Wild Animal	22/08/2023	14/09/2023	31/08/2023	Y	yes
Community Protection FOI	FOI-541458268	Dog wardens & Rescue Centres	23/08/2023	15/09/2023	08/09/2023	Y	yes
Community Protection FOI	FOI-541503693	Mobile Homes	23/08/2023	20/09/2023	31/08/2023	Y	yes
Community Protection FOI	FOI-541794124	CONTAMINATED LAND Enquiry	24/08/2023	21/09/2023	21/09/2023	Y	yes
Community Protection FOI	FOI-542990657	Seeking information about licensing complaints, warnings and enforcement action related to the FIFA Women's World Cup final on August 20, 2023.	30/08/2023	21/09/2023	31/08/2023	Y	yes
Community Protection FOI	FOI-543002300	Freedom of Information request on carbon credits	30/08/2023	27/09/2023	31/08/2023	Y	yes
Community Protection FOI	FOI-543172620	Taxi Vehicles	30/08/2023	27/09/2023	13/09/2023	Y	yes
Community Protection FOI	FOI-543303382	Climate Action Strategies, Collaboration and Metrics	31/08/2023	27/09/2023	13/09/2023	Y	yes
Community Protection FOI	FOI-543360829	Food Safety	31/08/2023	28/09/2023	08/09/2023	Y	yes
Community Protection FOI	FOI-545498402	Dog Fouling	08/09/2023	06/10/2023	05/10/2023	Y	yes
Community Protection FOI	FOI-545821455	Food hygiene report	09/09/2023	09/10/2023	20/09/2023	Y	yes
Community Protection FOI	FOI-545980394	Dogs Trust Stray Dog Survey 2022-2023	10/09/2023	09/10/2023	29/09/2023	Y	yes
Community Protection FOI	FOI-546436561	Freedom of Information request - Primate Licensing - 2023	12/09/2023	10/10/2023	03/10/2023	Y	yes
Community Protection FOI	FOI-547019950	Noise Nuisance	14/09/2023	12/10/2023	04/10/2023	Y	yes
Corporate Strategy and Communications FOI	FOI-524156762	Authority LGBT Policies	15/06/2023	13/07/2023	14/08/2023	N	yes
Corporate Strategy and Communications FOI	FOI-533060981	Media Intelligence Services	20/07/2023	16/08/2023	25/08/2023	N	yes
Corporate Strategy and Communications FOI	FOI-507202318	Warm Hub Payments	12/04/2023	11/05/2023	14/04/2023	Y	yes

Corporate Strategy and Communications FOI	FOI-524160115	Authority LGBT Library and Museum Policies	15/06/2023	13/07/2023	13/07/2023	Y	yes
Corporate Strategy and Communications FOI	FOI-524917001	Information on Flags Being Flown at The Council	19/06/2023	17/07/2023	04/07/2023	Y	yes
Corporate Strategy and Communications FOI	FOI-530829282	Flags Flown by The Council	11/07/2023	08/08/2023	11/07/2023	Y	yes
Corporate Strategy and Communications FOI	FOI-533854091	Filming in Watford (2022)	24/07/2023	21/08/2023	10/08/2023	Y	yes
Corporate Strategy and Communications FOI	FOI-545445304	Freedom of Information request - DLUHC Levelling Up Fund: Affordable Housing & Building Safety Improvements	07/09/2023	05/10/2023	28/09/2023	Y	yes
Corporate Strategy and Communications FOI	FOI-550788304	UKSPF 22-23	29/09/2023	27/10/2023	05/10/2023	Y	yes
Culture and Events FOI	FOI-543006486	FOI request/art	30/08/2023	27/09/2023	27/09/2023	Y	yes
Customer Service FOI	FOI-507172871	FOI Request - Test	12/04/2023	10/05/2023	12/04/2023	Y	yes
Customer Service FOI	FOI-521135602	Arriva Click Watford - passenger numbers and income	03/06/2023	03/07/2023	23/06/2023	Y	yes
Customer Service FOI	FOI-538965134	FOI: POE Survey	13/08/2023	11/09/2023	25/08/2023	Y	yes
Democracy and Governance FOI	FOI-505441114	Voter Authority Certificates (VACs)	05/04/2023	03/05/2023	10/05/2023	N	yes
Democracy and Governance FOI	FOI-506765114	Mayoral allowance	11/04/2023	09/05/2023	10/05/2023	N	yes
Democracy and Governance FOI	FOI-529433914	Civic Honours	05/07/2023	02/08/2023	10/08/2023	N	yes
Democracy and Governance FOI	FOI-541069987	Modern Democracy	22/08/2023	19/09/2023	27/09/2023	N	yes
Democracy and Governance FOI	FOI-515930638	Elections	15/05/2023	12/06/2023	12/06/2023	Y	yes

Democracy and Governance FOI	FOI-518258310	04th May Local Elections Voter ID Information Request	23/05/2023	20/06/2023	07/06/2023	Y	yes
Democracy and Governance FOI	FOI-520553059	Freedom of Information request - East of England - Voter ID and the use of "Greeters" at the May	01/06/2023	29/06/2023	19/06/2023	Y	yes
Democracy and Governance FOI	FOI-523174698	Elections	12/06/2023	10/07/2023	13/06/2023	Y	yes
Democracy and Governance FOI	FOI-523864513	Watford Voter ID Statistics for May 4th Local Elections	14/06/2023	12/07/2023	15/06/2023	Y	yes
Democracy and Governance FOI	FOI-527154982	Postal Vote Data	27/06/2023	25/07/2023	27/06/2023	Y	yes
Democracy and Governance FOI	FOI-528524992	May 2023 Elections	03/07/2023	28/07/2023	03/07/2023	Y	yes
Democracy and Governance FOI	FOI-543507557	Compulsory Purchase Order	31/08/2023	28/09/2023	12/09/2023	Y	yes
Development Management and Building Control FOI	FOI-508376671	Building Control Information	17/04/2023	10/05/2023	12/05/2023	N	yes
Development Management and Building Control FOI	FOI-521894055	Tree Management	06/06/2023	04/07/2023	07/07/2023	N	yes
Development Management and Building Control FOI	FOI-525335851	A request for copies of all correspondence between WBC and previous and current Tree Managers from December 2021 to date.	20/06/2023	18/07/2023	25/08/2023	N	yes
Development Management and Building Control FOI	FOI-529431982	Fraud Investigation Enquiry	05/07/2023	12/07/2023	18/07/2023	N	yes

Development Management and Building Control FOI	FOI-529957553	Section 106 Planning Obligations	07/07/2023	04/08/2023	11/08/2023	N	yes
Development Management and Building Control FOI	FOI-533394619	Complaints log, refined search of the same, copies of selected search	21/07/2023	21/08/2023	15/09/2023	N	yes
Development Management and Building Control FOI	FOI-535639128	Planning permission related consultations, authority and Veolia (tree management)	31/07/2023	29/08/2023	15/09/2023	N	yes
Development Management and Building Control FOI	FOI-545672989	Planning breach	08/09/2023	06/10/2023	24/10/2023	N	yes
Development Management and Building Control FOI	FOI-508062880	FOI-Building Control Documentation request	15/04/2023	15/05/2023	15/05/2023	Y	yes
Development Management and Building Control FOI	FOI-510146347	Poultry Farms	24/04/2023	22/05/2023	25/04/2023	Y	yes
Development Management and Building Control FOI	FOI-511023878	FOI Flood Data/ Maps: Watford Borough Council	27/04/2023	25/05/2023	11/05/2023	Y	yes
Development Management and Building Control FOI	FOI-514014911	Student Request for Academic Research regarding Post Grad Dissertation	09/05/2023	06/06/2023	11/05/2023	Y	yes
Development Management and Building Control FOI	FOI-515277929	Property Information	12/05/2023	09/06/2023	08/06/2023	Y	yes
Development Management and Building Control FOI	FOI-520566637	In accordance with the terms of the Freedom of Information Act 2000, I write with 5 separate requests for information:	01/06/2023	29/06/2023	14/06/2023	Y	yes

Development Management and Building Control FOI	FOI-523306178	Legacy Unadopted Open Spaces	12/06/2023	10/07/2023	14/06/2023	Y	yes
Development Management and Building Control FOI	FOI-524129969	A request for copies of all correspondence between WBC and previous and current Tree Managers from December 2021 to date.	15/06/2023	13/07/2023	20/06/2023	Y	yes
Development Management and Building Control FOI	FOI-524932814	FOI request - planning software	19/06/2023	17/07/2023	28/06/2023	Y	yes
Development Management and Building Control FOI	FOI-524933292	FOI request - biodiversity net gain	19/06/2023	17/07/2023	27/06/2023	Y	yes
Development Management and Building Control FOI	FOI-526772926	Areas of Special Control of Advertisements	26/06/2023	24/07/2023	18/07/2023	Y	yes
Development Management and Building Control FOI	FOI-527459527	Revocation and modification of planning permission etc.	28/06/2023	26/07/2023	05/07/2023	Y	yes
Development Management and Building Control FOI	FOI-530221174	Planning permission to develop into the root protection area of (a) Category B/important trees without Tree Preservation Orders and (b) the root protection area of trees with Tree Preservation Orders	09/07/2023	07/08/2023	18/07/2023	Y	yes
Development Management and Building Control FOI	FOI-530286825	Internal and/or external requests for and internal consideration of revocation and modification of planning permission, discharge of condition notice and section 97 of the Town and Country Planning Act 1990	09/07/2023	07/08/2023	18/07/2023	Y	yes
Development Management and Building Control FOI	FOI-533271286	List of Tree Preservation Orders by reference number and address that are within residential properties and/or parallel or adjacent to	21/07/2023	18/08/2023	11/08/2023	Y	yes
Development Management and Building Control FOI	FOI-533271421	Consideration of revocation and modification of planning permission, discharge of condition notice and section 97 of the Town and Country Planning Act 1990.	21/07/2023	18/08/2023	11/08/2023	Y	yes

Development Management and Building Control FOI	FOI-535081341	Outstanding Section 278 and Section 38 works applications	28/07/2023	23/08/2023	11/08/2023	Y	yes
Development Management and Building Control FOI	FOI-539438428	Cassio Metro Development, Metropolitan Station Approach	15/08/2023	12/09/2023	08/09/2023	Y	yes
Development Management and Building Control FOI	FOI-542999060	FOI request - housing developments/GP practices	30/08/2023	27/09/2023	18/09/2023	Y	yes
Development Management and Building Control FOI	FOI-543000264	Freedom of Information request - Permitted Development Rights	30/08/2023	27/09/2023	12/09/2023	Y	yes
Development Management and Building Control FOI	FOI-549521851	Ecology surveys	25/09/2023	23/10/2023	05/10/2023	Y	yes
Finance FOI	FOI-526947694	Invoices	26/06/2023	24/07/2023	09/08/2023	N	yes
Finance FOI	FOI-533806726	Internal Audit and Counter Fraud Service	24/07/2023	18/08/2023	18/09/2023	N	yes
Finance FOI	FOI-548122066	Credit Held	19/09/2023	17/10/2023	20/10/2023	N	yes
Finance FOI	FOI-509099477	Personal Injury Claims Against Council	19/04/2023	17/05/2023	24/04/2023	Y	yes
Finance FOI	FOI-509102528	Council debt and asset sales/FOI request	19/04/2023	17/05/2023	10/05/2023	Y	yes
Finance FOI	FOI-510719523	Spend data transparency	26/04/2023	24/05/2023	02/05/2023	Y	yes
Finance FOI	FOI-518760377	FOI Request - Funding Shortfall	24/05/2023	21/06/2023	06/06/2023	Y	yes
Finance FOI	FOI-520067959	Requesting the release of pertinent information,	30/05/2023	27/06/2023	30/05/2023	Y	yes
Finance FOI	FOI-521408980	Spending Data	05/06/2023	30/06/2023	19/06/2023	Y	yes
Finance FOI	FOI-526353284	Systems	23/06/2023	21/07/2023	04/07/2023	Y	yes
Finance FOI	FOI-526480391	Indicative allocation NHP	24/06/2023	24/07/2023	03/07/2023	Y	yes
Finance FOI	FOI-532364016	FOI request: communications data obtained by	17/07/2023	15/08/2023	20/07/2023	Y	yes
Finance FOI	FOI-535102081	Published Accounts	28/07/2023	24/08/2023	15/08/2023	Y	yes

Finance FOI	FOI-535247548	LATCs	29/07/2023	28/08/2023	25/08/2023	Y	yes
Finance FOI	FOI-541095261	Debt Collection and Write-off Policies	22/08/2023	19/09/2023	25/08/2023	Y	yes
Finance FOI	FOI-542974244	As a matter of public interest, in accord with The Freedom of Information Act (FOIA)	30/08/2023	15/09/2023	30/08/2023	Y	yes
Finance FOI	FOI-543005178	FOI request is based around types of payment method options that the council has for Residents, Service Users and Staff	30/08/2023	27/09/2023	31/08/2023	Y	yes
Finance FOI	FOI-549479296	FOI Request Expense & Invoice	25/09/2023	23/10/2023	30/10/23	N	yes
Housing FOI	FOI-535071806	Temporary Accommodation	28/07/2023	22/08/2023	12/09/2023	N	yes
Housing FOI	FOI-536905740	Housing, Social and Community Projects	04/08/2023	28/08/2023	20/09/2023	N	yes
Housing FOI	FOI-539457053	Landlord Incentive Scheme	15/08/2023	08/09/2023	18/09/2023	N	yes
Housing FOI	FOI-508381072	Reconnections	17/04/2023	15/05/2023	11/05/2023	Y	yes
Housing FOI	FOI-510155579	Temporary Accommodation - Nightly Rates	24/04/2023	22/05/2023	22/05/2023	Y	yes
Housing FOI	FOI-510297796	Council Accommodation Waiting Times	24/04/2023	23/05/2023	18/05/2023	Y	yes
Housing FOI	FOI-512942483	Youth Homelessness in 2022/2023	04/05/2023	01/06/2023	31/05/2023	Y	yes
Housing FOI	FOI-516742848	Information regarding your services for survivors of domestic violence and abuse	17/05/2023	14/06/2023	19/05/2023	Y	yes
Housing FOI	FOI-517062563	Homes For Ukraine	18/05/2023	15/06/2023	15/06/2023	Y	yes
Housing FOI	FOI-519318512	Council Housebuilding	26/05/2023	23/06/2023	19/06/2023	Y	yes
Housing FOI	FOI-523886550	Temporary Accommodation and Referrals to PRS Accommodation	14/06/2023	12/07/2023	12/07/2023	Y	yes
Housing FOI	FOI-525024008	Housing	19/06/2023	17/07/2023	22/06/2023	Y	yes
Housing FOI	FOI-528772081	Temporary Accommodation Placements	03/07/2023	01/08/2023	12/07/2023	Y	yes
Housing FOI	FOI-529908881	FOI Request: Emergency Temporary Accommodation Use and Expenditure	07/07/2023	04/08/2023	04/08/2023	Y	yes

Housing FOI	FOI-533389180	Bridges	21/07/2023	18/08/2023	11/08/2023	Y	yes
Housing FOI	FOI-537252350	Penalty Charge Notices issued – Ascot Road, WD18	06/08/2023	04/09/2023	04/09/2023	Y	yes
Housing FOI	FOI-539452010	Homelessness Assessments by NowMedical	15/08/2023	08/09/2023	08/09/2023	Y	yes
Housing FOI	FOI-541445763	Afghan Owed A Homelessness Prevention Duty	23/08/2023	20/09/2023	25/08/2023	Y	yes
Housing FOI	FOI-542992139	Freedom of Information request - Housing Software	30/08/2023	21/09/2023	12/09/2023	Y	yes
Human Resources FOI	FOI-508382335	Active transport	17/04/2023	15/05/2023	17/05/2023	N	yes
Human Resources FOI	FOI-527858540	Gender and Equality Training	29/06/2023	27/07/2023	11/08/2023	N	yes
Human Resources FOI	FOI-506761843	Agency Recruitment	11/04/2023	09/05/2023	25/04/2023	Y	yes
Human Resources FOI	FOI-509642225	Council Staff Abroad	21/04/2023	19/05/2023	21/04/2023	Y	yes
Human Resources FOI	FOI-509694568	Freedom of Information request: council vehicle	21/04/2023	19/05/2023	18/05/2023	Y	yes
Human Resources FOI	FOI-510404030	Temporary Labour Usage within the Council	25/04/2023	23/05/2023	09/05/2023	Y	yes
Human Resources FOI	FOI-510924162	Market Supplements used in pay	26/04/2023	25/05/2023	15/05/2023	Y	yes
Human Resources FOI	FOI-516017440	RE: Request under the Freedom of Information Act (2000)	15/05/2023	12/06/2023	16/05/2023	Y	yes
Human Resources FOI	FOI-519320151	T Level industry placements	26/05/2023	23/06/2023	30/05/2023	Y	yes
Human Resources FOI	FOI-520700123	Freedom of Information	01/06/2023	29/06/2023	16/06/2023	Y	yes
Human Resources FOI	FOI-521929503	Under the Freedom of Information Act, please	06/06/2023	04/07/2023	07/06/2023	Y	yes
Human Resources FOI	FOI-522753065	Contact Details	09/06/2023	07/07/2023	12/06/2023	Y	yes
Human Resources FOI	FOI-523560489	Staff Spending	13/06/2023	11/07/2023	11/07/2023	Y	yes
Human Resources FOI	FOI-527956706	Internet expenses	30/06/2023	27/07/2023	30/06/2023	Y	yes
Human Resources FOI	FOI-536069954	FOI Request for Number of Employees currently employed working within the business rates NNDR team	01/08/2023	29/08/2023	15/08/2023	Y	yes
Human Resources FOI	FOI-536939147	Recruitment and Budget	04/08/2023	25/08/2023	25/08/2023	Y	yes

Human Resources FOI	FOI-541084274	Framework Spending	22/08/2023	15/09/2023	08/09/2023	Y	yes
Human Resources FOI	FOI-541442942	Utility Expenses	23/08/2023	20/09/2023	25/08/2023	Y	yes
Human Resources FOI	FOI-542983711	Details requested concerning the software and/or SaaS products	30/08/2023	18/09/2023	08/09/2023	Y	yes
Human Resources FOI	FOI-542988696	Freedom of Information Act 2000, regarding use of force.	30/08/2023	21/09/2023	14/09/2023	Y	yes
Human Resources FOI	FOI-547252635	Accidents At Work	15/09/2023	12/10/2023	10/10/2023	Y	yes
Human Resources FOI	FOI-548124667	EDI Staff	19/09/2023	17/10/2023	06/10/2023	Y	yes
Human Resources FOI	FOI-548797706	Temporary Agency Recruitment 2023	21/09/2023	19/10/2023	06/10/2023	Y	yes
Human Resources FOI	FOI-550845737	FOI request on the provision of apprenticeship schemes	29/09/2023	27/10/2023	16/10/2023	Y	yes
ICT FOI	FOI-505330445	Cyber Security / Cyber Attacks	05/04/2023	03/05/2023	12/05/2023	N	yes
ICT FOI	FOI-536947036	Local Gov IT	04/08/2023	28/08/2023	15/09/2023	N	yes
ICT FOI	FOI-546757319	IT Infrastructure	13/09/2023	10/10/2023	16/10/2023	N	yes
ICT FOI	FOI-504825285	Secure Communication	04/04/2023	02/05/2023	04/04/2023	Y	yes
ICT FOI	FOI-506742472	IDOX Software Ltd hosting	11/04/2023	09/05/2023	21/04/2023	Y	yes
ICT FOI	FOI-509682871	Microsoft Office 365 Information Governance Research	21/04/2023	19/05/2023	05/05/2023	Y	yes
ICT FOI	FOI-516188000	IT Services	16/05/2023	13/06/2023	19/05/2023	Y	yes
ICT FOI	FOI-520190297	FOI request: project documentation	31/05/2023	28/06/2023	27/06/2023	Y	yes
ICT FOI	FOI-530364990	Telecom - Networks	10/07/2023	04/08/2023	21/07/2023	Y	yes
ICT FOI	FOI-539078686	Salesforce products	14/08/2023	01/09/2023	15/08/2023	Y	yes
ICT FOI	FOI-541088877	Hosting	22/08/2023	18/09/2023	18/09/2023	Y	yes
ICT FOI	FOI-544418020	Email Encryption and E-signatures	04/09/2023	02/10/2023	12/09/2023	Y	yes
ICT FOI	FOI-544427779	IT Equipment Lost	04/09/2023	02/10/2023	12/09/2023	Y	yes
ICT FOI	FOI-549801140	Computer Software	26/09/2023	24/10/2023	26/09/2023	Y	yes

Leisure FOI	FOI-533059231	Arts & Culture Policy	20/07/2023	16/08/2023	12/09/2023	N	yes
Leisure FOI	FOI-509146529	Coronation budget and spend	19/04/2023	05/05/2023	05/05/2023	Y	yes
Leisure FOI	FOI-548410252	Council-funded Women-only Swimming Sessions	20/09/2023	18/10/2023	11/10/2023	Y	yes
Leisure FOI	FOI-549029041	Sports Provision	22/09/2023	20/10/2023	17/10/2023	Y	yes
Multiple FOI	FOI-505362083	Supporting vulnerable customers.	05/04/2023	03/05/2023	12/05/2023	N	yes
Multiple FOI	FOI-505405251	Council vegan catering options	05/04/2023	02/05/2023	05/05/2023	N	yes
Multiple FOI	FOI-507189910	Information sharing documents related to Channel/Prevent	12/04/2023	09/05/2023	11/05/2023	N	yes
Multiple FOI	FOI-507877131	Systems/Platforms for appointment bookings	14/04/2023	10/05/2023	12/05/2023	N	yes
Multiple FOI	FOI-521614518	ERP systems	05/06/2023	03/07/2023	04/07/2023	N	yes
Multiple FOI	FOI-531037555	Information request	12/07/2023	09/08/2023	24/08/2023	N	yes
Multiple FOI	FOI-541077754	Debt Collection	22/08/2023	14/09/2023	28/09/2023	N	yes
Multiple FOI	FOI-547924353	MJ Awards	18/09/2023	16/10/2023	18/10/2023	N	yes
Multiple FOI	FOI-509095356	Section 106 and Affordable Housing Delivery	19/04/2023	17/05/2023	17/05/2023	Y	yes
Multiple FOI	FOI-510408659	contact centre contract(s)	25/04/2023	23/05/2023	28/04/2023	Y	yes
Multiple FOI	FOI-512483555	Enterprise Resource Planning (ERP)	03/05/2023	30/05/2023	09/05/2023	Y	yes
Multiple FOI	FOI-515145464	FOI: Networks, cyber security, audio visual & Infrastructure	12/05/2023	09/06/2023	25/05/2023	Y	yes
Multiple FOI	FOI-517044954	Bailiffs (Debt Collection Agencies)	18/05/2023	15/06/2023	15/06/2023	Y	yes
Multiple FOI	FOI-522534259	Freedom of Information Act 2000	08/06/2023	06/07/2023	09/06/2023	Y	yes
Multiple FOI	FOI-524445134	Contact Details	16/06/2023	14/07/2023	23/06/2023	Y	yes
Multiple FOI	FOI-528531808	Devices Deployed by Organisation	03/07/2023	31/07/2023	11/07/2023	Y	yes
Multiple FOI	FOI-531099752	External Systems And Costs	12/07/2023	09/08/2023	18/07/2023	Y	yes
Multiple FOI	FOI-532289166	Mobile Phones Contract	17/07/2023	14/08/2023	19/07/2023	Y	yes
Multiple FOI	FOI-536648307	Premises Information	03/08/2023	25/08/2023	24/08/2023	Y	yes
Multiple FOI	FOI-541456472	Lionesses World Cup Final 2023	23/08/2023	20/09/2023	25/08/2023	Y	yes

Multiple FOI	FOI-548969562	Air Pollution HS06	22/09/2023	20/10/2023	02/10/2023	Y	yes
Multiple FOI	FOI-548978393	Noise Pollution HS06	22/09/2023	20/10/2023	02/10/2023	Y	yes
Multiple FOI	FOI-548980836	Light Pollution HS06	22/09/2023	20/10/2023	02/10/2023	Y	yes
Multiple FOI	FOI-549294982	Environmental Studies relating to Local Plan reference HS06	24/09/2023	23/10/2023	02/10/2023	Y	yes
Multiple FOI	FOI-549549982	Community Centres in New Housing Developments	25/09/2023	23/10/2023	27/09/2023	Y	yes
Multiple FOI	FOI-550796345	Families with a wheelchair user(s)/ severe mobility issues	29/09/2023	27/10/2023	27/10/23	Y	yes
Other organisation FOI	FOI-517443048	Contact Details	19/05/2023	16/06/2023	19/05/2023	Y	yes
Other organisation FOI	FOI-519050375	Freedom of Information request - Land disposals at undervalues since 2003	25/05/2023	22/06/2023	21/06/2023	Y	yes
Other organisation FOI	FOI-521063742	A list of vacant or unused council-owned land and	02/06/2023	03/07/2023	23/06/2023	Y	yes
Other organisation FOI	FOI-523357180	Compulsory Purchase Order Information	12/06/2023	10/07/2023	14/06/2023	Y	yes
Other organisation FOI	FOI-539688586	Technology Enabled Care	16/08/2023	12/09/2023	16/08/2023	Y	yes
Other organisation FOI	FOI-547272338	DPO Salary Structure	15/09/2023	13/10/2023	15/09/2023	Y	yes
Other organisation FOI	FOI-505375264	Freedom of Information request - Coronation	05/04/2023	03/05/2023	11/04/2023	Y	yes
Other organisation FOI	FOI-508397275	Data Centre	17/04/2023	15/05/2023	18/04/2023	Y	yes
Other organisation FOI	FOI-508616548	Business Property Rates Data	18/04/2023	15/05/2023	18/04/2023	Y	yes
Other organisation FOI	FOI-516170876	Yellow box junctions	16/05/2023	13/06/2023	17/05/2023	Y	yes
Other organisation FOI	FOI-517096194	Compulsory Purchase Order	18/05/2023	15/06/2023	19/05/2023	Y	yes
Other organisation FOI	FOI-518095158	Regarding placement of self service coffee vending	22/05/2023	19/06/2023	09/06/2023	Y	-
Other organisation FOI	FOI-518778030	Car Park Weight Capacity	24/05/2023	22/06/2023	24/05/2023	Y	yes
Other organisation FOI	FOI-522212967	Complaints	07/06/2023	05/07/2023	07/06/2023	Y	yes
Other organisation FOI	FOI-523231455	Potholes	12/06/2023	10/07/2023	15/06/2023	Y	yes

Other organisation FOI	FOI-523615808	Low traffic neighbourhoods	13/06/2023	20/06/2023	13/06/2023	Y	yes
Other organisation FOI	FOI-523650050	Private water supply boreholes	13/06/2023	11/07/2023	14/06/2023	Y	yes
Other organisation FOI	FOI-524383636	Environmental Background Information	16/06/2023	14/07/2023	16/06/2023	Y	yes
Other organisation FOI	FOI-528134748	Freedom of information request	30/06/2023	28/07/2023	03/07/2023	Y	-
Other organisation FOI	FOI-529384581	Caravan Parks in the County	05/07/2023	02/08/2023	10/07/2023	Y	yes
Other organisation FOI	FOI-529868789	Private number plates	07/07/2023	01/08/2023	07/07/2023	Y	yes
Other organisation FOI	FOI-531209599	Information regarding an individual	12/07/2023	10/08/2023	14/07/2023	Y	yes
Other organisation FOI	FOI-531661232	Road works on Bushey Mill Lane jnc Radlett Road	14/07/2023	11/08/2023	18/07/2023	Y	yes
Other organisation FOI	FOI-531744434	FOI request Highways	14/07/2023	11/08/2023	17/07/2023	Y	yes
Other organisation FOI	FOI-544275918	adult social care	04/09/2023	28/09/2023	07/09/2023	Y	yes
Other organisation FOI	FOI-547670782	Speed cameras	17/09/2023	16/10/2023	19/09/2023	Y	yes
Other organisation FOI	FOI-550767092	What is the frequency of the council's general	29/09/2023	27/10/2023	04/10/2023	Y	yes
Parking Service FOI	FOI-526730197	Car Parks	26/06/2023	21/07/2023	25/07/2023	N	yes
Parking Service FOI	FOI-544941685	FOI request concerning disabled parking fines	06/09/2023	04/10/2023	13/10/2023	N	yes
Parking Service FOI	FOI-512305009	parking services	02/05/2023	30/05/2023	25/05/2023	Y	yes
Parking Service FOI	FOI-513338700	FOI on parking apps and paper tickets	05/05/2023	02/06/2023	24/05/2023	Y	yes
Parking Service FOI	FOI-513346865	Fixed Penalty Notices for Parking	05/05/2023	02/06/2023	02/06/2023	Y	yes
Parking Service FOI	FOI-513347435	Street Signs	05/05/2023	02/06/2023	02/06/2023	Y	yes
Parking Service FOI	FOI-517058672	Bus Lane Fines	18/05/2023	15/06/2023	19/05/2023	Y	yes
Parking Service FOI	FOI-521183105	Council policy on on-street parking controls and yellow lines	03/06/2023	03/07/2023	27/06/2023	Y	yes

Parking Service FOI	FOI-522386180	FOI request on highest earning car parks in 2022	08/06/2023	06/07/2023	03/07/2023	Y	yes
Parking Service FOI	FOI-524241265	Number of full time and part time civil	15/06/2023	13/07/2023	10/07/2023	Y	yes
Parking Service FOI	FOI-525028119	Pavement Parking - Enforcement	19/06/2023	17/07/2023	12/07/2023	Y	yes
Parking Service FOI	FOI-536951088	Council Owned Car Parks	04/08/2023	29/08/2023	25/08/2023	Y	yes
Parking Service FOI	FOI-541089822	Emissions-Based Parking Charges	22/08/2023	18/09/2023	08/09/2023	Y	yes
Parking Service FOI	FOI-541727335	I am researching the digitisation of car parking and	24/08/2023	21/09/2023	21/09/2023	Y	yes
Parking Service FOI	FOI-542993711	FOI Request for the number of complaints	30/08/2023	22/09/2023	12/09/2023	Y	yes
Parks and Open spaces FOI	FOI-512482176	Tree Chopping	03/05/2023	30/05/2023	02/06/2023	N	yes
Parks and Open spaces FOI	FOI-522495344	Glyphosate-based Herbicides	08/06/2023	06/07/2023	11/07/2023	N	yes
Parks and Open spaces FOI	FOI-542969958	Public Tennis Venue Information for the county of	30/08/2023	18/09/2023	09/10/2023	N	yes
Parks and Open spaces FOI	FOI-504580817	Allotments	03/04/2023	01/05/2023	12/04/2023	Y	yes
Parks and Open spaces FOI	FOI-510601697	Litter Bin GPS Coordinates	25/04/2023	23/05/2023	23/05/2023	Y	yes
Parks and Open spaces FOI	FOI-511884820	Tree Planting on Hempstead Road	01/05/2023	29/05/2023	12/05/2023	Y	yes
Parks and Open spaces FOI	FOI-519317153	Catering Tenders in Parks	26/05/2023	23/06/2023	05/06/2023	Y	yes
Parks and Open spaces FOI	FOI-523811071	Freedom of Information request - Cassiobury Park	14/06/2023	12/07/2023	11/07/2023	Y	yes
Parks and Open spaces FOI	FOI-525918670	Tree Works	22/06/2023	20/07/2023	20/07/2023	Y	yes
Parks and Open spaces FOI	FOI-526047673	Allotments	22/06/2023	20/07/2023	20/07/2023	Y	yes
Parks and Open spaces FOI	FOI-531306116	Burial space remaining	13/07/2023	10/08/2023	18/07/2023	Y	yes
Parks and Open spaces FOI	FOI-533302208	Council Owned Football Pitches	21/07/2023	18/08/2023	16/08/2023	Y	yes
Parks and Open spaces FOI	FOI-536949851	Tree Planting and Land Ownership	04/08/2023	29/08/2023	29/08/2023	Y	yes
Parks and Open spaces FOI	FOI-542996958	Freedom of Information Request - Park Bench	30/08/2023	27/09/2023	30/08/2023	Y	yes
Parks and Open spaces FOI	FOI-543001329	Amended - Freedom of Information Request -	30/08/2023	27/09/2023	08/09/2023	Y	yes
Parks and Open spaces FOI	FOI-548955634	Pesticides	22/09/2023	20/10/2023	19/10/2023	Y	yes
Parks and Open spaces FOI	FOI-549509233	Cheslyn House	25/09/2023	23/10/2023	20/10/2023	Y	yes
Revenues FOI	FOI-504909303	CARF Relief Request	04/04/2023	02/05/2023	18/05/2023	N	yes

Revenues FOI	FOI-527955593	FOI council tax debt	30/06/2023	27/07/2023	28/07/2023	N	yes
Revenues FOI	FOI-528698682	Unclaimed business rate credit balances	03/07/2023	31/07/2023	09/08/2023	N	yes
Revenues FOI	FOI-528964469	Business Property Rates Data	04/07/2023	01/08/2023	09/08/2023	N	yes
Revenues FOI	FOI-536238981	Business Rates Historical data	02/08/2023	30/08/2023	31/08/2023	N	yes
Revenues FOI	FOI-539418822	Council Tax Debts	15/08/2023	11/09/2023	15/09/2023	N	yes
Revenues FOI	FOI-547254558	Businesses Qualifying for SBRR	15/09/2023	03/10/2023	10/10/2023	N	yes
Revenues FOI	FOI-548429514	Non Payment of Council Tax	20/09/2023	18/10/2023	19/10/2023	N	yes
Revenues FOI	FOI-504417237	£150 energy bill support payments	03/04/2023	01/05/2023	28/04/2023	Y	yes
Revenues FOI	FOI-509148184	updated list of all business (non-residential)	19/04/2023	18/05/2023	21/04/2023	Y	yes
Revenues FOI	FOI-510260550	Liability Orders	24/04/2023	22/05/2023	02/05/2023	Y	yes
Revenues FOI	FOI-511503926	Empty properties	28/04/2023	26/05/2023	28/04/2023	Y	yes
Revenues FOI	FOI-511504769	Non Domestic Rates Completion Notices	28/04/2023	26/05/2023	23/05/2023	Y	yes
Revenues FOI	FOI-512683120	Private and Houncil Home Vacancies	03/05/2023	31/05/2023	25/05/2023	Y	yes
Revenues FOI	FOI-514223960	Council Tax	09/05/2023	06/06/2023	02/06/2023	Y	yes
Revenues FOI	FOI-518666832	Credit Report for Non Domestic Rates	24/05/2023	21/06/2023	14/06/2023	Y	yes
Revenues FOI	FOI-520554837	Beyond those tenders currently in the public	01/06/2023	29/06/2023	09/06/2023	Y	yes
Revenues FOI	FOI-521065581	Business Rates Credits	02/06/2023	03/07/2023	12/06/2023	Y	yes
Revenues FOI	FOI-521066437	Council Tax Credits	02/06/2023	03/07/2023	28/06/2023	Y	yes
Revenues FOI	FOI-525487685	Completion Notices	20/06/2023	18/07/2023	21/06/2023	Y	yes
Revenues FOI	FOI-527955884	Council Tax Summons	30/06/2023	27/07/2023	27/07/2023	Y	yes
Revenues FOI	FOI-528892501	Council Tax Credits	04/07/2023	01/08/2023	14/07/2023	Y	yes

Revenues FOI	FOI-529431885	Business Rates Relief: 2023/24 Retail, Hospitality and Leisure Scheme	05/07/2023	02/08/2023	27/07/2023	Y	yes
Revenues FOI	FOI-529875911	Bailiffs	07/07/2023	03/08/2023	27/07/2023	Y	yes
Revenues FOI	FOI-543336572	Enforcement and Charging Orders	31/08/2023	27/09/2023	14/09/2023	Y	yes
Revenues FOI	FOI-543340396	Council Tax Summonses	31/08/2023	27/09/2023	15/09/2023	Y	yes
Revenues FOI	FOI-546738432	Council Tax Exemption Policy for Care Leavers	13/09/2023	11/10/2023	29/09/2023	Y	yes
Revenues FOI	FOI-547032029	BUSINESS RATES CREDITS	14/09/2023	12/10/2023	12/10/2023	Y	yes
Revenues FOI	FOI-548248703	Business Rates	19/09/2023	17/10/2023	10/10/2023	Y	yes
Revenues FOI	FOI-544939661	Council Tax	06/09/2023	04/10/2023	-17	Late	1
Service Transformation FOI	FOI-526928586	Local Authority Assets	26/06/2023	24/07/2023	23/10/2023	N	yes
Service Transformation FOI	FOI-530543126	Corporate Estate Managing Maintenance	10/07/2023	07/08/2023	14/08/2023	N	yes
Service Transformation FOI	FOI-532747346	FM Services	19/07/2023	16/08/2023	09/10/2023	N	yes
Service Transformation FOI	FOI-544722930	Commercial Property Portfolio	05/09/2023	03/10/2023	18/10/2023	N	yes
Service Transformation FOI	FOI-510772023	Tree order/ Maps	26/04/2023	24/05/2023	22/05/2023	Y	yes
Service Transformation FOI	FOI-524933916	FOI request - Procurement policies and thresholds	19/06/2023	17/07/2023	26/06/2023	Y	yes
Service Transformation FOI	FOI-544700670	RAAC Concrete In Public Buildings	05/09/2023	03/10/2023	29/09/2023	Y	yes
Service Transformation FOI	FOI-545678941	BBC News - RAAC	08/09/2023	06/10/2023	12/09/2023	Y	yes
Service Transformation FOI	FOI-548805013	Sanitary Waste	21/09/2023	19/10/2023	16/10/2023	Y	yes
Service Transformation FOI	FOI-550525090	Farms owned by The Council	28/09/2023	26/10/2023	28/09/2023	Y	yes
Service Transformation FOI	FOI-548511390	Gas and Electricity	20/09/2023	18/10/2023	03/11/23	N	Yes

Transport and Infrastructure FOI	FOI-509133540	FOI on EV charging installations	19/04/2023	17/05/2023	26/04/2023	Y	yes
Transport and Infrastructure FOI	FOI-511652104	FOI request on assets sold by Watford Borough Council	29/04/2023	29/05/2023	09/05/2023	Y	yes
Transport and Infrastructure FOI	FOI-515246264	EV Charging points	12/05/2023	09/06/2023	16/05/2023	Y	yes
Transport and Infrastructure FOI	FOI-523892825	EV Charging Points	14/06/2023	12/07/2023	29/06/2023	Y	yes
Transport and Infrastructure FOI	FOI-524844846	Traffic regulation order - average cost	18/06/2023	17/07/2023	20/06/2023	Y	yes
Transport and Infrastructure FOI	FOI-531287790	Highways & Transport	13/07/2023	09/08/2023	28/07/2023	Y	yes
Transport and Infrastructure FOI	FOI-539080374	Property Investments	14/08/2023	04/09/2023	15/08/2023	Y	yes
Transport and Infrastructure FOI	FOI-539469575	EV Charging Points	15/08/2023	11/09/2023	23/08/2023	Y	yes
Transport and Infrastructure FOI	FOI-543003878	FOI Request for information - CCTV	30/08/2023	27/09/2023	08/09/2023	Y	yes
Transport and Infrastructure FOI	FOI-545207678	Council investments	07/09/2023	04/10/2023	04/10/2023	Y	yes
Transport and Infrastructure FOI	FOI-547160968	EVs	14/09/2023	13/10/2023	27/10/23	Y	yes
Waste and Recycling FOI	FOI-507906958	Missed bins	14/04/2023	15/05/2023	18/05/2023	N	yes
Waste and Recycling FOI	FOI-515257746	Kerbside Recycling	12/05/2023	09/06/2023	12/05/2023	Y	yes
Waste and Recycling FOI	FOI-520083951	Watford Council Townhall Freedom of Information	30/05/2023	27/06/2023	27/06/2023	Y	yes
Waste and Recycling FOI	FOI-520106561	Waste Collections Kings Avenue	30/05/2023	27/06/2023	27/06/2023	Y	yes
Waste and Recycling FOI	FOI-522816958	Refuse Collectors	09/06/2023	07/07/2023	15/06/2023	Y	yes

Waste and Recycling FOI	FOI-527494214	Request for Vehicle Telematics Information	28/06/2023	26/07/2023	30/06/2023	Y	yes
Waste and Recycling FOI	FOI-529041787	Food Waste	04/07/2023	01/08/2023	05/07/2023	Y	yes
Waste and Recycling FOI	FOI-547256046	Mattress Disposal - Provision and Methods in the East of England	15/09/2023	04/10/2023	18/09/2023	Y	yes
Waste and Recycling FOI	FOI-547263750	Complaints Related to Waste/Refuse Collection Between 01st September 2022 - 01st September	15/09/2023	06/10/2023	06/10/2023	Y	yes
Outstanding							
Revenues FOI	FOI-544939661	Council Tax	06/09/2023	04/10/2023			
Summary							
Calendar Month - Year	FOI Submissions	FOI Responded on time	% responded ontime				
Apr-23	56	45	80.4%				
May-23	48	46	95.8%				
Jun-23	72	61	84.7%				
Jul-23	47	33	70.2%				
Aug-23	64	50	78.1%				
Sep-23	52	39	83.0%				
Totals	339	274	82.03%				



Watford Borough Council
Audit Committee - 23 November 2023

Shared Internal Audit Service –
2023/24 Internal Audit Plan Progress Report

Recommendation

Members are recommended to:

- Note the Internal Audit Progress Report for the period to 10 November 2023
- Approve amendments to the Audit Plan as at 10 November 2023
- Agree the change to the implementation date for four recommendations (paragraph 2.5) for the reasons set out in Appendix C
- Agree removal of implemented audit recommendations set out in Appendix C
- Note the implementation status of high priority recommendations.

Contents

- 1 Introduction and Background
 - 1.1 Purpose
 - 1.2 Background

- 2 Audit Plan Update
 - 2.1 Delivery of Internal Audit Plan and Key Audit Findings
 - 2.3 Status of Internal Audit Recommendations
 - 2.9 Proposed Internal Audit Plan Amendments
 - 2.10 Performance Management

Appendices

- A Progress against the 2023/24 Internal Audit Plan
- B 2023/24 Internal Audit Plan Projected Start Dates
- C Progress against Outstanding Internal Audit Recommendations
- D Assurance and Priority Levels

1. Introduction and Background

Purpose of Report

1.1 This report details:

- a) Progress made by the Shared Internal Audit Service (SIAS) in delivering the Council's Annual Internal Audit Plan for 2023/24 as at 10 November 2023.
- b) Proposed amendments to the approved 2023/24 Internal Annual Audit Plan.
- c) Implementation status of all outstanding previously agreed internal audit recommendations from 2020/21 onwards.
- d) An update on performance management information as at 10 November 2023.

Background

- 1.2 The work of internal audit is required to be reported to a Member Body so that the Council has an opportunity to review and monitor an essential component of corporate governance and gain assurance that its internal audit provision is fulfilling its statutory obligations. It is considered good practice that progress reports also include proposed amendments to the agreed annual audit plan.
- 1.3 The 2023/24 Annual Audit Plan was approved by Audit Committee on 9 March 2023.
- 1.4 The Audit Committee receives periodic updates on progress against the Annual Audit Plan from SIAS, the most recent of which was brought to this Committee on 14 September 2023.

2. Audit Plan Update

Delivery of Audit Plan and Key Audit Findings

- 2.1 As at 10 November 2023, 45% of the 2023/24 Audit Plan days had been delivered for the combined Watford Borough Council and Shared Services audit plans (excludes 'To Be Allocated' days). Appendix A provides a status update on each individual deliverable within the audit plan.
- 2.2 The following 2023/24 reports have been finalised since September 2023 Audit Committee:

Audit Title	Date of Issue	Assurance Level	Number and Priority of Recommendations
Operational Buildings Compliance Follow Up	Nov '23	Reasonable	3 Medium, 1 Low
Project Management – Town Hall Quarter	Nov '23	Reasonable	1 Medium, 2 Low

Status of Audit Recommendations

- 2.3 Audit Committee Members will be aware that a Final Audit Report is issued when it has been agreed by management and includes an agreement to implement the recommendations made. It is SIAS's responsibility to bring to Members' attention the implementation status of all audit recommendations. It is the responsibility of officers to implement recommendations by the agreed date.
- 2.4 The table below summarises progress in implementation of all outstanding internal audit recommendations as at 10 November 2023, with full details in Appendix C:

Year	Recommendations made No.	Implemented	Not yet due	Outstanding & a request made for extended time, or no update received	Percentage implemented %
2020/21	28	27	1	0	96%
2021/22	37	35	2	0	95%
2022/23	34	23	7	4	68%

- 2.5 Since 14 September 2023 Audit Committee, extension to implementation dates have been requested by action owners for four recommendations as follows:
- One from the 2022/23 Watford Museum audit, with a revised target date of 31 January 2024 (was 1 September 2023),
 - One from the 2022/23 Financial Reconciliation audit, with a revised target date of 31 December 2023 (was 30 November 2023),
 - One from the 2022/23 Treasury Audit, with a revised target date of 31 January 2024 (was 30 November 2023), and
 - One from the 2022/23 Fixed Asset Register Audit, with a revised target date of 31 December 2023 (was 31 October 2023).
- 2.8 No new high priority recommendations have been made since 14 September 2023 Audit Committee.

Proposed Audit Plan Amendments

- 2.9 There have been no amendments to the Audit Plan since the 14 September Audit Committee.

Performance Management

- 2.10 To help the Committee assess the current situation in terms of progress against the projects in the 2023/24 Audit Plan, we have provided an analysis of agreed start dates at Appendix B. These dates have been agreed with management and resources allocated.

2.11 Annual performance indicators and associated targets were approved by the SIAS Board in March 2023. Actual performance for Watford Borough Council against the targets that can be monitored for 2023/24 is shown in the table below.

Performance Indicator	Annual Target	Profiled Target to 10 November 2023	Actual to 10 November 2023
1. Planned Days – percentage of actual billable days against planned chargeable days completed (excludes unused contingency)	95%	51% (115 / 227 days)	45% (103 / 227 days)
2. Planned Projects – percentage of actual completed projects to draft report stage against planned completed projects by 31 st March 2024	90%	41% (7 out of 17 projects to draft)	35% (6 out of 17 projects to draft)
3. Planned Projects – percentage of actual completed projects to Final report stage against planned completed projects by the production of the HoA Annual Report	100%	n/a	n/a New Indicator – first measurement will be May 2024 (Currently 2/17 delivered to final report)
4. Client Satisfaction – percentage of client satisfaction questionnaires returned at 'satisfactory overall' level (minimum of 39/65 overall)	95%	100%	80% (Based on 5 received in 23/24)
5. Number of High Priority Audit Recommendations Agreed	95%	95%	N/A (No high priority recommendations made)

2.12 The performance targets listed below are annual in nature. Performance against these targets will be reported on in the 2023/24 Head of Assurance's Annual Report:

- **6. Annual Plan** – prepared in time to present to the March meeting of each Audit Committee. If there is no March meeting, then the plan should be prepared for the first meeting of the financial year.
- **7. Head of Assurance’s Annual Report** – presented at the Audit Committee’s first meeting of the civic year.

APPENDIX A - PROGRESS AGAINST THE 2023/24 AUDIT PLAN AT 10 NOVEMBER 2023

2023/24 SIAS Audit Plan

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	L				
Key Financial Systems									
Benefits (Shared Services Plan)						10	SIAS	2	Terms of Reference Issued
Debt Recovery (Shared Services Plan)						12	SIAS	1	In Planning
Key Financial Controls Testing (Shared Services Plan)						12	BDO	4	In Fieldwork
Main Accounting / Creditors – Control Risk Assessment (Shared Services Plan)						9	SIAS	2	In Planning
Payroll (Shared Services Plan)						10	SIAS	0	Allocated
Parameters Testing (Shared Services Plan)						3	SIAS	3	Draft Report Issued
Operational Audits									
Agency Staffing (Shared Services Plan)						12	SIAS	6	In Fieldwork
Asset Management System Data						10	BDO	0.5	In Planning
Croxley Business Park						15	BDO	0.5	In Planning
Operational Buildings Compliance Follow Up	Reasonable	0	0	3	1	6	BDO	6	Final Report Issued
Performance Management & Data Quality						12	SIAS	6	In Fieldwork
Play Safety Inspections Follow Up						5	SIAS	4.5	Draft Report Issued

APPENDIX A - PROGRESS AGAINST THE 2023/24 AUDIT PLAN AT 10 NOVEMBER 2023

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	L				
Risk Management						8	SIAS	7.5	Draft Report Issued
Shared Services						15	BDO	0.5	In Planning
Grant Certifications						2	No	0	Not Yet Allocated
Contract Management, Project Management & Procurement									
Project Management – Town Hall Quarter	Reasonable	0	0	1	2	12	BDO	12	Final Report Issued
IT Audits									
IT Operations (Shared Services Plan)						15	BDO	14.5	Draft Report Issued
Cyber Security (Shared Services Plan)						15	BDO	0	Allocated
Follow Ups									
Follow up of Audit Recommendations						8	Yes	6	Through Year
To Be Allocated									
Unused Contingency (Shared Services Plan)						0	N/A	0	N/A
Strategic Support									
Audit Committee						8	Yes	6	Through Year
2024/25 Audit Planning						5	Yes	0	Due quarter 4

APPENDIX A - PROGRESS AGAINST THE 2023/24 AUDIT PLAN AT 10 NOVEMBER 2023

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	L				
Head of Internal Audit Opinion 2022/23						3	Yes	3	Complete
Monitoring & Client Meetings						8	Yes	6	Through Year
SIAS Development						3	Yes	3	Complete
Completion of 2022/23 audits									
Time required to complete work commenced in 2022/23 (4 days Shared Services Plan; 5 days WBC)						9	Yes	9	Complete
WBC PLAN TOTAL						125		66.5	
SHARED SERVICES PLAN TOTAL						102		36.5	
COMBINED TOTAL PLAN DAYS						227		103	

Key to recommendation priority levels: C = Critical; H = High; M = Medium; L = Low / Advisory.

APPENDIX B – AUDIT START DATES 2023/24

Apr	May	June	July	August	September
Project Management – Town Hall Quarter Final Report Issued	Parameters Testing (Shared Services Plan) Draft Report Issued	IT Operations (Shared Services Plan) Draft Report Issued	Agency Staffing (Shared Services Plan) In Fieldwork		Debt Recovery (Shared Services Plan) In Planning
Operational Buildings Compliance Follow Up Final Report Issued		Risk Management Draft Report Issued	Play Safety Inspections Follow Up Draft Report Issued		Performance Management / Data Quality In Fieldwork
					Shared Services In Planning

October	November	December	January	February	March
Key Financial Controls Testing (Shared Services Plan) In Fieldwork	Benefits (Shared Services Plan) Terms of Reference Issued	Payroll (Shared Services Plan)	Cyber Security (Shared Services Plan)		

APPENDIX B – AUDIT START DATES 2023/24

<p>Main Accounting / Creditors – Control Risk Assessment (Shared Services Plan) In Planning</p>			<p>Croxley Business Park In Planning</p>		
<p>Asset Management System In Planning</p>					

APPENDIX C – PROGRESS AGAINST OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS AT 10 NOVEMBER 2023

Debtors 2020/21 Final report issued June 2021							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
03	Consideration should be given to an annual review of debtor accounts to identify duplicate or dormant for deletion or deactivation.	Low	<p>Position – July 2021 We will speak to Finance about the best way of doing this.</p> <p>Position – September 2021 A complete review of the entire Sundry Debtor service has recently been commenced and this will be included as part of the review.</p> <p>Position – November 2021 No update received.</p> <p>Position – February 2022 No update received.</p> <p>Position – July 2022 To date we have not been able to resource this review as we have had to prioritise Grant work and more recently the Council Tax Energy Rebates. We will pick up this project towards the end of the calendar year once the Energy rebate work is completed.</p> <p>Position – August 2022 No update received – target date not yet reached.</p> <p>Update received September 2022 but after reporting deadline for September 2022 Audit Committee: Finance are going to run and extract this data from the Finance System which Revs & Bens will then check. It may be completed before 30 October 2022; it really depends on how many are on the list.</p> <p>Position – November 2022 The lists were provided by Finance mid-September, but work has not yet commenced</p>	Recovery Team Leader, Revenues Manager and Finance.	31 August 2021	*	<p>31 October 2021</p> <p>31 October 2022</p> <p>31 December 2022</p> <p>30 June 2023</p> <p>31 December 2023</p>

APPENDIX C – PROGRESS AGAINST OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS AT 10 NOVEMBER 2023

Debtors 2020/21 Final report issued June 2021							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			<p>as the entire Revs and Bens Service was delivering the Energy Fuel Rebate payments. Work will commence on the lists, week commencing 14.11.22.</p> <p>Position – February 2023 Revs and Bens have not had the capacity to carry out this work yet as resource has diverted to Energy Fuel Rebate schemes and resource has been very low due to long term staff sickness. Revs and Bens will take ownership of checking duplicate customer account and deleting those where we are certain there is no current billing rule. Finance and the individual services will need to take responsibility for deleting or de-activating old accounts. We will remind them of this requirement.</p> <p>Position – July 2023 The list has been generated and there are 2252 accounts to check. Each one must be checked individually before it can be decided if the duplicate entry can be deleted. Work has commenced on the checking / deletion. We are allocating a little resource to this each week as BAU work is extremely high currently so it will take some time to check all 2,000 accounts.</p> <p>Position – September 2023 Revenues Manager 12.09.23 This recommendation is a low priority, and we continue to be under resourced, which means the focus on housekeeping projects is not as high as we would like. This is progressing slowly because it needs to be managed around BAU. Some further analysis of the reports from Finance is needed because some customers should have multiple account</p>				

APPENDIX C – PROGRESS AGAINST OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS AT 10 NOVEMBER 2023

Debtors 2020/21 Final report issued June 2021							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			references, where, for example they are being billed for different services, such as Rent, Trade Waste, or for multiple units if they are a larger business. Position – November 2023 We have limited resource in the Recovery Team and BAU work takes precedence, but we continue to review these accounts.				

APPENDIX C – PROGRESS AGAINST OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS AT 10 NOVEMBER 2023

Safeguarding 2021/22							
Final report issued April 2022							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
01	<p>When temporary staff members are being appointed, the Council should ensure that necessary safeguarding checks have been completed prior to the employee starting work, and that appropriate records are maintained.</p> <p>If there is an expected delay to such checks being performed, a decision should be recorded to delay the start date until completed</p>	High	<p>HR will carry out spot checks of temporary staff and ask Comensura [or any other provider] to provide evidence of the checks undertaken at least annually.</p> <p>Position – July 2022 Comensura have been reminded of the pre-employment checks required. Their booking system has the requirement for a DBS check as a pre-requisite. The tender specification for the current tender process for future agency partner has included the requirement for DBS checks to be carried out. HRBPs have reminded managers of the compliance documentation required and this will be raised as new bookings are made.</p> <p>Position – August 2022 All recommendations are complete except the one action in progress (spot checks) This has a due date of 1 April 2023.</p> <p>Position – November 2022 The position regarding spot checks will be taken up with Hays (the new contractor/agency partner who commence their contract with the Council on 05 December 2022).</p> <p>Position – February 2023 Hays took up the contractor/agency partner in December 2022. Spot checks will be carried out after 6 months of the contract running when sufficient appointments for spot checking have been made.</p> <p>Position – July 2023 The issue of spot checks is on the agenda for the contractor meeting to be held on 20 July</p>	HR Operations Lead	1 April 2023	✓	

APPENDIX C – PROGRESS AGAINST OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS AT 10 NOVEMBER 2023

Safeguarding 2021/22							
Final report issued April 2022							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			<p>2023. Spot checks to be completed by 30 September 2023.</p> <p>Position – September 2023 Hayes have been asked to provide the information relating to spot checks and it is expected to be received by 15 September 2023.</p> <p>Position – November 2023 Spot check information received by Hayes on 26 September.</p>				

Cyber Security 2021/22							
Final report issued April 2022							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
01	<p>1.1 Management should ensure that appropriate monitoring controls are in place for the password monitoring and management activities. These should include but not be limited to the following:</p> <ul style="list-style-type: none"> • brute-forcing of account passwords including password spraying, • login attempts from unexpected geographic areas, • unexpected account lockouts • password database for the deny list hashes, 	Medium	<p>01 Mar 2022 the Azure AD Password Protection was implemented. Users will not be able to change passwords to weak passwords nor known passwords nor passwords from our Ban List of passwords.</p> <p>1.1 – requires a third-party tool and associated funding would be required. The implementation of the password protection for Azure AD lowers the risk.</p> <p>1.2 - this would be dependent on the ability to fund with a third-party tool – 1.1.</p> <p>Position – July 2022 Third party tools currently being reviewed and costed. Item not yet due.</p>	Associate Director of ICT and Shared Services	31 March 2023	*	31 March 2024

APPENDIX C – PROGRESS AGAINST OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS AT 10 NOVEMBER 2023

Cyber Security 2021/22 Final report issued April 2022							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
	<ul style="list-style-type: none"> other unusual behaviour from users. 1.2 The above proposed controls, once in place, should be actively reported upon, through the periodic cyber security reports, to the senior management.		Position – August 2022 1.1 - Third party tools have been evaluated and Netwrix has been selected as the preferred tool. 1.2 – Netwrix had demonstrated the tool in detail and a 30-day trial to test the system further is available. 1.3 – Quotation for 1- and 3-year option has been provided. <ul style="list-style-type: none"> 1-year option - £7,806 3-year option - £16,483 1.4 – Implementation of the tool will be dependent on the ability to fund the third-party tool, this will require an approval by ITSG for an additional spend. A paper to review this recommendation and request any growth in budget 2022. Position – November 2022 1.1 – Due to the audit, which was performed by DLUHC, the scope of the security posture has extended. The grant to address the sections of the new recommendations within the scope has been successfully secured. 1.2 – The evaluation of the third-party tool has been extended, due to the new requirements within the scope presented post the DLUHC audit. 1.3 The new proposed completion dates recommended by DLUHC is end of Q4 March 2024. Position – February 2023 In progress. Produce options and costs continue to be reviewed and costed against all				

APPENDIX C – PROGRESS AGAINST OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS AT 10 NOVEMBER 2023

Cyber Security 2021/22 Final report issued April 2022							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			<p>recommendations included within the DLUHC cyber grant budget.</p> <p>Position – July 2023 1.1 – All available options offered by a number of vendors have been evaluated. The decision has been made to utilise the DLUHC grant and to expand on the existing CSOC provision from Exponential-e to meet the requirements of the recommendation. 1.2 The quotation has been provided from Exponential-e to expand the CSOC offering. This has been approved and the project is now moving to the procurement phase. The procurement should be completed by the end of October 2023.</p> <p>Position – September 2023 1.1 The procurement to expand the CSOC offering is completed, duration of the contract is set for 24 months. 1.2 – The on prem virtual deployment is currently in progress, deadline to implement the solution is set for end of October 2023.</p> <p>Position – November 2023 1.1 The implementation phase is completed, finetuning and baselining of the alerting with the vendor to reduce the false positives. This phase is expected to run over 8 week period. 1.2 Once the finetuning and baselining is completed, it will be handed over to CSOC for monitoring, triage, and remediation</p>				

APPENDIX C – PROGRESS AGAINST OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS AT 10 NOVEMBER 2023

Cyber Security 2021/22 Final report issued April 2022							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
03	Management should conduct regular monthly vulnerability scans across the entire IT estate including endpoint, to identify and mitigate vulnerabilities including software flaws, missing patches, misconfigurations and malwares.	Low	<p>This would require additional budget and would need a growth item approved, as there are licence implications for the Qualys scanner.</p> <p>Position – July 2022 Extension of current third-party tools currently being reviewed and costed. Item not yet due.</p> <p>Position – August 2022 1.1- Third party Qualys had introduced a new module which will enable the management of remote devices through the cloud.</p> <p>1.2 – Both options are currently being evaluated and costed. Decision made will be based on cost, functionality, and management.</p> <p>Position – November 2022 1.1 – Due to the allocation of a new Account Manager at Qualys and the changes within the licensing structure, Qualys are currently reviewing the proposed quotation to align the requirements with the new licensing structure.</p> <p>1.2 – Workshop with Qualys has been scheduled to discuss the new proposed licensing structure and the modules which are required to enable the management of the devices remotely through the cloud and not relaying on the VPN.</p> <p>Position – February 2023 Remains in progress, however Associate Director of ICT and Shared services requests an extension of 3 months. This is due to</p>	Associate Director of ICT and Shared Services	31 March 2023	*	30 June 2023 30 November 2023

APPENDIX C – PROGRESS AGAINST OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS AT 10 NOVEMBER 2023

Cyber Security 2021/22 Final report issued April 2022							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			a. Qualys licencing for public sector has recently changed. Awaiting updated quotations. b. In terms of funding, a recent grant award from DLUHC will cover this item. Therefore, no requirement for additional growth within the ICT service budget. Position – July 2023 1.1 The quotation from Qualys has been provided to extend the service to include the endpoint vulnerability scanning. This has been handed over to the desktop support team, who are currently reviewing the offering. Position – September 2023 1.1 The revenue budget is currently being reviewed by the Director of Partnerships in absence of the Associate Director of ICT and Shared Services. Position – November 2023 1.1 Meeting took place with LittleFish 15 Oct – they are preparing a quote for us to consider. 1.2 Direct meeting with vendor Qualys has take place to review available options and pricing. Request for a full system demo has been submitted, vendor to provide dates.				

APPENDIX C – PROGRESS AGAINST OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS AT 10 NOVEMBER 2023

Watford Museum 2022/23 Final report issued October 2022							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
01	<p>We recommend that the statement of purpose for the Watford Museum provides a clear link and reference to the Council’s cultural strategy.</p> <p>We also recommend that the existing delegated authority arrangements are reviewed to ensure that they are sufficiently clear, with a local scheme of delegation created where sub-delegations are in place (for example responsibilities assigned from the Group Head or Head of Service to the Museum Curator).</p>	Medium	<p>The statement of purpose will be developed as the forward plan is revised and to align with the ambitions for the Town Hall Quarter and to link to the cultural strategy.</p> <p>Position – November 2022 Being planned.</p> <p>Position – February 2023 Being planned, resources allocated and work commencing in April 23 to align with Town Hall Quarter Programme and ACE requirements.</p> <p>Position – July 2023 Work is underway on shaping a vision and governance for the museum. As the museum is moving location Arts Council England have informed WBC that it cannot submit for accreditation this year and will likely move to provisional accreditation whilst the museum is closed for redevelopment. Once the museum is located in the Town Hall we will be invited to submit. NOTE this is usual process for a museum capital project. The plans and policies required can still be developed and implemented in readiness for submission.</p> <p>Position – September 2023 Update to be included in a separate report from the Associate Director of Environment.</p> <p>Position – November 2023 A Vision, Mission (statement of purpose) and set of Values for the museum service were approved by Member Steering Group September 2023. These form the foundation for the development of the</p>	Associate Director of Environment	30 April 2023 (Subject to Arts Council Submission date)	*	Mid-late 2024

APPENDIX C – PROGRESS AGAINST OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS AT 10 NOVEMBER 2023

Watford Museum 2022/23 Final report issued October 2022							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			<p>Forward plan and all other policies and plans which underpin the museum service.</p> <p>The Forward Plan includes a section on Governance (a requirement for ACE Accreditation) including delegated authority. Other policies and plans (still in development) set out clear governance and delegated authority.</p> <p>Policies for the management of collections specifically are currently in draft. The Collections Development Policy establishes processes for agreeing new acquisitions and disposals; The Documentation Policy establishes processes for object entry; exit; movement & location; acquisition; inventory etc.</p> <p>Museum Governance will be reviewed as part of the process of developing the Arts Council Accreditation Forward Plan and Associated Policies (Action 2) and Town Hall Quarter redevelopment plans.</p> <p>Position – November 2022 Being planned.</p> <p>Position – February 2023 Being planned, resources allocated and work commencing in April 23 to align with Town Hall Quarter Programme and ACE requirements.</p> <p>Position – July 2023 Work is underway on shaping a vision and governance for the museum. As the museum is moving location Arts Council England have informed WBC that it cannot</p>		30 April 2023 (Subject to Arts Council Submission date)	*	Mid-late 2024

APPENDIX C – PROGRESS AGAINST OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS AT 10 NOVEMBER 2023

Watford Museum 2022/23 Final report issued October 2022							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			<p>submit for accreditation this year and will likely remain on provisional accreditation while the whilst the museum is closed for redevelopment. Once the museum is located in the Town Hall we will be invited to submit. NOTE this is usual process for a museum capital project. The plans and policies required can still be developed and implemented in readiness for submission.</p> <p>Position – September 2023 Update to be included in a separate report from the Associate Director of Environment.</p> <p>Position – November 2023 As above</p> <p>Longer term a more substantive governance model will be developed in key areas such as exhibitions, audience development and collections management.</p> <p>Position – November 2022 Being planned.</p> <p>Position – February 2023 Being planned, resources allocated and work commencing in April 23 to align with Town Hall Quarter Programme and ACE requirements.</p> <p>Position – July 2023 Work is underway on shaping a vision and governance for the museum. As the museum is moving location Arts Council England have informed WBC that it cannot submit for accreditation this year and will likely remain on provisional accreditation whilst the museum is closed for redevelopment. Once</p>		30 April 2023 (subject to Arts Council Submission date)	*	Mid-late 2024

APPENDIX C – PROGRESS AGAINST OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS AT 10 NOVEMBER 2023

Watford Museum 2022/23 Final report issued October 2022							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			<p>the museum is located in the Town Hall we will be invited to submit. NOTE this is usual process for a museum capital project. The plans and policies required can still be developed and implemented in readiness for submission.</p> <p>Position – September 2023 Update to be included in a separate report from the Associate Director of Environment.</p> <p>Position – November 2023 As above</p>				
02	<p>We recommend that all documents or policies are fully completed or subject to review and update prior to the end of the financial year, with policies passed to the Executive for approval.</p> <p>We also recommend that a log is kept of all policies, including the last and the next review dates, to ensure that they are reviewed in a timely manner in future years.</p>	Medium	<p>Arts Council re accreditation is due for submission in April 2023 at the earliest. (The Arts Council will inform us when they require us to submit). A project will be created using EPMO protocols to oversee delivery and approval of the forward plan and policies, linked to the Museum Project and THQ programme boards and revised governance. Some policies are in development already.</p> <p>Monitoring of policies will be brought into service delivery and as a KPI or service plan output.</p> <p>Position – November 2022 Being planned.</p> <p>Position – February 2023 Being planned, resources allocated and work commencing in April 23 to align with Town Hall Quarter Programme and ACE requirements.</p> <p>Position – July 2023 Work is underway on shaping a vision and governance for the museum.</p>	Associate Director of Environment	30 April 2023 (Subject to Arts Council Submission date)	*	Mid-late 2024

APPENDIX C – PROGRESS AGAINST OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS AT 10 NOVEMBER 2023

Watford Museum 2022/23							
Final report issued October 2022							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			<p>As the museum is moving location Arts Council England have informed WBC that it cannot submit for accreditation this year and will likely remain on provisional accreditation whilst the museum is closed for redevelopment. Once the museum is located in the Town Hall we will be invited to submit. NOTE this is usual process for a museum capital project. The plans and policies required can still be developed and implemented in readiness for submission.</p> <p>Position – September 2023 Update to be included in a separate report from the Associate Director of Environment. Written update received 08.09.23. A draft vision, mission, vision and values have been developed by the Museum Team and presented to the THQ Member Steering Group and will now go on for development, this is the first foundational step of the governance.</p> <p>Position – November 2023 Core documents including Forward Plan, Collections policies, Learning and Audience development plans are on track to be complete and approved by end of March 2024. All policies include a table stating policy owner, process for approval and date of review. The Forward Plan will include a list of all policies and their review date. Staff role descriptions are being updated to include accountability for policy documents.</p>				
03	The current investigation of the one item identified as missing should be concluded at the earliest opportunity,	Medium	<p>Complete investigation.</p> <p>Position – November 2022</p>		31 December 2023	*	

APPENDIX C – PROGRESS AGAINST OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS AT 10 NOVEMBER 2023

Watford Museum 2022/23							
Final report issued October 2022							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
	with further advice on required actions being sought if the item cannot be located.		<p>On hold due to staff absence, deadline will be met.</p> <p>Position – February 2023 Due to staff absence this has been on hold. To be completed by 1st May 2023.</p> <p>Position – July 2023 Draft report received and under review.</p> <p>Position – September 2023 Written update received 08.09.23. Report under review, due to staff absence this is still not completed.</p> <p>Position – November 2023 In the absence of the Heritage Manager, Museum Consultant Jo Wiltcher is working with the Collections Officer to resolve the issue. A solution has been proposed for the individual whose item is missing.</p> <p>The issues raised by the incident are being addressed through the inventory and through development of the Collection and Documentation policies with actions captured in the Documentation Action Plan.</p>				
04	We recommend that all staff are reminded of what paperwork needs to be completed for loans including the log which would summarise what items were currently on loan.	Medium	<p>Staff training on loans process to be implemented. Develop log of loans and regularly monitor.</p> <p>Position – November 2022 On hold due to staff absence, deadline will be met.</p> <p>Position – February 2023 Due to staff absence this has been on hold. To be completed by 1st May 2023.</p>	Curator	31 December 2023	*	

APPENDIX C – PROGRESS AGAINST OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS AT 10 NOVEMBER 2023

Watford Museum 2022/23							
Final report issued October 2022							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
	We also recommend that policies are updated to reflect the approval delegation authorities included within the constitution.		<p>Position – July 2023 Diarised - being undertaken as part of refresh Documentation Procedural manual.</p> <p>Position – September 2023 Written update received 08.09.23. Diarised - being undertaken as part of refresh Documentation Procedural manual.</p> <p>Position – November 2023 Review of Loan procedures, processes and responsibilities is being reviewed through development of the Documentation Manual and Policy. The Documentation Plan will establish requirements for training.</p> <p>See action against recommendation 1.</p> <p>Position – November 2022 Being planned.</p> <p>Position – February 2023 Being planned, resources allocated and work commencing in April 23 to align with Town Hall Quarter Programme and ACE requirements.</p> <p>Position – July 2023 See action against recommendation 1.</p> <p>Position – September 2023 Written update received 08.09.23. See action against recommendation 1.</p> <p>Position – November 2023 As above, governance arrangements and lead officer responsibilities are captured in</p>			*	Mid-late 2024

APPENDIX C – PROGRESS AGAINST OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS AT 10 NOVEMBER 2023

Watford Museum 2022/23							
Final report issued October 2022							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
	Finally, consideration should be given to clarifying within the constitution the value and time thresholds above which loans of objects are required to be authorised, and below this value the local delegation that has been agreed.		<p>the policy documents and within role descriptions</p> <p>See action against recommendation 1.</p> <p>Position – November 2022 Being planned.</p> <p>Position – February 2023 Being planned, resources allocated and work commencing in April 23 to align with Town Hall Quarter Programme and ACE requirements. Constitution has had an interim update to reflect this.</p> <p>Position – July 2023 See action against recommendation 1.</p> <p>Position – September 2023 Written update received 08.09.23. See action against recommendation 1.</p> <p>Position – November 2023 The length of an object loan as well as the time frame for processing object entry (loans and new acquisitions) is a requirement of the Documentation Policy and Manual. This is a minimum industry standard as required by ACE Accreditation. The Documentation Policy is currently being reviewed to ensure its compliance with industry best practice. The process for agreeing loans (and new acquisitions) is a requirement of the Collections Development Policy which will set out the governance and delegated authority.</p>			*	Mid-late 2024

APPENDIX C – PROGRESS AGAINST OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS AT 10 NOVEMBER 2023

Watford Museum 2022/23							
Final report issued October 2022							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
06	<p>We recommend that advice is sought from the Council's insurers as to the frequency of review of valuations. Upon completion of any future revaluations, this should also support a review of the existing levels of insurance.</p> <p>Upon the above clarity being obtained, the required frequencies (or process for determining review periods) should be incorporated into the relevant policies and procedures.</p>	Low	<p>Follow recommendation and link to action against recommendation 2.</p> <p>Response from Zurich Commercial Insurance: Our Fine Arts team in Zurich Commercial usually work to a valuation every 3 years, however we would be comfortable with valuations every 5 years. That said I would always apply a flexible common-sense approach to the 5-year average guide. If for instance you know some items are subject to rapid increases in value then obviously, I would look to revalue every 3 years, whereas you may have some other items that don't move much at all in value and these items you could push out to say 7 years and everything else falls in between.</p> <p>Naturally the onus is on the council to prove the value of an item in the event of a loss, and this is always made harder after the event if the item is stolen or destroyed with no recent valuations to hand.</p> <p>Position – November 2022 Existing valuations being reviewed by staff and considering commissioning new valuations.</p> <p>Position – February 2023 Due to staff absence this has been on hold. Quotes for valuation to be obtained by 1st May 2023.</p> <p>Position – July 2023 Quotes received from Bonhams, clarification from insurance team confirmed and orders placed for valuation.</p> <p>Position – September 2023</p>	Curator	1 May 2023	*	31 January 2024

APPENDIX C – PROGRESS AGAINST OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS AT 10 NOVEMBER 2023

Watford Museum 2022/23							
Final report issued October 2022							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			<p>Written update received 08.09.23. Valuation received and now with our Insurers to review. Specialist valuation of Cassiobury Coronets, Robes and other specialist items being planned.</p> <p>Position – November 2023 The length of an object loan as well as the time frame for processing object entry (loans and new acquisitions) is a requirement of the Documentation Policy and Manual. This is a minimum industry standard as required by ACE Accreditation. The Documentation Policy is currently being reviewed to ensure its compliance with industry best practice. The process for agreeing loans (and new acquisitions) is a requirement of the Collections Development Policy which will set out the governance and delegated authority.</p>				

APPENDIX C – PROGRESS AGAINST OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS AT 10 NOVEMBER 2023

Financial Reconciliations 2022/23
Final report issued April 2023

Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
01	We recommend that the reconciliation procedure notes detail the responsible owner as well as the next review date to ensure they remain up-to-date and relevant.	Low	<p>The process notes do name the author of the note; however, we will add a next review date and responsible person. We will introduce a front sheet on each reconciliation to provide all details recommended.</p> <p>Position – July 2023 Process notes are in the process of being updated – on target for completion by deadline.</p> <p>Position – September 2023 Process note updates are continuing but progress is slower than anticipated due to work pressures. Completion is expected by 30th November 2023.</p> <p>Position – November 2023 Work pressures from external audit continue to delay completion of the review and update work. Completion is now expected by 31st December 2023</p>	Chief Accountant	31 August 2023	*	<p>30 November 2023</p> <p>31 December 2023</p>

Cyber Security 2022/23
Final report issued April 2023

Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
01	Management should review and assess the current cyber security training platform and put arrangements in place so that training completion can be recorded, reported and monitored on an going basis.	Medium	<p>We will review the current cyber security training platform. The current platform is used for all mandatory training for staff.</p> <p>We will review the viability of users not receiving their device until they have completed their cyber-related mandatory training.</p>	Associate Director of ICT and Shared Services	31 December 2023	✓	

APPENDIX C – PROGRESS AGAINST OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS AT 10 NOVEMBER 2023

Cyber Security 2022/23 Final report issued April 2023							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
	Arrangements should be put in place for ensuring that the cyber security training is completed by all members of staff, as required, which could include: <ul style="list-style-type: none"> Identifying specific staff members who are required to complete the training and working with their line managers to ensure completion. Ensuring regular, top-down communication to increase awareness of the training. Requiring completion of the e-learning before issuing new devices to individuals or as part of performance and progression reviews.		Position – July 2023 1.1 – A review of alternative training platforms has been conducted and a demo of the products has been provided by the vendors. 1.2 - Each product comes at a cost and budget implications are being considered. 1.3 - The management of training completion by staff is currently being carried out by HR and members of staff are being notified by email when they are due to complete each training module. 1.4 – Starters, Movers, Leaver’s process is currently being updated to ensure that joiners complete the Cyber Security Modules as part of the probation period as per HR Probationary Policy. Position – September 2023 1.4 – The Starters, Movers, Leaver’s process has been updated to reflect the completion of the cyber security module as per the requirement of the HR Probation Policy. Position – November 2023 Implemented				

APPENDIX C – PROGRESS AGAINST OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS AT 10 NOVEMBER 2023

Treasury 2022/23							
Final report issued April 2023							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
01	<p>1) The Councils should develop an ESG policy, which ensures that investments are made in consideration with the Councils climate change, environmental and governance policies. The policy should emphasise that the Council seeks to be a responsible investor and consider ESG risks as an important overlay to the investment process, thereby improving future sustainability of investments. Once incorporated, ESG risks should also be included in under the Risk Management section of the Treasury Management Practices document for consistency.</p> <p>2) The policy should also explain that the Councils will not knowingly invest directly in businesses whose activities and practices pose a risk of serious harm to individuals or groups, or whose activities are inconsistent with the Council’s mission and values.</p> <p>3) The policy should outline the conditions where investments should not be made with certain organisations, which have material links to:</p> <ul style="list-style-type: none"> • Human rights abuse (e.g., child labour, political oppression) • Environmentally harmful activities (e.g., pollutants, destruction of habitat, fossil fuels) • Socially harmful activities (e.g., tobacco, gambling). 	Medium	<p>An ESG Policy will be developed for both Councils during 2023/24 for approval alongside the 2024/25 Treasury Management Strategy Statements.</p> <p>Position – July 2023 Guidance has been provided by our Treasury Management providers and we are on target to include an ESG policy within the 2024/25 Treasury Management Strategy Statements.</p> <p>Position – September 2023 We remain on track to include an ESG Policy in the Draft Treasury Management Strategy Statements for 2024/25 which will be presented to Audit Committees in November and December.</p> <p>Position – November 2023 The draft ESG policies have been published for Audit Committees and will form part of the budget papers to Council in January (WBC) and February (TRDC).</p>	Head of Finance	30 November 2023	*	31 January 2024

APPENDIX C – PROGRESS AGAINST OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS AT 10 NOVEMBER 2023

Council Tax 2022/23 Final report issued May 2023							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
01	<p>TRDC should ensure that a review of debt outstanding is conducted, and decisions taken regarding whether or not to proceed for write-offs.</p> <p>Subsequently, write-offs should be conducted at regular intervals going forward.</p> <p>The 'How and Why to put a write off code on a Council Tax Account' procedure should include version control to ensure that it is reviewed periodically.</p>	Medium	<p>A review of all outstanding debt will be completed during 2023/24.</p> <p>All outstanding write-offs have been cleared since this report was written and on-going write-offs will be reviewed once a quarter.</p> <p>Agreed. Our quality team will get a version control sheet added.</p> <p>Position – July 2023 The review of all debt is underway, and this will include looking at debts suitable for write-off.</p> <p>The write-offs for Q1 are being prepared.</p> <p>Version control has been added to all procedures.</p> <p>Position – September 2023 Revenues Manager 12.09.23 The team continue to identify and put forward cases for write off where appropriate.</p> <p>Position – November 2023 Q1 write-offs have been prepared and await sign-off. Q2 write-offs are being prepared</p>	Revenues Manager/Data Performance Manager	31 March 2024	*	
04	<p>The Council should document the processes relating to backdated discounts and exemptions to ensure that consistent actions are undertaken by staff and these refunds are appropriately reviewed and approved prior to payment.</p>	Low	<p>Agreed.</p> <p>Position – July 2023 The document for backdating an SPD has been documented. We will incorporate the approach for all the other types of discount and exemptions so that it the guidance is held in once process.</p>	Revenues Manager/Data Performance Manager	30 June 2023	✓	30 Sept 2023

APPENDIX C – PROGRESS AGAINST OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS AT 10 NOVEMBER 2023

Council Tax 2022/23							
Final report issued May 2023							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			<p>Position – September 2023 Revenues Manager 12.09.23 The processes are documented, they just need to be collated, which has been delayed due to the summer period. Management controls are in place to ensure appropriate review takes place prior to approval.</p> <p>Position – November 2023 The process notes for issuing refunds have been updated and refunds are authorised at Team Leader level prior to payment.</p>				

NDR 2022/23							
Final report issued May 2023							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
01	<p>We recommend that:</p> <ul style="list-style-type: none"> • Actions are taken to address the issue preventing the production of the monthly 'default arrangement list' and (subject to the issue being successfully resolved), arrangements are put in place for Senior Officers to check that these are being actioned appropriately. • As an interim measure, Revenues Officers should be reminded to diarise arrangements to enable checks to be conducted to confirm arrangements are being complied with. 	Medium	<p>The default arrangements list is working and being run. During 2022/23 much of the BAU recovery work slipped due to the service having to process energy and business grants (CARF). During 2023/24 all recovery work will be reviewed, and this will include a review of arrangements that have defaulted.</p> <p>Position – July 2023 Review is currently underway.</p> <p>Position – September 2023 Revenues Manager 12.09.23 A review of the Recovery processes is ongoing and as part of this we are looking at the ways in which this can be managed more efficiently.</p> <p>Position – November 2023</p>	Revenues Manager	31 March 2024	*	

APPENDIX C – PROGRESS AGAINST OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS AT 10 NOVEMBER 2023

NDR 2022/23							
Final report issued May 2023							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			No change to the position in September. The review of recovery processes continues.				
02	<p>We recommend that:</p> <ul style="list-style-type: none"> Seven-day lists are produced and actioned at regular interval (e.g. monthly). Arrangements are put in place for Senior Officers to check that these are being actioned appropriately. 	Medium	<p>The 7-day list is working and being run. During 2022/23 much of the BAU recovery work slipped due to the service having to process energy and business grants (CARF). During 2023/24 all recovery work will be reviewed, and this will include a review of arrangements that have defaulted.</p> <p>Position – July 2023 Review is currently underway.</p> <p>Position – September 2023 Revenues Manager 12.09.23 A review of the Recovery processes is ongoing and as part of this we are looking at the ways in which this can be managed more efficiently.</p> <p>Position – November 2023 No change to the position in September. The review of recovery processes continues.</p>	Revenues Manager	31 March 2024	*	

Tree Management 2022/23							
Final report issued June 2023							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
03	We recommend for resilience purposes; back-up resource is trained in tree management activities to provide cover in the event of capacity gaps.	Low	Veolia are currently recruiting for a new apprentice which will hopefully be in post later this year. Existing Veolia staff are able to provide cover during short absences of a Tree Manager including John Priestley, Horticultural	Tree Manager, Veolia	Apprentice September 2023	✓	

APPENDIX C – PROGRESS AGAINST OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS AT 10 NOVEMBER 2023

Tree Management 2022/23 Final report issued June 2023							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			<p>Development Manager and Nick Graham, Contract Manager Parks, Open Spaces and Street Cleansing, who both have good arboricultural knowledge. External resources will be utilised if required, such as through Maydencroft who have recently provided cover during recruitment of a Tree Manager and are still assisting with Planning matters and handover to the new Tree Manager.</p> <p>Position – July 2023 Apprentice position is currently being advertised and applications are being received. Maydencroft are due to continue providing support with Planning matters until the end of August 2023 to ensure a smooth handover.</p> <p>Position – September 2023 Apprentices are being interviewed w/c 4 September 2023.</p> <p>Position – November 2023 The apprentice post is proving difficult to recruit, however this role if filled would be additional support for the Tree Manager, rather than cover. Cover for the Tree Manager would be provided by other existing Veolia staff or externally as mentioned above.</p>		External resources as required		
05	We conducted sample testing of six trees to ascertain when they were last inspected, what the inspection results were, whether the tree required remedial works and if required, what actions were taken. We found remedial work for one tree was not completed as the tree was outside of	Low	<p>Tree Manager to run a report for all outstanding works in order to review progress and programme in if required.</p> <p>This will include a report for each ward to review the 3 yearly survey recommended works that are required to be carried out within 3, 6 or 12 months. A report will also be</p>	Tree Manager, Veolia	31 July 2023	✓	

APPENDIX C – PROGRESS AGAINST OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS AT 10 NOVEMBER 2023

Tree Management 2022/23							
Final report issued June 2023							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
	the ward that was part of the survey, and the Tree Manager had also not been in post.		<p>produced and reviewed for any ad hoc works that fall outside of these surveys.</p> <p>Position – July 2023 In progress with Tree Manager.</p> <p>Position – September 2023 A cycle of 3 yearly surveys are underway and recommended works are being programmed in and carried out according to level of priority. Ad hoc reactive works appear up to date but Tree Manager will request a report from Ezytreev to ensure recommendations logged by previous Tree Managers have all been captured.</p> <p>Position – November 2023 Veolia's Tree Manager has confirmed that all reactive ad hoc works are up to date, and these will continue to be dealt with as they arise. Proactive 3 yearly surveys and resulting works are ongoing.</p>				

Fixed Asset Register 2022/23							
Final report issued July 2023							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
01	We recommend that procedures are put in place by the finance service, which make clear the information to be provided regarding the acquisition and disposal of assets in order to ensure that accurate finance records can be created and maintained.	Low	<p>We will issue updated guidance about the information to be recorded on Purchase Orders to coincide with the roll-out of upgraded Finance System.</p> <p>Pro-forma returns to be issued to capital budget holders, to be completed with support from Finance Business Partners, specifying</p>	Chief Accountant	<p>31 October 2023</p> <p>31 December 2023</p>	*	31 December 2023

APPENDIX C – PROGRESS AGAINST OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS AT 10 NOVEMBER 2023

Fixed Asset Register 2022/23							
Final report issued July 2023							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			information to be provided regarding additions and disposals. Position – November 2023 Initial review of capital additions and disposals will be conducted in January 2024, ahead of interim audit. Pro-forma returns to be created in December 2023.				
02	We recommend that the Fixed Asset Register includes as a minimum the following information related to valuations: <ul style="list-style-type: none"> • Indication of whether asset is in scope for revaluation • Date of Last Valuation • Date of Next Valuation • Valuation Methodology 	Low	We note the recommendation and will ensure that the recommended fields are included in the final Fixed Asset Registers for 2020/21 and subsequent years. Position – November 2023 The fixed asset register spreadsheet redesign is complete and the required fields have been captured.	Chief Accountant	30 November 2023	✓	

APPENDIX D – ASSURANCE AND PRIORITY LEVEL DEFINITIONS

Audit Opinions	
Assurance Level	Definition
Assurance Reviews	
Substantial	A sound system of governance, risk management and control exist, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.
Not Assessed	This opinion is used in relation to consultancy or embedded assurance activities, where the nature of the work is to provide support and advice to management and is not of a sufficient depth to provide an opinion on the adequacy of governance or internal control arrangements. Recommendations will however be made where required to support system or process improvements.
Grant / Funding Certification Reviews	
Unqualified	No material matters have been identified in relation the eligibility, accounting and expenditure associated with the funding received that would cause SIAS to believe that the related funding conditions have not been met.
Qualified	Except for the matters identified within the audit report, the eligibility, accounting and expenditure associated with the funding received meets the requirements of the funding conditions.
Disclaimer Opinion	Based on the limitations indicated within the report, SIAS are unable to provide an opinion in relation to the Council's compliance with the eligibility, accounting and expenditure requirements contained within the funding conditions.
Adverse Opinion	Based on the significance of the matters included within the report, the Council have not complied with the funding conditions associated with the funding received.
Recommendation Priority Levels	
Priority Level	Definition
Corporate	Critical Audit findings which, in the present state, represent a serious risk to the organisation as a whole, i.e. reputation, financial resources and / or compliance with regulations. Management action to implement the appropriate controls is required immediately.
Service	High Audit findings indicate a serious weakness or breakdown in control environment, which, if untreated by management intervention, is highly likely to put achievement of core service objectives at risk. Remedial action is required urgently.
	Medium Audit findings which, if not treated by appropriate management action, are likely to put achievement of some of the core service objectives at risk. Remedial action is required in a timely manner.
	Low Audit findings indicate opportunities to implement good or best practice, which, if adopted, will enhance the control environment. The appropriate solution should be implemented as soon as is practically possible.

Part A

Report to: **Audit Committee**

Date of meeting: **Thursday, 23 November 2023**

Report author: **Chief Finance Officer**

Title: **Treasury Management Mid Term Review 2023/24**

1.0 Summary

- 1.1 This mid-year report has been prepared in compliance with CIPFA’s Code of Practice on Treasury Management and covers performance against the Council’s Treasury Management Strategy Statement and Annual Investment Strategy.
- 1.2 The report is presented to the Audit Committee as the body delegated by Council to undertake the role of scrutiny of treasury management strategy and policies.
- 1.3 Audit Committee is asked to recommend the report to Council.

2.0 Risks

- 2.1 The Code of Practice on Treasury Management identifies nine key risks that are inherent in Treasury Management activity. The Council’s Treasury Management Policy sets out the risks that it is seeking to manage:

1.	Credit and Counterparty Risk	That the entity holding Council funds is unable to repay them when due.	This risk is managed through the maintenance of a list of authorised counterparties, with separate limits to ensure that the exposure to this risk is limited.
2.	Liquidity Risk	That the Council may not have the cash it needs on a day to day basis to pay its bills.	This risk is managed through effective cashflow forecasting and the retention by the Council of an adequate working capital balance. In addition, through the Public Works Loan Board and other organisations, the Council is able to access short term borrowing, usually within 24 hours.

3.	Interest Rate Risk	That the costs and benefits expected do not materialise due to changes in interest rates.	This risk is managed through the placing of different types and maturities of investments, the forecasting and monitoring of the interest budget (with assistance from the Council's retained advisors).
4.	Exchange Rate Risk	That losses or gains are made due to fluctuations in the prices of currency.	The Council does not engage in any significant non-sterling transactions.
5.	Inflation	That Inflation erodes the value of investments.	The Council prioritises security and liquidity over yield but where possible investment returns will aim to match inflation to preserve the capital value.
6.	Refinancing Risk	That the loans taken by the Council will become due for repayment and need replacing at a time when there is limited finance available or interest rates are significantly higher.	The timing of loan maturities is monitored along with interest rate forecasts. Officers seek advice from the Council's advisors about when to raise any finance needed.
7.	Legal and Regulatory Risk	That the Council operates outside its legal powers.	This risk is managed through the Council's training and development of Officers involved in Treasury Management, the independent oversight of Internal and External Audit, and the advice (for example on the contents of this strategy) taken from the Council's Treasury advisors.
8.	Operational e.g. Fraud, Error and Corruption	The risk that losses will be caused by impropriety or incompetence.	This risk is managed through the controls in the Council's financial procedures. For example, the segregation of duties between those making investment decisions and those transferring funds.

9.	Market / Price Risk	That the price of investments held fluctuates, principally in secondary markets.	The majority of the Council's investments are not traded, but where they are (e.g. Property investment portfolio) the main investments' value comes from the income they generate which is generally long term and secure. The Council's investment in Royal London Asset Management, relating to the Croxley Park reserve, is held for the long term which enables the Council to reduce the risk of needing to divest when prices fall.
----	----------------------------	--	---

2.2 In the current macro-economic environment, the two most high-profile risks remain interest rate risk and refinancing risk. This follows a shift in focus during 2022/23 from credit and counterparty risk which had been the prevailing concern since the 2008 banking crisis.

2.3 The principles set out in the Treasury Management Strategy Statement and Annual Investment Strategy remain appropriate to manage these risks.

3.0 Recommendations

3.1 That the Committee notes the contents of the 2023/24 mid-year review of the Treasury Management function and recommends the report to Council.

Further information:

Rob Thurlow
 robert.thurlow@threerivers.gov.uk

Report approved by: Hannah Doney, Chief Finance Officer

4.0 Detailed proposal

4.1 Background

4.1.1 This report has been written in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2017). The primary requirements of the Code are as follows:

- i. Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.
- ii. Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.

- iii. Receipt by the full Council of an annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, a Mid-year Review Report and an Annual Report, (stewardship report), covering activities during the previous year.
- iv. Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
- v. Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Council the delegated body is the Audit Committee.

4.1.2 This mid-year report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management, and covers the following:

- An economic update for the first half of the 2023/24 financial year;
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- The Council's capital expenditure, as set out in the Capital Strategy, and prudential indicators;
- A review of the Council's borrowing strategy for 2023/24;
- A review of compliance with Treasury and Prudential Limits for 2023/24;
- A review of the Council's investment portfolio for 2023/24.

4.2 Economics and interest rates

4.2.1 The first half of 2023/24 saw:

- Interest rates rise by a further 1%, taking Bank Rate from 4.25% to 5.25% and, possibly, the peak in the tightening cycle.
- Short, medium and long-dated gilts remain elevated as inflation continually surprised to the upside.
- A 0.5% month on month decline in real Gross Domestic Product (GDP) in July, mainly due to more strikes.
- Consumer Price Index (CPI) inflation falling from 8.7% in April to 6.7% in August, its lowest rate since February 2022, but still the highest in the G7.
- Core CPI inflation declining to 6.2% in August from 7.1% in April and May, a then 31 years high.
- A cooling in labour market conditions, but no evidence yet that it has led to an easing in wage growth (as the three month year on year growth of average earnings rose to 7.8% in August, excluding bonuses).

4.2.2 The Council has appointed Link Group as its treasury advisors and part of their service is to assist the Council to formulate a view on interest rates. The PWLB rate forecasts below have been provided by Link Group and are based on the Certainty Rate (the standard rate minus 20 bps). The Certainty Rate has been available to

local authorities since 1 November 2012 subject to an annual application. Watford Borough Council is able to access the Certainty Rate for 2023/24.

4.2.3 The latest interest rate forecast, dated 25 September 2023, sets out Link Group’s view that short, medium and long-dated interest rates will be elevated for some little while, as the Bank of England seeks to squeeze inflation out of the economy.

4.2.4 As set out in the following table, the bank rate is expected to remain at 5.25% until September 2024 then fall steadily by 2.5% to 2.75% over the following 18 months while PWLB will begin falling by December 2023 but at a slower rate and by just 1.6% across all maturity periods through to the end of December 2026:

Link Group Interest Rate View	25.09.23												
	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26
BANK RATE	5.25	5.25	5.25	5.00	4.50	4.00	3.50	3.00	2.75	2.75	2.75	2.75	2.75
3 month ave earnings	5.30	5.30	5.30	5.00	4.50	4.00	3.50	3.00	2.80	2.80	2.80	2.80	2.80
6 month ave earnings	5.60	5.50	5.40	5.10	4.60	4.10	3.60	3.10	2.90	2.90	2.90	2.90	2.90
12 month ave earnings	5.80	5.70	5.50	5.20	4.70	4.20	3.70	3.20	3.00	3.00	3.00	3.00	3.00
5 yr PWLB	5.10	5.00	4.90	4.70	4.40	4.20	4.00	3.90	3.70	3.70	3.60	3.60	3.50
10 yr PWLB	5.00	4.90	4.80	4.60	4.40	4.20	4.00	3.80	3.70	3.60	3.60	3.50	3.50
25 yr PWLB	5.40	5.20	5.10	4.90	4.70	4.40	4.30	4.10	4.00	3.90	3.80	3.80	3.80
50 yr PWLB	5.20	5.00	4.90	4.70	4.50	4.20	4.10	3.90	3.80	3.70	3.60	3.60	3.60

4.2.5 Further information, provided by Link Group, about the economic context during the first six months of 2023/24 is provided in Appendix 1 – Economics Update.

4.3 Capital Investment Strategy Update

4.3.1 The Capital Investment Strategy, containing the Treasury Management Policy and Annual Investment Strategy for 2023/24, was approved by Council on 31 January 2023.

4.3.2 There are no policy changes to the Capital Investment Strategy, Treasury Management Policy or Annual Investment Strategy requested in this report.

4.4 The Council’s Capital Position (Prudential Indicators)

4.4.1 This table shows the revised estimates for capital expenditure and expenditure to 30 September 2023 against the capital programme agreed at the Budget in January 2023. The total forecast capital investment for 2023/24 is £35.775m compared to an original budget of £46.369m. Variances to budget are set on in the Council’s Financial Monitoring Report.

Prudential indicator for Capital Expenditure:

Capital Investment Programme	Original Budget 2023/24	Latest Budget 2023/24	Actuals to 30 September 2023	Forecast Year End Position
	£m	£m	£m	£m
Corporate, Housing & Wellbeing Place	15.055	17.715	1.698	12.136
Corporate Strategy & Comms	25.547	22.519	10.058	22.064
Strategic Finance	0.065	0.065	0.000	0.065
	5.702	6.535	0.491	1.510
Total Capital Investment	46.369	46.834	12.247	35.775

4.4.2 The table below sets out how the capital investment for 2023/24 will be financed:

Funding Type	Original Budget 2023/24	Forecast Year End Position 2023/24
	£m	£m
Grants & Contributions	1.026	0.398
Reserves	0.251	0.025
Capital Receipts and land transfer	24.895	11.432
Section 106 & CIL Contributions	0.545	2.762
Borrowing (Internal & External)	19.652	21.158
Total Capital Funding	46.369	35.775

4.4.3 The borrowing element of the table increases the underlying indebtedness of the Council which is expressed as the Capital Financing Requirement (CFR). The net increase in CFR will be lower after taking into account revenue charges for the repayment of debt (the Minimum Revenue Provision).

4.4.4 The latest forecast for the CFR, which is the underlying need to borrow for a capital purpose, is set out in the table below. The reduced forecast for the CFR reflects the forecast reduced need to borrow for capital investment in 2023/24. It also shows the expected debt position over the period, which is termed the Operational Boundary.

2023/24	Original Estimate £m	Current Position £m	Revised Estimate £m
Prudential indicator - Capital Financing Requirement:			
Capital Financing Requirement	347.832		323.635
Net Movement in CFR	11.877		13.142
Prudential indicator – the Operational Boundary for external debt:			
Borrowing	175.000	64.500	50.000
Liability - Croxley Park Finance Lease	222.000	221.512	222.000
Total debt (year end position)	397.000	286.012	272.000

Note the CFR may be subject to restatement following the conclusion of the outstanding external audits.

- 4.4.5 The first key control over the treasury activity is a prudential indicator to ensure that over the medium term, net borrowing (borrowings less investments) will only be for a capital purpose. Gross external borrowing should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2023/24 and next two financial years. This allows some flexibility for limited early borrowing for future years. Where external borrowing is below the underlying need to borrow, this is financed in the short term through internal borrowing. This currently forecast to be £55.123 at year end.

2022/23	Original Indicator £m	Revised Indicator £m
Capital Financing Requirement	347.832	323.635
Gross External Borrowing (including finance lease liability)	313.877	268.512
Internal Borrowing	33.955	55.123

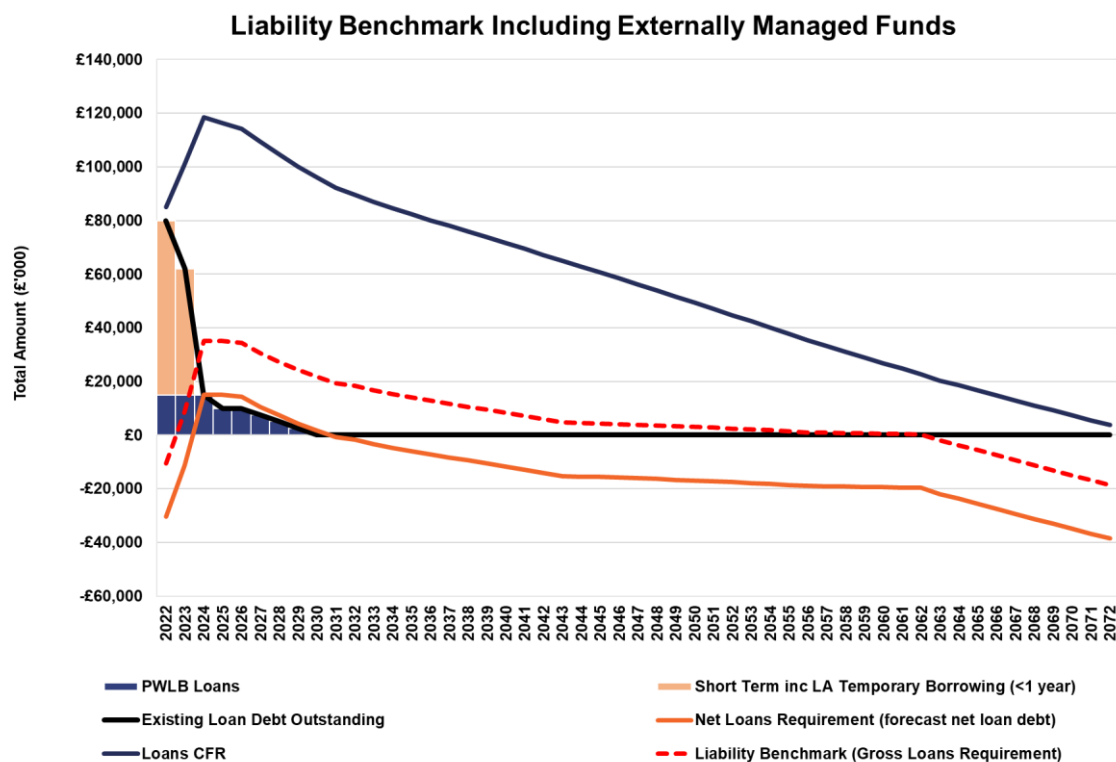
- 4.4.6 The Authorised Limit is a prudential indicator which represents the limit beyond which borrowing is prohibited and needs to be set and revised by Members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.

Prudential indicator – the Authorised Limit for external debt:

2023/24	Original Indicator	Current Position	Revised Indicator
	£m	£m	£m
Borrowing	180.000	64.500	64.500
Liability - Croxley Park Finance Lease	227.000	221.512	227.000
Total	407.000	286.012	291.500

4.4.7 The Treasury Management Code of Practice requires local authorities to calculate their Liability Benchmark. The benchmark includes a projection of external debt required over the long term to fund the organisation’s approved budgets and plans compared to the forecast of total borrowing outstanding. The benchmark should be used to evaluate the amount, timing and maturities needed for new borrowing in relation to the organisation’s planned borrowing needs in order to avoid borrowing too much, too little, too long or too short.

4.4.8 The Liability Benchmark, based on the latest estimates for the capital financing requirement and borrowing at 30 September 2023, is shown in the graph below. The cash currently invested in externally managed funds has been incorporated in the available cash, reducing the net and gross loans requirement. This reflects a change in approach in relation to the cash held in the externally managed funds and this is set out further in section 4.9.



4.4.9 Under the Prudential Code, the Council is also required to report on the affordability of the Council’s capital plans to ensure that the capital assets proposed means that the total capital investment of the authority remains within sustainable limits. The revised estimates reported are based on the position reported in the Council’s Financial Monitoring Report – Quarter 2 which is based on information as at 30 September 2023.

4.4.10 The first of these indicators is Financing Costs to net revenue stream. This indicator identifies the trend in the cost of capital, (borrowing and other long-term obligation costs net of investment income), against the net revenue stream. The net revenue stream is the Council’s core funding of Council Tax, Business rates, and unringfenced central government grants. Investment income includes interest from Treasury Management activities and interest from loans to joint ventures and subsidiaries. The calculation excludes the financing costs and income in relation to Croxley Business Park Finance Lease.

	2023/24 Original Estimate £m	2023/24 Revised Estimate £m
Cost of Capital	2.212	2.348
Net Revenue Stream	14.161	14.260
Ratio %	15.6%	16.5%

4.4.11 The second indicator is the Net income from commercial investment to net revenue stream. This indicator is intended to show the financial exposure of the authority to the loss of income.

4.4.12 Net income from commercial investments comprises net income from financial investments (other than treasury management investments), together with net income from other assets held primarily for financial return, such as commercial property.

	2023/24 Original Estimate £m	2023/24 Revised Estimate £m
Commercial Investment	12.367	10.363
Net Revenue Stream	14.161	14.260
Ratio %	87.3%	72.7%

4.5 Borrowing

4.5.1 The Council’s forecast year end capital financing requirement (CFR) excluding the finance lease liability for 2023/24 is £102.123m. The CFR denotes the Council’s underlying need to borrow for capital purposes. If the CFR is positive the Council may borrow from the PWLB or the market (external borrowing), or from internal

balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions. At 30 September 2023 the Council had external borrowing of £64.500m. This is forecast to reduce to £47.000m with the remaining balance of £55.123m financed in the short term by the utilisation of cash flow funds in lieu of borrowing. This is a prudent and cost-effective approach in the current economic climate but will require ongoing monitoring in the event that any upside risk to gilt yields prevails (i.e. PWLB interest rates fall to a level that would make externalisation of borrowing prudent in the long term).

- 4.5.2** Due to the overall financial position and the underlying need to borrow for capital purposes (the CFR), new external borrowing of £32.000m has been undertaken in the first six months of the year. During the same period, £47.500m of borrowing matured and was repaid. This was a net decrease in external borrowing of £15.5m reflecting the strategy of maximising internal borrowing. The weighted average interest rate of matured borrowing was 1.91%, of which the lowest interest rate was 0.2% and the highest was 4%. This compares to the weighted average interest rate of 5.08% for new borrowing of which the lowest was 4.57% (achieved in May 2023) and the highest was 5.85%. This is a stark illustration of the increase in borrowing costs over the last 12 months. The average across the debt portfolio at 30 September 2023 was 4.33%.
- 4.5.3 The Council's external borrowing portfolio is detailed in Appendix 3. The Council has £15.000m of long term loans with the PWLB (loans over 12 months) and £49.500 short term loans. All short term borrowing is from the local to local authority market. Use of the local to local market enables the Council to take advantage of lower rates that are below the prevailing PWLB rates at the shorter end of the yield curve without exposure to credit risk associated with banks. The weighted average maturity profile of the Council's borrowing portfolio at 31 September 2023 is 511 days.
- 4.5.4 During the second half of 2023/24, the Council will utilise funds currently invested with external fund managers to increase internal borrowing and reduce the Council's exposure to high interest rates. Further details are set out in section 4.9. As a result of this strategy, it is not expected that further external borrowing will be undertaken during 2023/24. The projected balance for external borrowing at 31 March 2024 is therefore £47.000m, of which £15.000m will be long term (over 12 months to maturity) at year end.
- 4.5.5** In addition, the capital programme continues to be kept under regular review due to the effects of inflationary pressures, shortages of materials and labour. This includes reviewing the value for money of projects in light of higher construction and borrowing costs and considering the timing of projects to reduce exposure to high interest rates in the short term. Our borrowing strategy will, therefore, also be regularly reviewed and then revised, if necessary, to achieve optimum value and risk exposure in the long-term.

4.6 Compliance with Treasury and Prudential Limits

- 4.6.1 It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. During the half year ended 30 September 2023, the Council has operated within the treasury and prudential indicators set out in the Council's Capital Investment Strategy and Treasury Management Policy for 2023/24. The Chief Finance Officer reports that no difficulties are envisaged for the current or future years in complying with these indicators.
- 4.6.2 All treasury management operations have also been conducted in full compliance with the Council's Treasury Management Practices.

4.7 Annual investment strategy

- 4.7.1 In accordance with the CIPFA Treasury Management Code of Practice, the Council's Annual Investment Strategy sets out the Council's investment priorities as being:
- Security of capital
 - Liquidity
 - Yield
- 4.7.2 The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with the Council's risk appetite. In the current economic climate, it is considered appropriate to keep investments short term to cover cash flow needs, but also to seek out value available in periods up to 12 months with high credit rated financial institutions.
- 4.7.3 Officers can confirm that the approved limits within the Annual Investment Strategy were not breached during the period ended 30 September 2023.
- 4.7.4 Creditworthiness**
- The credit rating agency Fitch continues to hold the UK sovereign debt rating on Negative Outlook, reflecting a downside bias to the current ratings in light of expectations of weaker finances and the economic outlook. Standard and Poor and Moody's credit rating agencies both report a stable outlook.
- 4.7.5 Investment Counterparty criteria**
- The current investment counterparty criteria selection approved in the Annual Investment Strategy is meeting the requirement of the treasury management function.
- 4.7.6 The Council has continued to limit exposure to banks and building societies with deposits limited to the Council's bank, Lloyds, and the UK government through short term investments with the Debt Management Office (DMO).

4.8 Investment balances

4.8.1 The average level of funds available for investment purposes during the first half of the financial year was £21.068m. These funds were available on a temporary basis. The level of funds available fluctuates and is mainly dependent on the timing of precept payments, receipt of grants and progress on the capital programme. On average daily, £19.869m was invested with the DMO and a balance of £1.199m was retained in the Council's current account for liquidity. The average interest rate earned on investments was 4.52%. Deposits with the DMO ranged from 4.05% to 5.2% while interest paid on the Lloyds current account was between 2.16% and 3.95%. This compares to average Bank of England Base Rate of 4.80% (low 4.25%, high 5.25%). The Sterling Overnight Index Average (SONIA) benchmark is based on actual transactions and reflects the average of the interest rates that banks pay to borrow sterling overnight from other financial institutions and other institutional investors. Over the same period, the average SONIA rate was 4.73% (low 4.18%, high 5.19%). Performance against these benchmarks reflects effective short-term cash management, avoiding excessive exposure to the lower rates paid on overnight bank deposits.

4.8.2 Over the first six months of the year, the average interest rate earned on investments (4.52%) has been marginally higher than the average rate paid on borrowing (4.33%). However, this is due to the longer term nature of the borrowing, benefiting from rates achieved up to 18 months ago. Therefore, the Council has continued to prioritise internal borrowing, utilising internal cash balances to offset the need to borrowing in the short term and reducing future net interest cost.

4.8.3 The Council's investment portfolio is set out in appendix 4.

4.9 Externally Managed Funds

4.9.1 On the acquisition of the finance lease for Croxley Business Park, the Council received £92.000m towards future revenue (£24.000m) and capital expenditure (£68.000m) in relation to shortfalls in rental income (voids) the cost of planned programmed maintenance and refurbishment. This funding was placed in a revenue earmarked reserve and capital contributions reserve.

4.9.2 In addition to earmarking the funding in reserves, it was also decided to separately invest the underlying cash with the objective of achieving capital growth over and above inflation, effectively ringfencing this cash from the Council's wider treasury management activity. In November 2020 the Council placed £90.000m with Royal London Asset Management (RLAM) following a competitive appointment process supported by the Councils Treasury Advisors.

- 4.9.3 The funds are pooled investment funds and the value of the investment is subject to market and price risk with the value changing on a daily basis. The funds are invested in accumulating asset classes which means that the gains increase the capital value of the fund rather than being distributed as interest income. The investment horizon for funds of this nature is usually three to five years due to price volatility.
- 4.9.4 Under Internal Financial Reporting Standard 9: Financial Instruments (IFRS 9), adopted by the Code of Practice on local Authority Accounting from April 2019, annual changes in value (known as “fair value movements”) must be recognised as profit or loss in the Council’s general fund. Consequently, authorities would be required to consider these fair value movements as part of their statutory duty of setting an annual balanced budget.
- 4.9.5 On the introduction of IFRS 9 a statutory override was originally agreed to 31 March 2023 for five years reflecting the duration that pooled investment funds are typically held and provide authorities sufficient time to review their investment strategies. This has subsequently been extended to 31 March 2025 following a consultation which recognised that allowing the override to end could put additional pressure on local authorities’ finances. However, it is not expected that any further extension will be agreed beyond March 2025.
- 4.9.6 Having initially outperformed inflation for the first 18 months, the performance of the fund has been impacted by rising inflation and volatility in the bond and equity markets. At 31 March 2023, the value of the funds was £84.020m after a drawdown of £11.900m during 2022/23. In September 2023, the Council made a further withdrawal of £8.000m to rebalance the cash against the amounts held in the Croxley Park Revenue Earmarked Reserve and Capital Contributions Reserve. The value of the funds was £76.627m as at 30 September 2023. This included unrealised gains of £1.748m.
- 4.9.7 The interest rate environment has changed significantly since the funds were invested in November 2020 and the Council is now exposed to high interest rates on external borrowing. To reduce this exposure, the Council will draw down from the RLAM funds over the last six months of 2023/24 to utilise the cash for internal borrowing rather than taking additional external borrowing. This will mean that the Council is divested from the funds in advance of the end of the statutory override in March 2025.
- 4.9.8 This approach will significantly reduce the overall risk profile of the Council’s treasury management activities but reducing exposure to price and market risk and interest rate risk.
- 4.9.9 This does not impact on the values held in Croxley Park Earmarked Reserve or Capital Contributions Reserve. These funds remain earmarked and available to

support and manage the risks and future costs associated with the Croxley Business Park investment.

5.0 Implications

5.1 Financial

5.1.1 The Council has set an income budget of £0.275m for 2023/24. At 30 September the Council has received £0.398m, benefiting from the high interest rates and higher cash balances than expected in the first six months of the year.

5.1.2 Based on current external borrowing, the Council will incur interest payable costs of £2.455m. The interest expense budget for 2023/24 is £1.827m. The budget has been exceeded as a result of interest rates continuing to increase at the beginning on the financial year and not reducing.

5.1.3 The strategy to draw down externally managed funds will remove the requirement to refinance external borrowing maturing during the remainder of the financial year and will create additional interest income. It is expected that this additional income will more than exceed the additional borrowing costs in the current year. This will be reported through the Council's Financial Monitoring Report.

5.2 Legal Issues (Monitoring Officer)

5.2.1 The Group Head of Democracy and Governance comments that there are no legal implications directly arising from this report.

5.3 Equalities, Human Rights and Data Protection

5.3.1 Under s149 (1) of the Equality Act the council must have due regard, in the exercise of its functions, to the need to –

- eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Act
- advance equality of opportunity between persons who share relevant protected characteristics and persons who do not share them
- foster good relations between persons who share relevant protected characteristics and persons who do not share them.

5.3.2 Having had regard to the council's obligations under s149, it is considered there are no relevant issues arising directly from this report.

5.3.3 Having had regard to the council's obligations under the General Data Protection Regulation (GDPR) 2018, it is considered that officers are not required to undertake a Data Processing Impact Assessment (DPIA) for this report.

5.4 **Staffing**

5.4.1 There are no staffing implications arising from this report.

5.5 **Accommodation**

5.5.1 There are no accommodation implications arising from this report.

5.6 **Community Safety/Crime and Disorder**

5.6.1 Section 17 of the Crime and Disorder Act 1998 requires the council to give due regard to the likely effect of the exercise of its functions on crime and disorder in its area and to do all it reasonably can to prevent these. There are no issues arising from this report.

5.7 **Sustainability**

5.7.1 There are no sustainability implications arising from this report.

Appendices

- Appendix 1 – Economics Update
- Appendix 2 – PWLB Rates
- Appendix 3 – External Borrowing Portfolio
- Appendix 4 – Investment Portfolio

Background papers

The following background papers were used in the preparation of this report. If you wish to inspect or take copies of the background papers, please contact the officer named on the front page of the report.

Capital Strategy 2023/24 approved by Council 31 January 2023

Economics Update

This update has been provided by the Council's appointed Treasury Management Advisors, Link Group. The update was prepared in October 2023 and reflects the position at 30 September 2023.

- The first half of 2023/24 saw:
 - Interest rates rise by a further 100bps, taking Bank Rate from 4.25% to 5.25% and, possibly, the peak in the tightening cycle.
 - Short, medium and long-dated gilts remain elevated as inflation continually surprised to the upside.
 - A 0.5% m/m decline in real GDP in July, mainly due to more strikes.
 - CPI inflation falling from 8.7% in April to 6.7% in August, its lowest rate since February 2022, but still the highest in the G7.
 - Core CPI inflation declining to 6.2% in August from 7.1% in April and May, a then 31 years high.
 - A cooling in labour market conditions, but no evidence yet that it has led to an easing in wage growth (as the 3myy growth of average earnings rose to 7.8% in August, excluding bonuses).
- The 0.5% m/m fall in GDP in July suggests that underlying growth has lost momentum since earlier in the year. Some of the weakness in July was due to there being almost twice as many working days lost to strikes in July (281,000) than in June (160,000). But with output falling in 10 out of the 17 sectors, there is an air of underlying weakness.
- The fall in the composite Purchasing Managers Index from 48.6 in August to 46.8 in September left it at its lowest level since COVID-19 lockdowns reduced activity in January 2021. At face value, it is consistent with the 0.2% q/q rise in real GDP in the period April to June, being followed by a contraction of up to 1% in the second half of 2023.
- The 0.4% m/m rebound in retail sales volumes in August is not as good as it looks as it partly reflected a pickup in sales after the unusually wet weather in July. Sales volumes in August were 0.2% below their level in May, suggesting much of the resilience in retail activity in the first half of the year has faded.
- As the growing drag from higher interest rates intensifies over the next six months, we think the economy will continue to lose momentum and soon fall into a mild recession. Strong labour demand, fast wage growth and government handouts have all supported household incomes over the past year. And with CPI inflation past its peak and expected to decline further, the economy has got through the cost-of-living crisis without recession. But even though the worst of the falls in real household disposable incomes are behind us, the phasing out of financial support packages provided by the government during the energy crisis means real incomes are unlikely to grow strongly. Higher interest rates will soon bite harder too. We expect the Bank of England to keep interest rates at the probable peak of 5.25% until the second half of 2024. Mortgage rates are likely to stay above 5.0% for around a year.
- The tightness of the labour market continued to ease, with employment in the three months to July falling by 207,000. The further decline in the number of job vacancies from 1.017m in July to 0.989m in August suggests that the labour market has loosened a bit further since July. That is the first time it has fallen below 1m since July 2021. At 3.0% in July, and likely to have fallen to 2.9% in August, the job vacancy rate is getting closer to 2.5%, which would be consistent with slower wage growth. Meanwhile, the 48,000 decline in the supply of workers in the three months to July offset some of the loosening in the tightness of the labour market. That was due to a 63,000 increase in inactivity in the three months to July as more people left the labour market due to long term sickness or to enter education. The supply of labour is still 0.3% below its pre-pandemic February 2020 level.

- But the cooling in labour market conditions still has not fed through to an easing in wage growth. While the monthly rate of earnings growth eased sharply from an upwardly revised +2.2% in June to -0.9% in July, a lot of that was due to the one-off bonus payments for NHS staff in June not being repeated in July. The headline 3myy rate rose from 8.4% (revised up from 8.2%) to 8.5%, which meant UK wage growth remains much faster than in the US and in the Euro-zone. Moreover, while the Bank of England's closely watched measure of regular private sector wage growth eased a touch in July, from 8.2% 3myy in June to 8.1% 3myy, it is still well above the Bank of England's prediction for it to fall to 6.9% in September.
- CPI inflation declined from 6.8% in July to 6.7% in August, the lowest rate since February 2022. The biggest positive surprise was the drop in core CPI inflation, which declined from 6.9% to 6.2%. That reverses all the rise since March and means the gap between the UK and elsewhere has shrunk (US core inflation is 4.4% and in the Euro-zone it is 5.3%). Core goods inflation fell from 5.9% to 5.2% and the further easing in core goods producer price inflation, from 2.2% in July to a 29-month low of 1.5% in August, suggests it will eventually fall close to zero. But the really positive development was the fall in services inflation from 7.4% to 6.8%. That also reverses most of the rise since March and takes it below the forecast of 7.2% the Bank of England published in early August.
- In its latest monetary policy meeting on 20 September, the Bank of England left interest rates unchanged at 5.25%. The weak August CPI inflation release, the recent loosening in the labour market and the downbeat activity surveys appear to have convinced the Bank of England that it has already raised rates far enough. The minutes show the decision was "finely balanced". Five MPC members (Bailey, Broadbent, Dhingra, Pill and Ramsden) voted for no change and the other four (Cunliffe, Greene, Haskel and Mann) voted for a 25bps hike.
- Like the US Fed, the Bank of England wants the markets to believe in the higher for longer narrative. The statement did not say that rates have peaked and once again said if there was evidence of more persistent inflation pressures "further tightening in policy would be required". Governor Bailey stated, "we'll be watching closely to see if further increases are needed". The Bank also retained the hawkish guidance that rates will stay "sufficiently restrictive for sufficiently long".
- This narrative makes sense as the Bank of England does not want the markets to decide that a peak in rates will be soon followed by rate cuts, which would loosen financial conditions and undermine its attempts to quash inflation. The language also gives the Bank of England the flexibility to respond to new developments. A rebound in services inflation, another surge in wage growth and/or a further leap in oil prices could conceivably force it to raise rates at the next meeting on 2nd November, or even pause in November and raise rates in December.
- The yield on 10-year Gilts fell from a peak of 4.74% on 17th August to 4.44% on 29th September, mainly on the back of investors revising down their interest rate expectations. But even after their recent pullback, the rise in Gilt yields has exceeded the rise in most other Developed Market government yields since the start of the year. Looking forward, once inflation falls back, Gilt yields are set to reduce further. A (mild) recession over the next couple of quarters will support this outlook if it helps to loosen the labour market (higher unemployment/lower wage increases).
- The pound weakened from its cycle high of \$1.30 in the middle of July to \$1.21 in late September. In the first half of the year, the pound bounced back strongly from the Truss debacle last autumn. That rebound was in large part driven by the substantial shift up in UK interest rate expectations. However, over the past couple of months, interest rate expectations have dropped sharply as inflation started to come down, growth faltered, and the Bank of England called an end to its hiking cycle.
- The FTSE 100 has gained more than 2% since the end of August, from around 7,440 on 31st August to 7,608 on 29th September. The rebound has been primarily driven by higher energy prices which boosted the valuations of energy companies. The FTSE 100's relatively high concentration of energy companies helps to explain why UK equities outperformed both US and Euro-zone equities in September. Nonetheless, as recently as 21st April the FTSE 100 stood at 7,914.

Public Works Loan Board Rates – April to September 2023

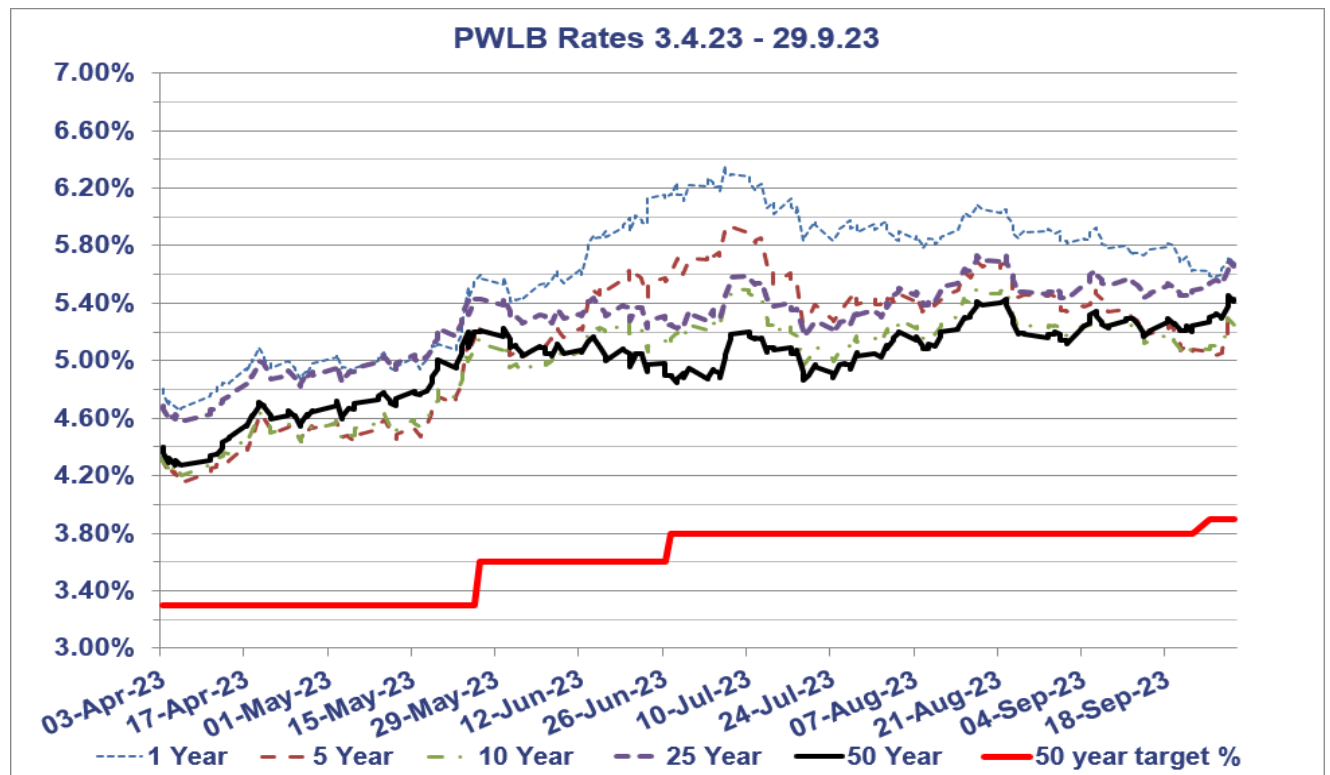
PWLB maturity certainty rates (gilts plus 80bps) year to date to 29th September 2023

Gilt yields and PWLB certainty rates were on a generally rising trend throughout the first half of 2023/24. At the beginning of April, the 5-year rate was the cheapest part of the curve and touched 4.14% whilst the 25-year rate was relatively expensive at 4.58%.

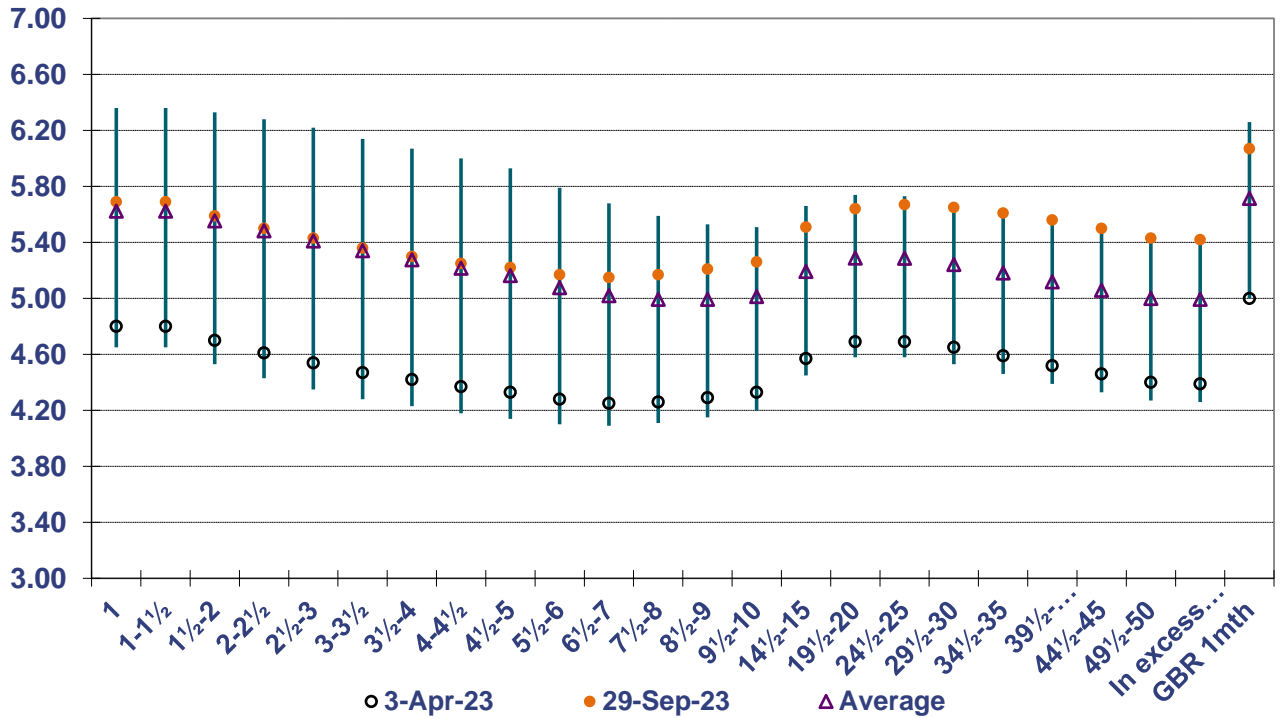
July saw short-dated rates peak at their most expensive. The 1-year rate spiked to 6.36% and the 5-year rate to 5.93%. Although, in due course, short-dated rate expectations fell, the medium dates shifted higher through August and the 10-year rate pushed higher to 5.51% and the 25-year rate to 5.73%. The 50-year rate was 4.27% on 5th April but rose to 5.45% on 28th September.

Link Group forecast rates to fall back over the next two to three years as inflation dampens. The CPI measure of inflation is expected to fall below 2% in the second half of 2024, and we forecast 50-year rates to stand at 3.90% by the end of September 2025. However, there is considerable gilt issuance to be digested by the market over the next couple of years, as a minimum, so there is a high degree of uncertainty as to whether rates will fall that far.

PWLB RATES 01.04.23 - 30.09.23



PWLB Certainty Rate Variations 3.4.23 to 29.9.23



HIGH/LOW/AVERAGE PWLB RATES FOR 01.04.23 – 29.09.23

	1 Year	5 Year	10 Year	25 Year	50 Year
Low	4.65%	4.14%	4.20%	4.58%	4.27%
Date	06/04/2023	06/04/2023	06/04/2023	06/04/2023	05/04/2023
High	6.36%	5.93%	5.51%	5.73%	5.45%
Date	06/07/2023	07/07/2023	22/08/2023	17/08/2023	28/09/2023
Average	5.62%	5.16%	5.01%	5.29%	5.00%
Spread	1.71%	1.79%	1.31%	1.15%	1.18%

- The current PWLB rates are set as margins over gilt yields as follows: -
 - **PWLB Standard Rate** is gilt plus 100 basis points (G+100bps)
 - **PWLB Certainty Rate** is gilt plus 80 basis points (G+80bps)
 - **Local Infrastructure Rate** is gilt plus 60bps (G+60bps)

External Borrowing 2023/24

Loans Repaid 1 April to 30 September 2023

Lender	Trade Date	Start Date	Maturity Date	Duration (Days)	Annual Interest Rate %	Amount £	Total Interest Payable £	Interest Payable 2023/24 £
RENFREWSHIRE COUNCIL	11/08/2021	29/09/2022	29/09/2023	365	0.25	5,000,000	12,500	6,199
EAST SUFFOLK COUNCIL	11/08/2021	29/09/2021	29/09/2023	730	0.20	5,000,000	20,000	4,959
NORTHERN IRELAND HOUSING EXECUTIVE	23/06/2022	15/07/2022	07/07/2023	357	2.00	10,000,000	195,616	53,151
THE NOTTINGHAMSHIRE OFFICE OF THE POLICE AND CRIME COMMISSIONER	23/06/2022	04/07/2022	03/07/2023	364	1.90	8,000,000	151,584	38,729
LOCAL GOVERNMENT ASSOCIATION	23/06/2022	15/07/2022	14/07/2023	364	1.90	2,000,000	37,896	10,827
WEST YORKSHIRE COMBINED AUTHORITY	01/07/2022	06/07/2022	30/06/2023	359	1.90	5,000,000	93,438	23,425
RENFREWSHIRE COUNCIL	16/08/2022	26/09/2022	26/06/2023	273	2.20	5,000,000	82,274	25,918
Torbay Borough Council	18/12/2022	19/12/2022	19/09/2023	274	3.80	5,000,000	142,630	89,014
SOMERSET COUNTY COUNCIL PENSION FD	15/12/2022	22/12/2022	22/09/2023	274	4.00	2,500,000	75,068	47,671
Total						47,500,000	811,007	299,892

Short Term Loans Outstanding at 30 September 2023

Page 84

Lender	Trade Date	Start Date	Maturity Date	Duration (Days)	Annual Interest Rate %	Amount £	Total Interest Payable £	Interest Payable 2023/24 £
BARNESLEY MBC	17/08/2022	12/12/2022	11/12/2023	364	2.50	10,000,000	249,315	173,973
OXFORDSHIRE COUNTY COUNCIL	15/12/2022	19/12/2022	14/12/2023	360	4.20	5,000,000	207,123	147,863
VALE OF GLAMORGAN COUNCIL	13/12/2022	30/01/2023	30/01/2024	365	4.00	2,500,000	100,000	83,288
WEST YORKSHIRE COMBINED AUTHORITY	23/05/2023	26/05/2023	21/05/2024	361	4.57	10,000,000	451,992	389,389
West of England Combined Authority	08/06/2023	29/09/2023	27/09/2024	364	5.00	5,000,000	249,315	126,712
NORTHERN IRELAND HOUSING EXECUTIVE	21/06/2023	26/06/2023	24/06/2024	364	5.25	5,000,000	261,781	201,370
LOCAL GOVERNMENT ASSOCIATION	20/06/2023	14/07/2023	12/07/2024	364	5.10	2,000,000	101,721	73,216
WEST YORKSHIRE COMBINED AUTHORITY	20/06/2023	30/06/2023	18/06/2024	354	5.25	5,000,000	254,589	198,493
Torbay Borough Council	04/07/2023	19/09/2023	17/09/2024	364	5.85	5,000,000	291,699	156,267
Total						49,500,000	2,167,534	1,550,571

Long Term Loans Outstanding at 30 September 2023

Lender	Trade Date	Start Date	Maturity Date	Duration (Days)	Annual Interest Rate %	Amount £	Total Interest Payable £	Interest Payable 2023/24 £
Public Works Loan Board	20/03/2023	27/03/2023	30/09/2025	918	4.15	5,000,000	521,877	208,068
Public Works Loan Board	20/03/2023	27/03/2023	17/06/2027	1543	4.01	2,500,000	423,797	100,525
Public Works Loan Board	20/03/2023	27/03/2023	16/06/2028	1908	3.96	2,500,000	517,512	99,271
Public Works Loan Board	20/03/2023	27/03/2023	15/06/2029	2272	3.93	2,500,000	611,573	98,519
Public Works Loan Board	20/03/2023	27/03/2023	28/02/2030	2530	3.93	2,500,000	681,021	98,519
Total						15,000,000	2,755,779	604,903

Investment Portfolio

Monthly Investment Analysis Review

Provided by Link Group

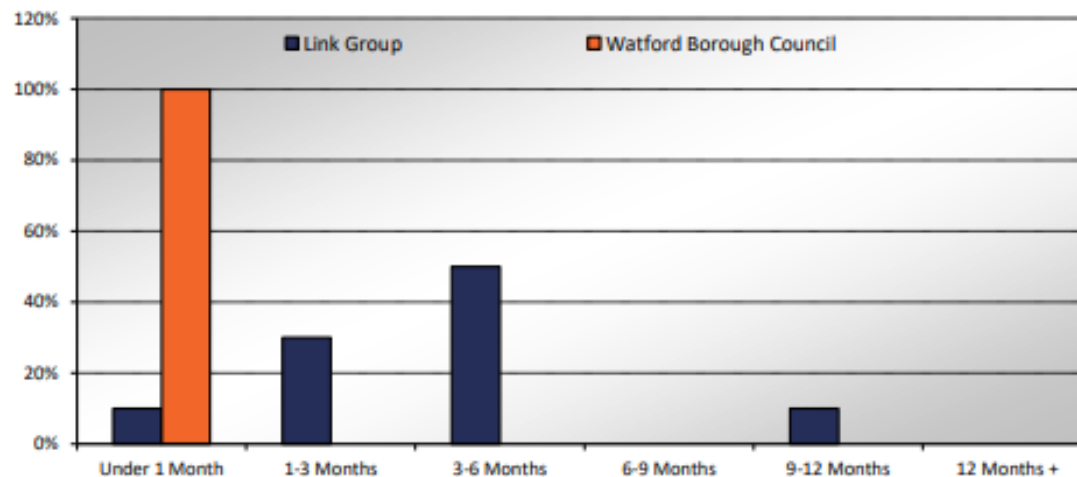
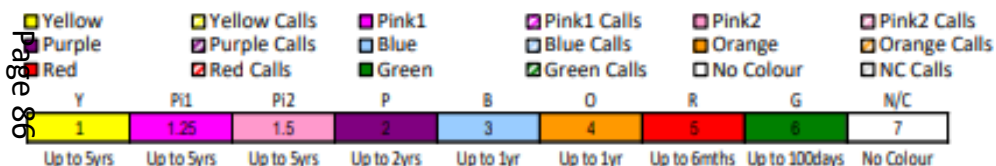
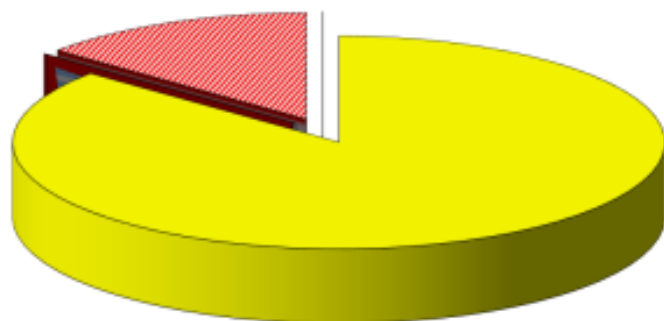
Watford Borough Council

Current Investment List

Borrower	Principal (£)	Interest Rate	Start Date	Maturity Date	Lowest LT / Fund Rating	Historic Risk of Default
Lloyds Bank Plc (RFB)	1,120,201	0.01%		Call	A+	0.000%
DMO	7,000,000	5.17%	29/09/2023	02/10/2023	AA-	0.000%
Total Investments	£8,120,201	4.46%				0.000%

Note: An historic risk of default is only provided if a counterparty has a counterparty credit rating and is not provided for an MMF or USDBF, for which the rating agencies provide a fund rating. The portfolio's historic risk of default therefore measures the historic risk of default attached only to those investments for which a counterparty has a counterparty credit rating and also does not include investments which are not rated.

Portfolio Composition by Link Group's Suggested Lending Criteria



Portfolios weighted average risk number = 1.55

WARoR = Weighted Average Rate of Return

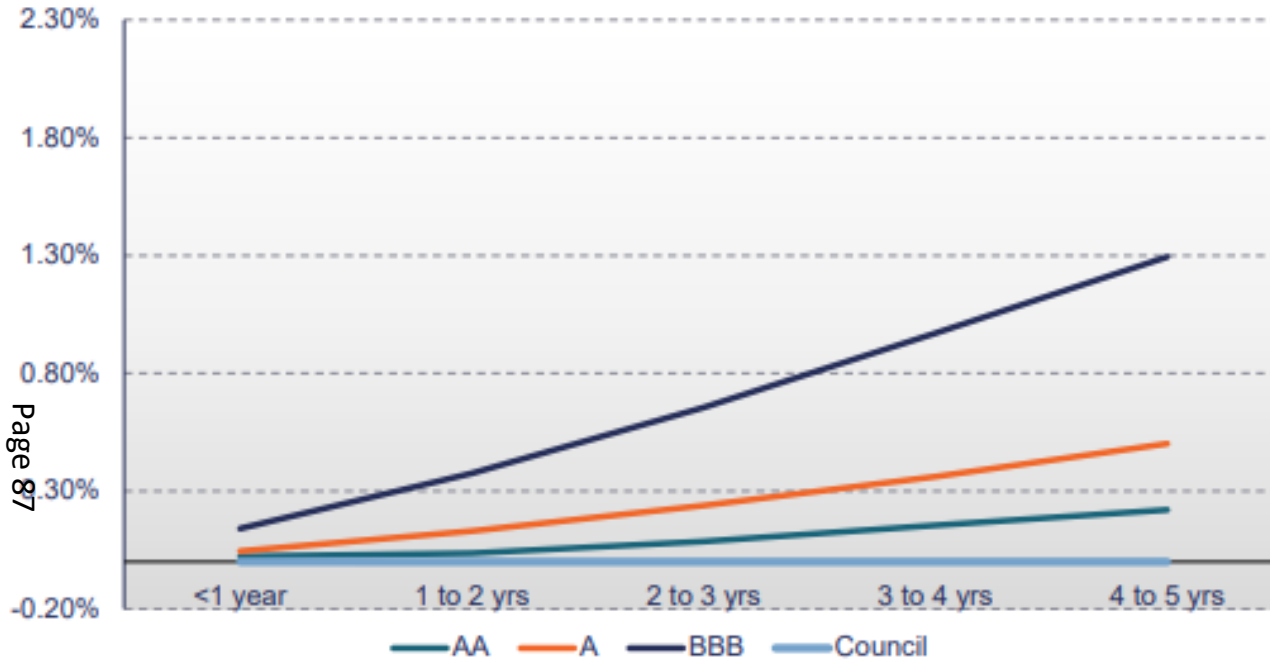
WAM = Weighted Average Time to Maturity

	% of Colour		Amount of		% of Call		Excluding Calls/MMFs/USDBFs			
	% of Portfolio	Amount	In Calls	Colour in Calls	In Portfolio	WARoR	WAM	WAM at Execution	WAM	WAM at Execution
Yellow	86.20%	£7,000,000	0.00%	£0	0.00%	5.17%	2	3	2	3
Pink1	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Pink2	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Purple	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Blue	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Orange	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Red	13.80%	£1,120,201	100.00%	£1,120,201	13.80%	0.01%	0	0	0	0
Green	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
No Colour	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Total	100.00%	£8,120,201	13.80%	£1,120,201	13.80%	4.46%	2	3	2	3

Watford Borough Council

Investment Risk and Rating Exposure

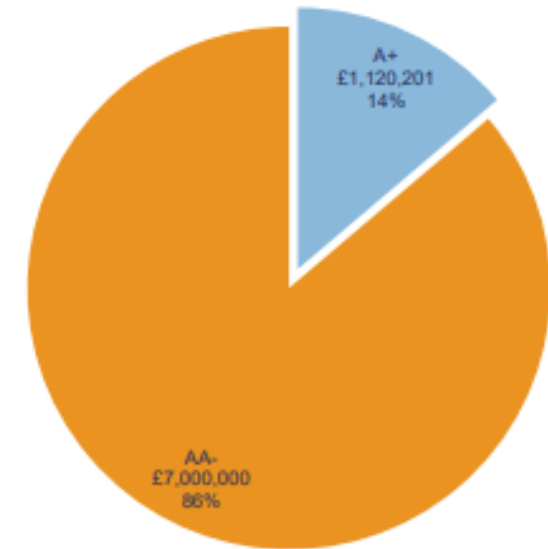
Investment Risk Vs. Rating Categories



Historic Risk of Default

Rating/Years	<1 year	1 to 2 yrs	2 to 3 yrs	3 to 4 yrs	4 to 5 yrs
AA	0.02%	0.04%	0.09%	0.16%	0.22%
A	0.05%	0.13%	0.24%	0.36%	0.50%
BBB	0.14%	0.38%	0.65%	0.97%	1.29%
Council	0.00%	0.00%	0.00%	0.00%	0.00%

Rating Exposure



Historic Risk of Default

This is a proxy for the average % risk for each investment based on over 30 years of data provided by Fitch, Moody's and S&P. It simply provides a calculation of the possibility of average default against the historical default rates, adjusted for the time period within each year according to the maturity of the investment.

Chart Relative Risk

This is the authority's risk weightings compared to the average % risk of default for "AA", "A" and "BBB" rated investments.

Rating Exposures

This pie chart provides a clear view of your investment exposures to particular ratings.

Note: An historic risk of default is only provided if a counterparty has a counterparty credit rating and is not provided for an MMF or USDBF, for which the rating agencies provide a fund rating. The portfolio's historic risk of default therefore measures the historic risk of default attached only to those investments for which a counterparty has a counterparty credit rating and also does not include investments which are not rated.

Agenda Item 7

Part A

Report to: Audit Committee

Date of meeting: Thursday, 23 November 2023

Report author: Chief Finance Officer

Title: Draft Treasury Management Strategy 2024/25

1.0 Summary

1.1 This report sets out the draft Treasury Management Strategy Statement (TMSS) for 2024/25. The final TMSS will be considered by Council on 30 January 2024 alongside the Budget for 2024/25, Medium Term Financial Strategy and Capital Investment Strategy.

1.2 The report is presented to the Audit Committee as the body delegated by Council to undertake the role of scrutiny of treasury management strategy and policies.

2.0 Risks

2.1

Nature of risk	Consequence	Suggested Control Measures	Response (treat, tolerate, terminate or transfer)	Risk Rating (combination of severity and likelihood)
Treasury Management Risks are not adequately managed	The function fails to provide security of its cash and / or sufficient liquidity to meet current obligations	The Treasury Management function applies the Treasury Management Strategy Statement and monitors performance against it. The Treasury Management Strategy Statement will reflect the latest requirements for the CIPFA Treasury Management Code of Practice and applies best practice	Treat	4

3.0 **Recommendations**

3.1 The Committee is asked to recommend to council the draft Treasury Management Strategy Statement 2024/25.

Further information:

Hannah Doney

hannah.doney@watford.gov.uk

Report approved by: Hannah Doney, Chief Finance Officer

4.0 **Detailed proposal**

4.1 The Treasury Management Strategy Statement (TMSS) supports the delivery of the Council's Capital Strategy and provides additional detail on how the Council manages its Treasury Management Activity.

4.2 The TMSS details the policies, practices, objectives and approaches to risk management of its treasury management activities, which is to be monitored by the Audit Committee. The primary objectives are of the TMSS are:

- Security - Safeguard the repayment of the principal and interest of its investments on time
- Liquidity - Ensure adequate liquidity to meet obligations as they fall due
- Yield - Investment return is the final objective and is considered after security and liquidity requirement have been satisfied.

4.3 This statement is reviewed and approved annually by Council alongside the Council's budget, Medium Term Financial Strategy (MTFS) and Capital Strategy.

4.4 The Chief Finance Officer in consultation with the Portfolio Holder Resources has delegated authority to approve any variation to the Treasury Management Strategy Statement during the year with the objective of maximising the Council's returns without significantly increasing risk.

4.5 The Audit Committee is designated as the Committee to receive reports on the performance of the Treasury Management function. The Committee currently receives two reports per year: the Mid Term Review and Annual Performance Report. As the committee responsible for monitoring the performance of the function, the Committee is also asked to comment on the TMSS prior to its consideration and approval by Council. The draft TMSS is at Appendix 1.

4.6 The draft TMSS has been prepared in accordance with the Treasury Management Code of Practice which is statutory guidance prepared by the Chartered Institute of Public Finance and Accountancy (CIPFA).

4.7 The principles of effective treasury management and primary objectives remain the same as in previous years. There are limited changes proposed to the TMSS for 2024/25 however, a new Policy on Environment, Social and Governance (ESG) considerations is included at section 14 of the strategy.

4.8 In addition, the use of the external fund managers has been updated to reflect the plan to divest from the Royal London Asset Management Pooled Funds by 31 March 2025 to reduce the Council's exposure to Price risk, Refinancing Risk and high interest rates on external borrowing by utilising the cash for internal borrowing. Further information on this is set out in the Treasury Management Mid Term Review 2023/24 elsewhere on the agenda.

5.0 **Implications**

5.1 **Financial**

5.1.1 The Chief Finance Officer comments that there are no implications arising directly from this report.

5.2 **Legal Issues** (Monitoring Officer)

5.2.1 There are no legal issues arising from this report.

5.3 **Equalities, Human Rights and Data Protection**

5.3.1 Under s149 (1) of the Equality Act the council must have due regard, in the exercise of its functions, to the need to –

- eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Act
- advance equality of opportunity between persons who share relevant protected characteristics and persons who do not share them
- foster good relations between persons who share relevant protected characteristics and persons who do not share them.

Having had regard to the council's obligations under s149, it is considered that there are no issues arising from this report.

5.4 **Staffing**

5.4.1 There are no staffing issues arising from this report.

5.5 **Accommodation**

5.5.1 There are no accommodation issues arising from this report.

5.6 **Community Safety/Crime and Disorder**

5.6.1 There are no community safety issues arising from this report.

5.7 **Sustainability**

5.7.1 There are no sustainability issues arising from this report.

Appendices

- Appendix 1 – Draft Treasury Management Strategy Statement 2024/25

Background papers

- Treasury Management Mid Term Review 2023/24

Treasury Management Strategy Statement 2023/24



1. Overview

- 1.1. This document sets out the Council's Treasury Management Strategy Statement. The Strategy has been developed with reference to and is compliant with the Code of Practice for Treasury Management in the public services (2021 edition) published by The Chartered Institute of Public Finance and Accountancy (CIPFA).
- 1.2. This Council defines treasury management as: "the management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks".
- 1.3. The Treasury Management Strategy Statement supports the delivery of the Council's Capital Strategy and provides additional detail on how the Council manages its Treasury Management Activity.
- 1.4. The Treasury Management Strategy Statement details the policies, practices, objectives and approaches to risk management of its treasury management activities, which is to be monitored by the Audit Committee. The primary objectives are of the Treasury Management Strategy Statement are:
 - Security - Safeguard the repayment of the principal and interest of its investments on time
 - Liquidity - Ensure adequate liquidity to meet obligations as they fall due
 - Yield - Investment return is the final objective and is considered after security and liquidity requirement have been satisfied.
- 1.5. This statement is reviewed and approved annually by Council alongside the Council's budget, Medium Term Financial Strategy (MTFS) and Capital Strategy.
- 1.6. This organisation regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation and any financial instruments entered into to manage these risks.
- 1.7. This organisation acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable, comprehensive performance measurement techniques within the context of effective risk management.
- 1.8. The Chief Finance Officer in consultation with the Portfolio Holder Resources has delegated authority to approve any variation to the Treasury Management Strategy Statement during the year with the objective of maximising the Council's returns without significantly increasing risk.

2. Risks

2.1 The key Treasury Management risks are set out in the CIPFA Treasury Management Code of Practice (the “TM Code”). The following paragraphs set out these risks and how they are managed:

Credit and Counterparty Risk - The risk of failure by a counterparty to meet its contractual obligations to the organisation under an investment, borrowing, derivative instrument, or capital, project or partnership financing, particularly as a result of the counterparty’s diminished creditworthiness, and the resulting detrimental effect on the organisation’s capital or current (revenue) resources.

This risk is managed through the maintenance of a list of authorised counterparties, with separate limits to ensure that the exposure to this risk is limited.

Liquidity Risk - The risk that cash will not be available when it is needed, that ineffective management of liquidity creates additional unbudgeted costs, compromising the organisation’s business/service objectives.

This risk is managed through forecasting and the retention by the Council of an adequate working capital balance. In addition, through the Public Works Loan Board and other organisations, the Council is able to access short term borrowing, usually within 24 hours.

Interest Rate Risk - The risk that fluctuations in the levels of interest rates create an unexpected or unbudgeted burden on the organisation’s finances against which the organisation has failed to adequately protect itself.

This risk is managed through the placing of different types and maturities of investments, within limits set for the amount of borrowing which may mature in a given time-period, the forecasting and monitoring of the interest budget (with assistance from the Council’s retained advisors).

Exchange Rate Risk - The risk that fluctuations in foreign exchange rates create an unexpected or unbudgeted burden on the organisation’s finances against which the organisation has failed to adequately protect itself.

The Council does not engage in any significant non-sterling transactions.

Inflation – also called purchasing power risk, is the chance that the cash flows from treasury instruments (such as investments) won’t be worth as much in the future because of changes in purchasing power due to inflation.

The Council priorities security and liquidity over yield but where possible investment returns will aim to match inflation to preserve the capital value.

Refinancing Risk - The risk that maturing borrowings, capital, project or partnership financings cannot be refinanced on terms that reflect the provisions made by the organisation for those refinancings, both capital and current (revenue), and/or that the terms are inconsistent with prevailing market conditions at the time.

The timing of loan maturities is monitored along with interest rate forecasts. Officers ensure that due dates are monitored and seek advice from the Council’s advisors about when to raise any finance needed.

Legal and Regulatory Risk - The risk that the organisation itself, or an organisation with which it is dealing in its treasury management activities, fails to act in accordance with

its legal powers or regulatory requirements and that the organisation suffers losses accordingly.

This risk is managed through the Council’s training and development of Officers involved in Treasury Management, the independent oversight of Internal and External Audit, and the advice (for example on the contents of this strategy) taken from the Council’s Treasury advisors.

Operational Risk, including Fraud, Error and Corruption - The risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events. This includes the risk of fraud, error, corruption or other eventualities in treasury management dealings.

This is managed through the controls in the Council’s financial procedures. For example, the segregation of duties between those making investment decisions and those transferring funds.

Price / Market Risk - The risk that through adverse market fluctuations in the value of the principal sums an organisation borrows and invests, its stated treasury management policies and objectives are compromised, against which effects it has failed to adequately protect itself.

The majority of the Council’s investments are not traded, but where they are (e.g. Property investment portfolio) the main investments’ value comes from the income they generate which is generally long term and secure.

3. Treasury Indicators: Limits to Borrowing Activity

3.1 There are two limits on external debt: the ‘Operational Boundary’ and the ‘Authorised Limit’. Both are consistent with existing plans and the proposals in the budget report for capital expenditure and financing, and with approved treasury management policy statement and practices. These indicators are set out in the Capital Strategy.

3.2 The key difference is that the Authorised Limit cannot be breached without prior approval of the Council. The Operational Boundary is a more realistic indicator of the likely position. The difference between the authorised limit and operational boundary for borrowing is that the authorised limit includes a head room for borrowing for future known capital needs now. The Authorised Limit represents the limit beyond which borrowing is prohibited, and needs to be revised if necessary by members.

3.3 In addition to the limits controlling the total amount of borrowing, further limits are in place to control the Council’s exposure to interest rate risk on refinancing. These limits are set out in the following table:

Maturity Structure of Borrowing		
	Lower	Upper
Under 12 months	0%	100%
12 months to 2 years	0%	100%
2 years to 5 years	0%	100%
5 years to 10 years	0%	50%
10 years to 20 years	0%	50%
20 years to 30 years	0%	50%
30 years to 40 years	0%	50%
40 years to 50 years	0%	50%

3.4 These limits range between 0% and 100% for loans out to 5 years where there is some degree of accuracy with the forecasts for interest rates. Then for the longer term, loans are limited to 50% of the overall borrowing portfolio maturing in each of the given timeframes. The 50% maximum limit protects the Council from being exposed to high levels of refinancing when interest rates may be substantially higher than they are now.

4. Borrowing Strategy

4.1 The Council's treasury team maintains a cashflow forecast and works its liquidity requirements within this forecast; it may, on rare occasions, be necessary to borrow short-term for cashflow purposes. This will be in the form of short term debt or overdraft facilities and is normally for small amounts for minimum durations. As this is based on need and has a defined repayment period it is not normally included within the limits set above.

4.2 The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated (i.e. the cost of holding does not outweigh the benefits of early borrowing) and that the Council can ensure the security of such funds. Any associated risks will be approved and reported through the standard reporting method.

4.3 The Council's level of external borrowing is expected to fall in the first year of the MTFS and then increase across the remaining period of the MTFS. The Council will divest from investment in three pooled investment funds. This cash will be utilised as internal borrowing to remove the need to refinance maturing short term debt or take additional external borrowing for the Capital Investment Programme in 2024/25. This will reduce the Council's exposure to high interest rates in the short term.

4.4 In the longer-term it will be necessary to refinance internal borrowing with external debt as the Council utilises its revenue and capital earmarked reserves for their intended purposes.

4.5 Officers will monitor interest rate forecasts, and in conjunction with Treasury Management advisors determine the optimum timing and amount of future borrowing.

5. Annual Investment Strategy

5.1 The Council's investment strategy has regard to the Statutory Guidance on Local Government Investments and the TM Code. The Council's investment priorities are security first, liquidity second, then yield.

5.2 Investment instruments identified for use in the financial year and counter-party limits are listed in Annex A under the 'Specified' and 'Non-Specified' Investments categories.

5.3 As part of its diversification of investments, the Council has invested some of its core funds (i.e. funds not immediately required for cashflow reasons) in longer-term

investment property instruments. These are in the form of individual assets directly owned by the council. All property investments are controlled through the Property Investment Board (PIB).

- 5.4 As the Council has an ongoing Capital Financing Requirement, consideration will be given to the sale of investment property as an alternative to external borrowing. The Council will take advice from the Council's appointed property advisors, Lambert Smith Hampton Investment Management (LSHIM). Decisions to divest will take into account property portfolio management best practices and the long term benefits and risks of holding the assets.
- 5.5 Although the Council has no current investments or plans to invest in pooled property funds, these are permitted under the policy and are an option that could be considered in the future if the Council had a long term cash surplus or an alternative to direct property holdings.
- 5.6 The Council will divest from the Royal London Asset Management Pooled Funds by 31 March 2025 to reduce the Council's exposure to Price risk, Refinancing Risk and high interest rates on external borrowing by utilising the cash for internal borrowing.
- 5.7 The 31 March 2025 target coincides with the end of the statutory override which protects authorities from having to recognise change in the fair value of investments (movements in market price) in the Council's budget. From 1 April 2025, gains and losses will need to be recognised in the Council's general fund. Although in the long term funds are expected to grow in value, the volatile nature of the bond and equity markets mean that there can be significant movements in value from year to year.

6. Creditworthiness policy

6.1 The Council will ensure:

- It maintains a policy covering both the categories of investment types it will invest in and the criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the Specified and Non-Specified investment schedule at Annex A.
- It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.

6.2 The Chief Finance Officer will maintain a counterparty list in compliance with the following criteria in section 7. The criteria will be reviewed regularly and proposed changes will be submitted to Council for approval as necessary in order to provide an overall pool of counterparties considered high quality.

6.3 Credit rating information is supplied by our treasury consultants on all active counterparties that comply with the Council's criteria. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating watches (notification of a likely change), rating outlooks (notification of a

possible longer term change) are provided to officers almost immediately after they occur and this information is considered before dealing.

7. Counterparty Categories

7.1 The Council uses the following criteria in choosing the categories of institutions in which to invest:

- **Banks 1 - Good Credit Quality**
The Council will only use UK banks or foreign banks trading in the UK in sterling denomination and which meet the Rating criteria.
- **Banks 2 – The Council’s Own Banker**
For transactional purposes, if the bank falls below the above criteria, it will be included, although in this case balances will be minimised as far as possible in both monetary size and time within operational constraints.
- **Bank Subsidiary and Treasury Operations**
The Council will use these where the parent bank has the necessary ratings outlined above and the parent has provided an indemnity guarantee.
- **Building Societies**
The Council will use all Societies which meet the ratings for banks outlined above.
- **Specific Public Bodies**
The Council may lend to Public Bodies other than Local Authorities. The criterion for lending to these bodies is that the loan has been approved by Council.
- **Money Market Funds AAA Rated**
The Council may lend to Money Market Funds in order to spread its investment risk.
- **Local Authorities**
A limit of £5m per authority will be applied.
- **Debt Management Deposit Account Facility**
A Government body which accepts local authority deposits.
- **Council Subsidiaries (non-specified)**
The Council will lend to its subsidiaries subject to approval of a business case by the Chief Finance Officer in consultation with the Portfolio Holder for Resources. Business cases must be accompanied by an independent assessment of viability, and be subjected to regular monitoring by the Chief Finance Officer.

7.2 The Council will also consider investment in property in accordance with its Property Investment Strategy. All property investments will be dependent on a standalone business case being proven. Further details of counterparty categories and limits are set out Annex A Schedule of Specified and Non-Specified Investments.

8. The Monitoring of Investment Counterparties

8.1 The credit rating of counterparties is monitored regularly. The main rating agencies (Fitch, Moody’s and Standard & Poor’s) provide credit ratings for financial institutions. The Council receives credit rating information (changes, rating watches

and rating outlooks) from Link Asset Services as and when ratings change, and counterparties are checked promptly. The Council considers minimum short term ratings as key criteria in the choice of creditworthy investment counterparties; F1+, P-1 and A-1+ are the highest short term credit ratings of Fitch, Moody's and Standard & Poor's respectively. Minimum Short Term Ratings, where given, must be met for all categories. On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately by the Chief Finance Officer, and if required new counterparties which meet the criteria will be added to the list.

- 8.2 For non-specified investments the progress of the entity against the approved, independently verified business case will be monitored by the Chief Finance Officer.

9. Use of Additional Information Other Than Credit Ratings

- 9.1 Additional requirements under the TM Code require the Council to supplement credit rating information. Whilst the above criteria rely primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties. This additional market information (for example Credit Default Swaps, negative rating watches/outlooks) will be applied to compare the relative security of differing investment counterparties.

10. Time and Monetary Limits Applying to Investments

- 10.1 The time and monetary limits for institutions on the Council's Counterparty List summarised in the table below at paragraph 11.2, are driven by the criteria set out in sections 7 and 8. These limits will cover both Specified and Non-Specified Investments.

11. Exceptional Circumstances

- 11.1 The criteria for choosing counterparties set out above provide a sound approach to investment in "normal" market circumstances. Whilst Members are asked to approve this base criteria above, under the exceptional current market conditions Chief Finance Officer may temporarily restrict further investment activity to those counterparties considered of higher credit quality than the minimum criteria set out for approval. These restrictions will remain in place until the banking system returns to "normal" conditions. Similarly, the time periods for investments will be restricted.
- 11.2 Examples of these restrictions would be the greater use of the Debt Management Office Account Deposit Facility (DMADF) – a Government body which accepts local authority deposits - money Market Funds, and strongly rated institutions. The credit criteria have been amended to reflect these facilities.

12. Investment Strategy

- 12.1 In-House Funds - investments will be made with reference to the core balance and cashflow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

- 12.2 Investment Treasury Indicator and Limit - total principal funds invested for greater than one year. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end. The table below provides details of these limits.

Treasury Indicator & Limit	2023/24	2024/25	2025/26	2026/27
Maximum amount invested for periods over one year (Property investment and loans to Council subsidiaries).	£5m	£20m	£20m	£20m

13. Investment Risk & Security Benchmarking

- 13.1 The Council sets benchmarks for security, liquidity and yield. These benchmarks are simple guides to maximum risk and so may be breached from time to time, depending on movements in interest rates and counterparty criteria. The purpose of the benchmarks is that officers will monitor the current and trend position and amend the operational strategy to manage risk as conditions change. Any breach of the benchmarks will be reported, with supporting reasons in the Mid-Year or Annual Report. The benchmarks are as follows:

Security:

Security of the investments is measured by credit ratings, which is supplied by the three main credit rating agencies (Fitch, Moodys and Standard & Poors). Where investments are made to Council subsidiaries (non-listed), the security is measured through a business case with independent viability assessment.

Liquidity:

The Council sets the following liquidity facilities/benchmarks to maintain:

- Authorised bank overdraft - nil.
- Liquid short term deposits of at least £1.0m available with a week's notice.

The Council has the benefit of instant access to its funds on the general account with Lloyds.

Yield:

The Council benchmarks the yield on its operational cash against SONIA (the Sterling Overnight Index Average). This is a measure of market rates for actual returns on overnight cash deposits. Performance against this indicator is monitored throughout the year.

14. Policy on Environment, Social and Governance (ESG) considerations

- 14.1 This Council is supportive of the Principles for Responsible Investment (www.unpri.org) and will seek to bring ESG (environmental, social and governance) factors into the decision-making process for investments. Within this, the Council is also appreciative

of the Statement on ESG in Credit Risk and Ratings which commits signatories to incorporating ESG into credit ratings and analysis in a systemic and transparent way. The Council uses ratings from Fitch, Moody's and Standard & Poor's to support its assessment of suitable counterparties. Each of these rating agencies is a signatory to the ESG in credit risk and ratings statement, which is as follows:

"We, the undersigned, recognise that environmental, social and governance (ESG) factors can affect borrowers' cash flows and the likelihood that they will default on their debt obligations. ESG factors are therefore important elements in assessing the creditworthiness of borrowers. For corporates, concerns such as stranded assets linked to climate change, labour relations challenges or lack of transparency around accounting practices can cause unexpected losses, expenditure, inefficiencies, litigation, regulatory pressure and reputational impacts.

At a sovereign level, risks related to, inter alia, natural resource management, public health standards and corruption can all affect tax revenues, trade balance and foreign investment. The same is true for local governments and special purpose vehicles issuing project bonds. Such events can result in bond price volatility and increase the risk of defaults.

In order to more fully address major market and idiosyncratic risk in debt capital markets, underwriters, credit rating agencies and investors should consider the potential financial materiality of ESG factors in a strategic and systematic way. Transparency on which ESG factors are considered, how these are integrated, and the extent to which they are deemed material in credit assessments will enable better alignment of key stakeholders.

In doing this the stakeholders should recognise that credit ratings reflect exclusively an assessment of an issuer's creditworthiness. Credit rating agencies must be allowed to maintain full independence in determining which criteria may be material to their ratings. While issuer ESG analysis may be considered an important part of a credit rating, the two assessments should not be confused or seen as interchangeable.

With this in mind, we share a common vision to enhance systematic and transparent consideration of ESG factors in the assessment of creditworthiness."

14.2 The assessment of creditworthiness undertaken by Fitch, Moody's and Standard & Poor's includes analysis of the following ESG factors when assigning ratings:

- **Environmental:** Emissions and air quality, energy and waste management, waste and hazardous material, exposure to environmental impact.
- **Social:** Human rights, community relations, customer welfare, labour relations, employee wellbeing, exposure to social impacts.
- **Governance:** Management structure, governance structure, group structure, financial transparency.

- 14.3 The Council will continue to evaluate additional ESG-related metrics and assessment processes that it could incorporate into its investment process and will update accordingly.
- 14.4 The Council does not invest directly in company bonds or equity. However, the Council is exposed to these investment instruments through the use of externally managed pooled investment funds.
- 14.5 This Council will not invest in pooled funds that invest in companies whose core activities pose a risk of serious harm to individuals or groups, or whose activities are inconsistent with the Council's mission and values e.g.:
- a. Human rights abuse (e.g., slave or child labour, political oppression)
 - b. Activities that damage the environment by extraction of fossil fuels, destruction of habitat, or creation of pollutants
 - c. Socially harmful activities (e.g., tobacco, gambling)
 - d. Manufacture of weapons

15. Reporting Requirements

- 15.1 The Audit Committee has the responsibility for the scrutiny of Treasury Management policies and practices and receives the Treasury Management Strategy Statement for review prior to approval by Council.
- 15.2 An annual report on the performance of the Treasury Management function, including the effects of the decisions taken and the transactions executed in the past year, and on any circumstances of non-compliance with the organisation's treasury management Strategy Statement is considered by Council following the end of the financial year.
- 15.3 Council also receives a Mid-Year Treasury Management Report setting out activity to 30 September.

16. Policy on the Use of External Service Providers

- 16.1 The contract for external treasury management advisors is carried out by Link Asset Services. The Council recognises that responsibility for treasury management decisions remains with the Council at all times and will ensure that undue reliance is not placed upon our external service providers. It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.
- 16.2 The Council will also, from time to time, procure specialist advice for ad-hoc pieces of work; this will be procured in accordance with the Council's normal procedure rules.

17. Member and Officer Training

17.1 In order to ensure that Members and Officers are sufficiently trained and qualified to monitor and manage the Council's Treasury Management activity, the following measures are in place:

- Ensuring that officers attend suitable courses and seminars to keep their technical knowledge up to date;
- Keeping up to date with CIPFA publications on Treasury Management.
- Regular briefings both by email and face to face with the Council's Treasury advisors;
- Reports and briefing sessions to Members on major changes to Treasury policies and strategies.

Schedule of Specified and Non-Specified Investments

Specified Investments

These investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the Council has the right to be repaid within 12 months if it wishes. These are considered low risk assets where the possibility of loss of principal or investment income is small. These would include sterling investments with:

- The UK Government (such as the Debt Management Account deposit facility, UK Treasury Bills or a Gilt with less than one year to maturity).
- A local authority, parish council or community council.
- A body that is considered of a high credit quality (such as a bank or building society) with a minimum short term rating of F-1 (or the equivalent) as rated by Standard and Poor's, Moody's or Fitch rating agencies or a Building Society with assets over £1,000m. Non rated Building Societies are non-specified investments.
- Money Market Funds (triple AAA rated only).

Within these bodies, and in accordance with the TM Code, the Council has set additional criteria to set the time and amount of monies which will be invested in these bodies. These criteria are defined in the Treasury Management Strategy.

The ratings criteria and exposure limits are detailed at Schedule 1.

Non-Specified Investments

Non-specified investments are any other type of investment (i.e. not defined as Specified above). The identification and rationale supporting the selection of these other investments and the maximum limits to be applied are set out on the following page.

Non Specified Investment Category	Limit (£ or %)
<p>Any bank or building society that has a minimum long term credit rating of A (or equivalent), for deposits with a maturity of greater than one year (including forward deals in excess of one year from inception to repayment).</p>	£5m
<p>The Council's own banker if it fails to meet the basic credit criteria.</p>	In this instance balances will be minimised as much as possible
<p>Building Societies not meeting the basic security requirements under the specified investments.</p> <p>The operation of some building societies does not require a credit rating, although in every other respect the security of the society would match similarly sized societies with ratings. The Council may use such building societies which were originally considered Eligible Institutions and have a minimum asset size of £5,000m, but will restrict these types of investments to £2m for up to six months.</p>	£2m
<p>Specific Public Bodies</p> <p>The Council can seek Member approval to make loans to other public bodies for periods of more than one year.</p>	£10m
<p>Loans to Council Subsidiaries</p> <p>The Council will lend to its subsidiaries subject to approval of a business case by the Chief Finance Officer in consultation with the Portfolio Holder (Resources). Business cases must be accompanied by an independent assessment of viability, and be subjected to regular monitoring by the Chief Finance Officer.</p>	£10m limit for any single loan
<p>Money Market Funds</p> <p>Appointed through competitive process for the investment of the Croxley Park Reserve</p>	£100m
<p>Other unspecified investments</p> <p>The strategy allows the Chief Finance Officer, in consultation with the Portfolio Holder (Resources), the delegated authority to approve any variation to the Treasury Management Strategy during the year which may be brought about by investigating the opportunity to invest for greater than one year and also to invest in other investment instruments i.e Government bonds, Gilts and investment property with a view of to maximising the Council's returns without significantly increasing risk. This allows the addition of further unspecified investments, subject to conditions which will be generally similar to (e).</p>	£10m

		Minimum Short Term Ratings		Schedule 1 (A) – UK BANKS			
Institution	Fitch	Moody's	S&P				
The Council's own Bankers	F1m	P-1	A-1	If Council's own bankers fall below the minimum long term criteria for UK banks, cash balances will be managed within operational liquidity constraints and balances will be minimised as much as possible.			
Wholly Owned Subsidiaries of UK Clearing Banks Parent Ratings	F1	P-1	A-1	Long Term Credit Rating: AA(F), Aa2(M), AA(S&P)	Long Term Credit Rating: Single A (All agencies)	Long Term Crediting Rating: Lower than A (All Agencies)	Long Term Crediting Rating: Lower than A
Partially Owned Subsidiaries of UK Clearing Banks Parent Ratings	F1	P-1	A-1	Long Term credit Rating: AA(F), Aa2(M), AA(S&P)	Long Term Crediting Rating: Single A (All agencies)	Long Term Credit Rating: Lower than A (All Agencies)	Long Term Credit Rating: Lower than A
		Max Amount / Length:		£10m 364 Days	£10m 6 Months	£10m 3 Months	£10m 1 Month

Institution	Minimum Short Term Ratings			Schedule 1 (B) – Building Societies			
	Fitch	Moody's	S&P				
Building Societies – By Credit Rating	F1	P-1	A-1	Long Term Credit Rating: AA(F), Aa2(M), AA(S&P)	Long Term Credit Rating: Single A (all agencies)	Long Term CreditRating: Lower than A (All Agencies)	Long Term Crediting Rating: Lower than A
Building Societies – by Total Assets				Assets over £15bn	Assets over £5bn	Assets of £2.5bn	Assets of £1bn
	Max Amount / Length:			£10m 364 Days	£10m 6 Months	£10m 3 Months	£10m 1 Month

Schedule 1 (C) – Other Entities	
1. Specific Public Bodies	As approved by Members – up to £10m for up to 10 years
2. Debt Management Deposit Facility (UK Government)	Unlimited – this is the Council’s Safe-Haven Deposit facility with the UK Government
3. Money Market Funds (Fixed NAV) (AAA Rated)	£5m per fund
4. Municipal Bond Agency	As approved by Members
5. UK Local Authorities	<p>A Maximum of £5m Applies per Authority.</p> <p>The Council can invest in all UK Local Authorities whether rated or not.</p> <p>The Council will not lend to an authority which is subject to a s.114 notice <i>without member approval</i>.</p>

Notes:-

1. F1+, P-1 and A-1+ are the highest short term credit ratings of Fitch, Moody's and Standard and Poor's respectively.
2. Minimum Short Term Ratings - Where given, these must be met, for all categories (except RBS Group).
3. Building Societies - A Building Society has to meet either the ratings criteria or the assets criterion to be included in the category, not both.
4. Maximum amount is the maximum, in total, over all investments, with any one institution (with the exception of RBS Group).



Watford Borough Council

Page 109

External audit plan

Year ended 31 March 2024

November 2023



Agenda Item 8

Your key team members

Paul Grady

Key Audit Partner

Paul.grady@azets.co.uk

Reshma Ravikumar

Manager

Reshma.Ravikumar@azets.co.uk

Thinga Mutati

In-Charge auditor

Thinga.mutati@azets.co.uk

Contents

Introduction	3
Audit scope and general approach	5
Significant and other risks of material misstatement	9
Our approach to Value for Money	15
Audit team and timetable	17
Audit independence and objectivity and other services provided	18
Fees	19
Appendices	
Appendix I: Materiality	20
Appendix II: Group audit scope and risk assessment	21

Introduction

Adding value through the audit

All our clients demand of us a positive contribution to meeting their ever-changing business needs. Our aim is to add value to the Council through our external audit work by being constructive and forward looking, by identifying areas of improvement and by recommending and encouraging good practice. In this way, we aim to help the Council promote improved standards of governance, better management and decision making and more effective use of resources.

Purpose

This audit plan highlights the key elements of our proposed audit strategy and provides an overview of the planned scope and timing of the statutory external audit of Watford Borough Council ('the Council') for the year ended 31 March 2024 for those charged with governance.

The core elements of our work include:

- An audit of the 2023/24 Statement of Accounts for the Council and its Group; and
- An assessment of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources (our Value for Money work).

We will conduct our audit in accordance with International Standards on Auditing (ISAs) (UK), the Local Audit and Accountability Act 2014 (the 'Act'), and the National Audit Office Code of Audit Practice. The Code of Audit Practice sets out what local auditors of relevant local public bodies are required to do to fulfil their statutory responsibilities under the Act.

Auditor responsibilities

As auditor we are responsible for performing an audit, in accordance with the Local Audit and Accountability Act 2014, the Code of Audit Practice issued by the National Audit Office and ISAs UK. Our primary responsibility is to form and express an independent opinion on the Council's and its Group's financial statements, stating whether they provide a true and fair view and have been prepared properly in accordance with applicable law and the CIPFA Code of Practice on Local Authority Accounting in the UK (the 'CIPFA Code').

We are also required to:

- Report on whether the other information included in the Statement of Accounts (including the Narrative Report and Annual Governance Statement) is consistent with the financial statements;
- Report by exception if the disclosures in the Annual Governance Statement are incomplete or if the Annual Governance Statement is misleading or inconsistent with our knowledge acquired during the audit;
- Report by exception any significant weaknesses identified in arrangements for securing value for money and a summary of associated recommendations;
- Report by exception on the use of our other statutory powers and duties; and
- Certify completion of our audit.

continued..... 3

Introduction

We will conduct our audit in accordance with International Standards on Auditing (ISAs) (UK), the Local Audit and Accountability Act 2014 (the 'Act'), and the National Audit Office Code of Audit Practice. The Code of Audit Practice sets out what local auditors of relevant local public bodies are required to do to fulfil their statutory responsibilities under the Act.

This planning letter has been prepared for the sole use of those charged with governance and management and should not be relied upon by third parties. No responsibility is assumed by Azets Audit Services to third parties.

Auditor responsibilities (*....continued*)

We will issue our Audit Findings Report and an Auditors Annual Report to the Audit Committee setting out the findings from our work.

Under the Act we have a broad range of reporting responsibilities and powers that are unique to the audit of local authorities in the United Kingdom. These include:

- Reporting matters in the public interest;
- Making written recommendations to the Council;
- Making an application to the court for a declaration that an item of account is contrary to law;
- Issuing and advisory notice; or
- Making an application for judicial review.

The Act also requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Council and consider any objection made to the accounts.

On completion of our audit work, we will issue an Audit Findings Report (prior to the approval of the financial statements), detailing our significant findings and other matters arising from the audit on the financial statements, together with an Auditor's Annual Report including our commentary on the value for money arrangements.

If, during the course of the audit, we identify any significant adverse or unexpected findings that we conclude should be communicated, we will do so on a timely basis, either informally or in writing.

The audit does not relieve management or the Audit Committee of your responsibilities, including those in relation to the preparation of the financial statements.

Council responsibilities

The Council has responsibility for:

- Preparing financial statements which give a true and fair view, in accordance with the applicable financial reporting framework and relevant legislation;
- Preparing and publishing, along with the financial statements, an annual governance statement and narrative report;
- Maintaining proper accounting records and preparing working papers to an acceptable professional standard that support its financial statements and related reports disclosures; and
- Ensuring the proper financial stewardship of public funds, complying with relevant legislation and establishing effective arrangements for governance, propriety and regularity.

Audit scope and general approach

This section of our letter sets out the scope and nature of our audit and should be considered in conjunction with the [Terms of Appointment](#) and [Statement of Responsibilities](#) issued by Public Sector Audit Appointments Limited (PSAA).

General approach

Our objective when performing an audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement and to issue an auditor's report that includes our auditor's opinion.

As part of our risk-based audit approach, we will:

- Perform risk assessment procedures including updating our understanding of the Council and its Group, including its environment, the financial reporting framework and its system of internal control;
- Review the design and implementation of key internal controls;
- Identify and assess the risks of material misstatement, whether due to fraud or error, at the financial statement level and the assertion level for classes of transaction, account balances and disclosures;

- Design and perform audit procedures responsive to those risks, to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion; and
- Exercise professional judgment and maintain professional scepticism throughout the audit recognising that circumstances may exist that cause the financial statements to be materially misstated.

We will undertake a variety of audit procedures designed to provide us with sufficient evidence to give us reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

We include an explanation in the auditor's report of the extent to which the audit was capable of detecting irregularities, including fraud and respective responsibilities for prevention and detection of fraud.

Audit scope and general approach

Materiality

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements.

Judgments about materiality are made in the light of surrounding circumstances and are affected by our perception of the financial information needs of users of the financial statements, and by the size or nature of a misstatement, or a combination of both. **The basis for our assessment of materiality for the year is set out in Appendix I.**

Any identified errors greater than:

£80,000

will be recorded and discussed with you and, if not adjusted, confirmed as immaterial as part of your letter of representation to us.

Accounting systems and internal controls

The purpose of an audit is to express an opinion on the financial statements. We will follow a substantive testing approach to gain audit assurance rather than relying on tests of controls. As part of our work, we consider certain internal controls relevant to the preparation of the financial statements such that we are able to design appropriate audit procedures. However, this work does not cover all internal controls and is not designed for the purpose of expressing an opinion on the effectiveness of internal controls. If, as part of our consideration of internal controls, we identify significant deficiencies in controls, we will report these to you in writing.

Specialised skill or knowledge required to complete the audit procedures

We will use audit specialists to assist us in our audit work in the following areas:

- The audit of the actuarial assumptions used in the calculation of the defined benefit pension liability/asset; and
- The audit of investment or property valuations, should the need arise during the course of the audit.

We will consult internally with our Technology Risk team for them to support the audit team by assessing the information technology general controls (ITGC) of the following systems:

- General Ledger - eFinancials
- The Active Directory

Audit scope and general approach

Significant changes in the financial reporting framework

There have been no significant changes in the financial reporting framework this year, including the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom (the 'CIPFA Code'). As permitted by the CIPFA Code the council has chosen to defer the implementation of IFRS 16 'Leases' until 2024/25.

Significant changes in the Council's (and Group's) functions or activities

There have been no significant changes to the functions and activities of the Council or its group structure. We have not been made aware of any significant changes in the functions or activities of the other components in the Council's group.

Our group audit scope and risk assessment is set out in Appendix II.

Going concern

Management responsibility

Management is required to make and document an assessment of whether the Council [and group] is a going concern when preparing the financial statements. The review period should cover at least 12 months from the date of approval of the financial statements. Management are also required to make balanced, proportionate and clear disclosures about going concern within the financial statements where material uncertainties exist in order to give a true and fair view.

Going concern

Auditor responsibility

Under ISA (UK) 570, we are required to consider the appropriateness of management's use of the going concern assumption in the preparation of the financial statements and consider whether there are material uncertainties about the Council [and group]'s ability to continue as a going concern that need to be disclosed in the financial statements.

In assessing going concern, we will consider the guidance published in the CIPFA Code and Practice Note 10 (PN10), which focusses on the anticipated future provision of services in the public sector rather than the future existence of the entity itself.

Audit scope and general approach

Related party transactions

ISA 550 requires that the audit process starts with the audited body providing a list of related parties to the auditor, including any entities under common control. During our initial audit planning you have informed us of the individuals and entities that you consider to be related parties. Please advise us of any changes as and when they arise.

Additional procedures for the NAO

The National Audit Office (the 'NAO') issues group audit instructions which set out additional audit requirements. We expect the procedures for this year to be similar to previous years.

The NAO audit team for the WGA request us to undertake specific audit procedures in order to provide them with additional assurance over the amounts recorded in WGA schedules. The extent of these procedures will depend on whether the Council has been selected by the NAO as a sampled component for 2023/24. As at the date of this report, the draft instructions have not yet been issued by the NAO and the NAO have not yet confirmed which entities will be sampled components.

We will seek to comply with the instructions and to report to the NAO in accordance with their requirements once instructions have been issued.

Auditor reporting delays for previous periods and the impact on our audit

Although we are planning to complete your audit for the year ended 31 March 2024 in line with the timetable set out in section 5, so that we can report our initial findings to your Audit Committee in November 2024, please note that we will not be able to fully complete our audit, issue our auditor's report and certify the closure of the audit until your predecessor auditor has completed their audit for the year ended 31 March 2023. Once the 2023 audit has been completed we will need to review the predecessor auditor's audit file to gain assurance over your opening balances as at 1 April 2023, and consider the impact on our audit of any modifications to their auditor's report.

Further, once the 2023 audit, and earlier years has been completed, we will revisit our planning procedures and audit plan to assess whether any additional procedures are required over and above those we have identified in this audit plan. Should additional procedures or changes to the plan be required, we will report these to you. The cost of additional work to revisit planning upon completion of the prior year audits will also be reported to you.

Significant risks of material misstatement

Significant risks are risks that require special audit consideration and include identified risks of material misstatement that:

- Our risk assessment procedures have identified as being close to the upper range of the spectrum of inherent risk due to their nature and a combination of the likelihood and potential magnitude of misstatement; or
- Are required to be treated as significant risks due to requirements of ISAs (UK), for example in relation to management override of internal controls.

Significant risks at the financial statement level

The table below and overleaf summarises significant risks of material misstatement identified at the financial statement level. These risks are considered to have a pervasive impact on the financial statements as a whole and potentially affect many assertions for classes of transaction, account balances and disclosures.

Identified risk	Planned audit procedures
<p>Management override of controls Auditing Standards require auditors to treat management override of controls as a significant risk on all audits. This is because management is in a unique position to perpetrate fraud by manipulating accounting records and overriding controls that otherwise appear to be operating effectively.</p> <p>Although the level of risk of management override of controls will vary from entity to entity, the risk is nevertheless present in all entities.</p> <p>Specific areas of potential risk including manual journals, management estimates and judgements and one-off transactions outside the ordinary course of the business.</p> <p>Risk of material misstatement: Very High</p>	<p>Procedures performed to mitigate risks of material misstatement in this area will include:</p> <ul style="list-style-type: none"> • Documenting our understanding of the journals posting process and evaluating the design effectiveness of management controls over journals; • Analysing the journals listing and determining the criteria for selecting high risk and/or unusual journals; • Testing high risk and/or unusual journals posted during the year and after the draft accounts stage back to supporting documentation for appropriateness, corroboration and to ensure approval has been undertaken in line with the Council's journals policy; • Gaining an understanding of the key accounting estimates and critical judgements made by management. We will also challenge assumptions and consider for reasonableness any indicators of bias which could result in material misstatement due to fraud; and • Evaluating the rationale for any changes in accounting policies, estimate or significant unusual transactions.

Significant risks of material misstatement

Identified risk	Planned audit procedures
<p>Prior year opinion on the financial statements</p> <p>As at the date of writing, you have not been able to obtain an unmodified opinion from your predecessor auditor for the 2022/23 financial year. In addition, the opinions for the financial years 2021/22 and 2020/21 have not yet been issued.</p> <p>There is therefore a risk that issues not yet identified in the open audit years arise in the completion of those audits which may impact the current (2023/24) audit year.</p> <p>There is a further risk that, in the event an ‘audit backstop’ is implemented for 31 March 2024, the prior year period opinions may be qualified by a ‘limitation of scope’ or disclaimed in full.</p> <p>In this eventuality:</p> <ul style="list-style-type: none"> • there may be limited assurance available over the Council’s opening balances, including those balances which involve higher levels of management judgement and more complex estimation techniques (e.g. defined benefit pensions valuations and property, plant and equipment valuations, amongst others). • significant transactions, accounting treatment and management judgements may not have been subject to audit for one or more years – or at all. This may include management judgements and accounting treatment in respect of significant new schemes (such as income strip or major capital initiatives), changes to group structures or other significant accounting treatments which came into effect during the qualified or disclaimed period, going back to 2019/20. <p>The potential absence of prior year assurance raises a significant risk of material misstatement at the financial statements level that may require additional audit procedures.</p> <p>Risk of material misstatement: High</p>	<p>Procedures performed to mitigate risks of material misstatement in this area will include:</p> <ul style="list-style-type: none"> • Considering the findings and outcomes of unfinished prior year audits and their impact on the 2023/24 audit; • Considering the impact on our work of the impact of qualified or disclaimed audit opinions, particularly regarding opening balances and ‘unaudited’ transactions and management judgements made in the previous years which continue into 2023/24; and • Considering the impact of any changes in Code requirements for financial reporting in previous and current audit years

Significant risks of material misstatement

Significant risks at the assertion level for classes of transaction, account balances and disclosures

The table below summarises significant risks of material misstatement at the assertion level for classes of transaction, account balances and disclosures.

Page 119

Identified risk	Planned audit procedures
<p>Fraud in revenue recognition and expenditure (rebutted) Material misstatement due to fraudulent financial reporting relating to revenue recognition is a rebuttable presumed risk in ISA (UK) 240.</p> <p>Having considered the nature of the revenue streams at the Council, we consider that the risk of fraud in revenue recognition can be rebutted on all income streams because:</p> <ul style="list-style-type: none"> • there is little opportunity available to manipulate revenue recognition; • there is limited incentives to manipulate revenue recognition • the Council’s existing income transactions do not provide a significant opportunity to manipulate income between years in any meaningful way or to adopt aggressive recognition policies. <p>We have also considered Practice Note 10, which comments that for certain public bodies, the risk of manipulating expenditure could exceed the risk of the manipulation of revenue. We have therefore also considered the risk of fraud in expenditure at the Council, and we are satisfied that this is not a significant risk for the reasons set out above.</p> <p>Inherent risk of material misstatement:</p> <ul style="list-style-type: none"> • Revenue and expenditure recognition: Low 	<p>Whilst we have rebutted the risk of fraud in income and expenditure, we will perform the below procedures based on their value within the financial statements:</p> <ul style="list-style-type: none"> • Documenting our understanding of the Council’s systems for income and expenditure to identify significant classes of transactions, account balances and disclosures with a risk of material misstatement in the financial statements • Evaluating the design of the controls in the key accounting systems, where a risk of material misstatement was identified, by performing a walkthrough of the systems; • Evaluating the Council’s accounting policies for recognition of income and expenditure and compliance with the CIPFA Code. • Substantively testing material income and expenditure streams using analytical procedures and sample testing of transactions recognised for the year.

Significant risks of material misstatement

Identified risk	Planned audit procedures
<p>Valuation of other land and buildings and investment property (key accounting estimate) Council and group</p> <p>The Council carries out a rolling programme of revaluations to ensure all property, plant and equipment required to be measured at fair value is revalued at least every five years and it undertakes a full revaluation of its investment property annually.</p> <p>Management engage the services of a qualified valuer, who is a Regulated Member of the Royal Institute of Chartered Surveyors (RICS) to undertake these valuations as at 31 March 2024.</p> <p>The valuations involve a wide range of assumptions and source data and are therefore sensitive to changes in market conditions. ISAs (UK) 500 and 540 require us to undertake audit procedures on the use of external expert valuers and the methods, assumptions and source data underlying the fair value estimates.</p> <p>This represents a key accounting estimate made by management within the financial statements due to the size of the values involved, the subjectivity of the measurement and the sensitive nature of the estimate to changes in key assumptions. We have therefore identified the valuation of land and buildings and investment property as a significant risk.</p> <p>We will further pinpoint this risk to specific assets, or asset types, on receipt of the draft financial statements and the year-end updated asset valuations to those assets where the in-year valuation movements falls outside of our expectations.</p> <p>Inherent risk of material misstatement:</p> <ul style="list-style-type: none"> • Land and buildings and investment property (valuation): Very High 	<p>Procedures performed to mitigate risks of material misstatement in this area will include:</p> <ul style="list-style-type: none"> • Evaluating management processes and assumptions for the calculation of the estimate, the instructions issued to the valuation experts and the scope of their work; • Evaluating the competence, capabilities and objectivity of management’s valuation expert; • Considering the basis on which the valuations are carried out and challenging the key assumptions applied; • Evaluating the reasonableness of the valuation movements for assets revalued during the year, with reference to market data. We will consider whether we require an auditor’s expert; • For unusual or unexpected valuation movements, testing the information used by the valuer to ensure it is complete and consistent with our understanding; • Ensuring revaluations made during the year have been input correctly to the fixed asset register and the accounting treatment within the financial statements is correct; and • Evaluating the assumptions made by management for any assets not revalued during the year and how management are satisfied that these are not materially different to the current value.

Significant risks of material misstatement

Page 121

Identified risk	Planned audit procedures
<p>Valuation of the defined pension fund net liability/asset (key accounting estimate) Council and group</p> <p>An actuarial estimate of the net defined pension liability/asset is calculated on an annual basis under IAS 19 'Employee Benefits', and on a triennial funding basis, by an independent firm of actuaries with specialist knowledge and experience. The triennial estimates are based on the most up to date membership data held by the pension fund and a roll forward approach is used in intervening years, as permitted by the CIPFA Code.</p> <p>The calculations involve a number of key assumptions, such as discount rates and inflation and local factors such as mortality rates and expected pay rises. The estimates are highly sensitive to changes in these assumptions and the calculation of any asset ceiling when determining the value of a pension asset. ISAs (UK) 500 and 540 require us to undertake audit procedures on the use of external experts (the actuary) and the methods, assumptions and source data underlying the estimates.</p> <p>This represents a key accounting estimate made by management within the financial statements due to the size of the values involved, the subjectivity of the measurement and the sensitive nature of the estimate to changes in key assumptions. We have therefore identified the valuation of the net pension liability/asset as a significant risk.</p> <p>Inherent risk of material misstatement:</p> <ul style="list-style-type: none"> • Defined pension fund net liability/asset (valuation): High 	<p>Procedures performed to mitigate risks of material misstatement in this area will include:</p> <ul style="list-style-type: none"> • Evaluating managements processes for the calculation of the estimate, the instructions issued to management's expert (the actuary) and the scope of their work; • Evaluating the competence, capabilities and objectivity of the actuary; • Assessing the controls in place to ensure that the data provided to the actuary by the Council and their pension fund was accurate and complete; • Evaluating the methods, assumptions and source data used by the actuary in their valuations, with the support of an auditors' expert; • Evaluating whether any asset ceiling was appropriately considered (if applicable) when determining the value of any pension asset included in the financial statements; • Assessing the impact of any significant differences between the estimated gross asset valuations included in the financial statements and the Council's share of the investment valuations in the audited pension fund accounts' and • Ensuring pension valuation movements for the year and related disclosures have been correctly reflected in the financial statements.

Other risks of material misstatement

Other identified risks

Other identified risks are those which, although not considered to be significant, will require specific consideration during the audit.

Identified risk	Planned audit procedures
<p>Other risk 1:</p> <p>The Council has entered into a complex and financially significant income strip scheme. This requires the recognition of an asset, a significant finance lease liability and management judgement on accounting for various transactions related to this scheme.</p>	<p>Procedures performed to mitigate risks of material misstatement in this area will include:</p> <ul style="list-style-type: none">• Reviewing management's accounting treatment for this transaction, including revenue flows in year and the value of long and short term assets and liabilities associated with the scheme• Assessing management's accounting treatment against the requirements of the CIPFA Code and International Financial Reporting Standards.

Page 122

Other material balances and transactions

Under International Standards on Auditing, "irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure". All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as those adopted for the risks identified in this report.

Value for Money arrangements

Under the Code of Audit Practice, we must satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (referred to here as “Value for Money”, or “VFM”).

NAO Auditor Guidance Note 03 ‘Auditors’ Work on Value for Money Arrangements’ (“AGN 03”) was updated and issued on 18 January 2023 and requires us to provide an annual commentary on arrangements, which will be published as part of the Auditor’s Annual Report. Such commentary will highlight any significant weaknesses in arrangements, along with recommendations for improvements.

When reporting on such arrangements, the Code of Practice requires us to structure our commentary under three specified reporting criteria:

Financial sustainability	How the body plans and manages its resources to ensure it can continue to deliver its services
Governance	How the body ensures that it makes informed decisions and properly manages its risks
Improving economy, efficiency and effectiveness	How the body uses information about its costs and performance to improve the way it manages and delivers its services

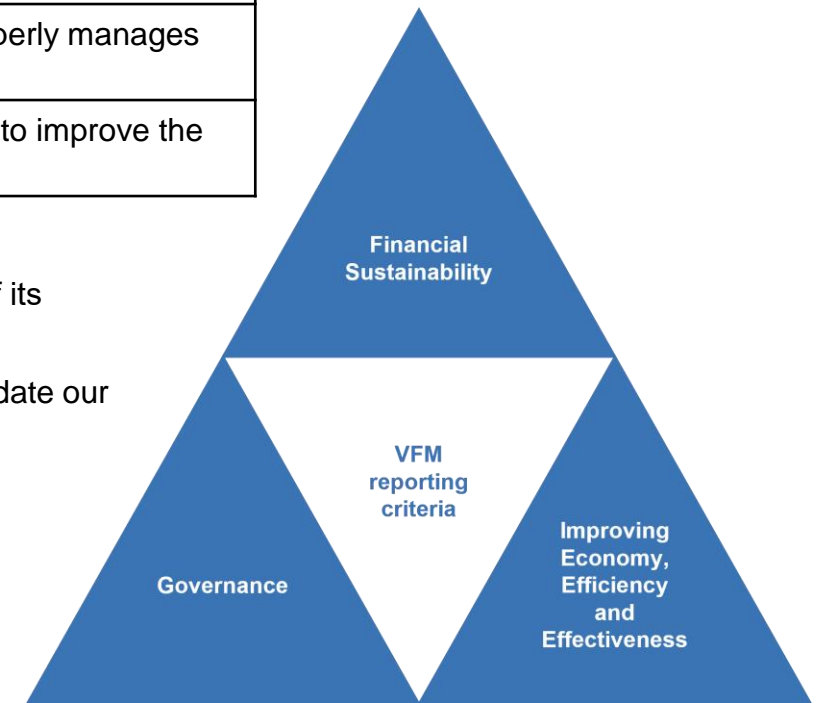
Page 123

As part of the planning process, we are required to perform procedures to identify potential risks of significant weaknesses in the Council’s arrangements to secure VFM through the economic, efficient and effective use of its resources.

We are required to re-evaluate this risk assessment during the course of the audit and, where appropriate, update our work to reflect emerging risks or findings that may suggest a significant weakness in arrangements.

Where we identify significant weaknesses in arrangements as part of our work, we are required to make recommendations setting out:

- Our judgement on the nature of the weakness identified;
- The evidence on which our view is based;
- The impact on the local body; and
- The action the body needs to take to address the weakness.



Value for Money arrangements

Risks of significant weakness in VFM arrangements

We have carried out an initial risk assessment to identify any risks of significant weakness in respect of the three specific areas of proper arrangements using the guidance contained in AGN 03. A significant weakness is a risk requiring audit consideration and procedures to address the likelihood that proper arrangements are not in place at the body to deliver value for money.

We will re-evaluate this risk assessment during the course of the audit and, where appropriate, update our work to reflect emerging risks or findings that may suggest a significant weakness in arrangements.

When considering the Council's arrangements, we will have regard to the three reporting criteria set out in AGN03, as well as performing additional work in the areas identified below which are the potential areas of significant weaknesses, we have identified at the planning stage.

Criteria	Risk of significant weakness	Our risk based procedures and evaluation approach includes (but is not limited to)
Financial sustainability	None identified	Whilst we have not identified, at this stage, any risks of significant weakness, we will consider as part of our review the arrangements in place to monitor and mitigate the commercial, economic and other risks relating to the Council's significant income strip scheme.
Governance	None identified	We have not at this stage identified any risks of significant weakness that require specific audit procedures
Improving economy, efficiency and effectiveness	None identified	We have not at this stage identified any risks of significant weakness that require specific audit procedures

Weaknesses or risks identified by auditors are only those which have come to their attention during their normal audit work in accordance with the Code of Audit Practice and may not be all that exist.

Audit team and logistics

Your audit team

Role	Name	Contact details
Key Audit Partner	Paul Grady	Paul.grady@azets.co.uk
Engagement Manager	Reshma Ravikumar	Reshma.Ravikumar@azets.co.uk
In-charge auditor	Thinga Mutati	Thinga.mutati@azets.co.uk

Page 125

Timetable

Event	Date
Planning and risk assessment	Oct – Nov 2023
Reporting of plan to Audit Committee	Jan – Mar 2024
Interim audit	Jan - Mar 2024
Year end audit	Aug – Nov 2024
Reporting of Audit Findings (ISA260)	Nov 2024
Auditor’s Annual Report (AAR)	Nov 2024
Target date of approval of accounts	Nov 2024
Accounts publication deadline (as specified in the Accounts and Audit Regulations 2015)	TBC (likely 30 November 2024)

Our expectations and requirements

For us to be able to deliver the audit in line with the agreed fee and timetable, we require the following:

- Draft financial statements to be produced to a good quality by the deadlines you have agreed with us. These should be complete including all notes, the Narrative Statement and the Annual Governance Statement;
- The provision of good quality working papers at the same time as the draft financial statements. These will be discussed with you in advance to ensure clarity over our expectations;
- The provision of agreed data reports at the start of the audit, fully reconciled to the values in the accounts, to facilitate our selection of samples for testing;
- Ensuring staff are available and on site (as agreed) during the period of the audit;
- Prompt and sufficient responses to audit queries within two working days (unless otherwise agreed) to minimise delays.

The audit process is underpinned by effective project management to ensure that we co-ordinate and apply our resources efficiently to meet your deadlines. It is therefore essential that the audit team and the Council’s finance team work closely together to achieve this timetable.

Please note that we will be unable to complete our 2023/24 audit until your audits for all previous financial years have been completed by your predecessor auditors and auditor’s reports covering both the financial statements audit and value for money work have been issued. The National Audit Office continues to explore ways to escalate the timely completion of all outstanding local government audits.

Independence, objectivity and other services provided

Auditor independence

We confirm that we comply with the Financial Reporting Council's (FRC) Ethical Standard and are able to issue an objective opinion on the financial statements. We have also complied with the NAOs Auditor Guidance Note 01, issued in September 2022, which contains supplementary guidance on ethical requirements for auditors of local public bodies. We have considered our integrity, independence and objectivity in respect of audit services provided and we do not believe that there are any significant threats or matters which should be brought to your attention

Other services

We have detailed in the table below any other services provided to the Council (and the Group), the threats to our independence these present and the safeguards we have put in place to mitigate these threats.

Service	Provided to	Fee	Threats identified and safeguards to mitigate threats to independence
Audit related: Certification of Housing Benefit Assurance Process (HBAP) claim (2023/24)	Council	£28,000 plus per diem rate for additional work required	Self-interest: Given this is likely to be a recurring fee, we consider a threat present. However, the fee is not significant to Azets Audit Services or Watford Borough Council. The fee is fixed (apart from an additional £2,000 for each additional 40+ workbook) and not contingent in nature. Self-review: Whilst housing benefit revenue and expenditure streams are within the financial statements, we do not complete the claim form. The focus of our work is solely testing the data in the claim form prepared by the management. Management: As above, the claim form is completed by management and any adjustments or amendments identified to the form during the certification work are discussed and agreed by management prior to submission of the certification report. We therefore consider these risks sufficiently mitigated.

Fees

PSAA set a fee scale for each audit that assumes the audited body has sound governance arrangements in place, has been operating effectively throughout the year, prepares comprehensive and accurate draft accounts and meets the agreed timetable for audit. This fee scale is reviewed by PSAA each year and adjusted, if necessary, based on auditors' experience, new requirements, or significant changes to the audited body. The fee may be varied above the fee scale to reflect the circumstances and local risks within the audited body.

Our estimated fee (excluding VAT) is as follows:

Audit fee	2023/24 £
Base fee for the audit of the Council (and Group's) financial statements (as set out in the fee scales issued by PSAA)	148,670
New auditing standards: ISA315 and ISA240	22,300
Group accounts	12,550
Accounting for Income strip	18,000
Initial audit fee for Watford Borough Council	201,520
Additional work arising from prior year audit outcomes	TBC
Proposed audit fee for Watford Borough Council	TBC

This fee is estimated based on our understanding at this point in time and may be subject to change. Our planned fee is on the basis that our expectations set out on page 17 are met and your group structure is unchanged.

It is our policy to bill for overruns or scope extensions e.g., where we have incurred delays, deliverables have been late or of poor quality, where key personnel have not been available, or we have been asked to do extra work.

Our policy is to raise fees to account at appropriate stages of the audit such as during the audit planning, the interim visit, the final audit and once the financial statements have been signed.

The approximate total fees charged to the Council and group for the provision of services in 2023/24 is as follows:

Audit fee	2023/24 £
Audit of the Council (as above, excluding any additional work arising from prior year audit completion)	201,520
Certification of the HBAP Claim (excluding the per diem rate for additional workbooks)	28,000
Total fees for the Group (excluding any additional work arising from prior year audit completion, and any additional work on the HBAP claim)	229,520

Appendix I: Materiality

Whilst our audit procedures are designed to identify misstatements which are material to our audit opinion, we also report to those charged with governance and management any uncorrected misstatements of lower value errors to the extent that our audit identifies these. Under ISA (UK) 260 we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA (UK) 260 defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.

An omission or misstatement is regarded as material if it would reasonably influence the users of the financial statements. The assessment of what is material is a matter of professional judgement and is affected by our assessment of the risk profile of the Council and group and the needs of the users. When planning, we make judgements about the size of misstatements which we consider to be material, and which provide a basis for determining the nature and extent of our audit procedures. Materiality is revised as our audit progresses, should we become aware of any information that would have caused us to determine a different amount had we known about it during our planning.

Our assessment, at the planning stage, of materiality for the year ended 31 March 2024 was calculated as follows:

	Group £'000	Council £'000	Explanation
Overall materiality for the financial statements	TBC	1,600	2% of gross revenue expenditure based on the draft financial statements as at 31 March 2023. This will be reassessed upon receipt of the draft accounts. The financial statements are considered to be materially misstated where total errors exceed this value.
Performance materiality	TBC	960	60% of materiality. Audit work will be performed to capture individual errors at this level
Trivial threshold	TBC	80	5% of overall materiality for the Council and group. Individual errors above this threshold are communicated to those charged with governance.

In addition to the above, we consider any areas for specific lower materiality. We have determined that no specific materiality levels need to be set for this audit.

Appendix II: Group audit scope and risk assessment

As Group auditor under ISA (UK) 600 (Revised November 2019) we are required to obtain sufficient appropriate audit evidence regarding the financial information of the components and the consolidation process to express an opinion on whether the group financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.

Please note the below scope is indicative subject to our detailed review of the Council's proposed accounting treatment for the group structure.

Group audit scope

The Group consists of the following entities:

Component	Significant?	Level of response required	Planned audit approach
Watford Borough Council	Yes	Comprehensive	Full scope statutory audit
Watford Commercial Services (WCS) Ltd	No	Analytical	We will carry out analytical procedures at a group level
Hart Homes Watford Ltd (joint venture with WCS Ltd)	No	Analytical	We will carry out analytical procedures at a group level

Page 129

Comprehensive The component is of such significance to the Group as a whole that an audit of the components financial statements is required for group reporting purposes.

Targeted The component is significant to the Group, audit evidence will be obtained by performing targeted audit procedures rather than a full audit.

Analytical The component is not significant to the Group and audit risks can be addressed sufficiently by applying analytical procedures at the Group level.

Risks at the component-level

The risks identified at the Council are set out in this external audit plan. There are no other risks identified in any of the other components above in respect of the Group audit.

Note that a component may require a statutory audit under UK or overseas company law irrespective of whether an audit is required for group reporting purposes.

Management should therefore satisfy themselves that all UK and overseas company law requirements are adhered to on a company-by-company basis.

Involvement in the work of component auditors

The nature, timing and extent of our involvement in the work of component auditors will begin with a discussion on risks, guidance on designing procedures, participation in meetings, followed by the review of relevant aspects of the audit documentation and meeting with appropriate members of the audit team.

AV AZETS

We are an accounting, tax, audit, advisory and business services group that delivers a personal experience both digitally and at your door.

Accounting | Tax | Audit | Advisory | Technology

hello@azets.co.uk

Follow us

