

Enquiries to Committee Services
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Date: 20th September 2021

Our Ref: VM

Dear Sir/Madam,

An extraordinary meeting of the **AUDIT & STANDARDS COMMITTEE** will be held in the Council Chamber, Town Hall, Nuneaton, on **Tuesday 28th September at 6.00 p.m.**

Please note that meetings will be recorded for future publication on the Council's website.

Yours faithfully,

BRENT DAVIS
Executive Director - Operations

To: All Members of the
Audit & Standards
Committee

Councillors H. Walmsley (Chair), M. Rudkin
(Vice-Chair), L. Downs, L. Hocking, J.
Kennaugh, K. Kondakor, S. Markham, J.
Singh, R. Tromans, and Mr G. Sonola

A G E N D A

PART I - PUBLIC BUSINESS

1. ANNOUNCEMENTS

To advise the meeting participants of the procedure that will be followed by the Members of the committee.

A fire drill is not expected, so if the alarm sounds please evacuate the building quickly and calmly. Please use the stairs and do not use the lifts. Once out of the building, please gather outside the Virgin Money building (formally the Yorkshire Bank) on the opposite side of the road.

Exit by the door by which you entered the room or by the fire exits which are clearly indicated by the standard green fire exit signs.

If you need any assistance in evacuating the building, please make yourself known to a member of staff.

Please also make sure all your mobile phones are turned off or set to silent.

Chair to advise the meeting that the meeting will be recorded for future broadcast.

2. APOLOGIES - To receive apologies for absence from the meeting.

3. MINUTES – To confirm the minutes of the extraordinary meeting of the Audit and Standards Committee held on 22nd June 2021, attached (**Page 5**)

4. DECLARATIONS OF INTEREST

To receive declarations of Disclosable Pecuniary and Other Interests, in accordance with the Members' Code of Conduct.

Declaring interests at meetings

If there is any item of business to be discussed at the meeting in which you have a disclosable pecuniary interest or non-pecuniary interest (Other Interests), you must declare the interest appropriately at the start of the meeting or as soon as you become aware that you have an interest.

Arrangements have been made for interests that are declared regularly by members to be appended to the agenda (**Page 10**). Any interest noted in the Schedule at the back of the agenda papers will be deemed to have been declared and will be minuted as such by the Committee Services Officer. As a general rule, there will, therefore, be no need for those Members to declare those interests as set out in the schedule.

There are, however, TWO EXCEPTIONS to the general rule:

1. When the interest amounts to a Disclosable Pecuniary Interest that is

engaged in connection with any item on the agenda and the member feels that the interest is such that they must leave the room. Prior to leaving the room, the member must inform the meeting that they are doing so, to ensure that it is recorded in the minutes.

2. Where a dispensation has been granted to vote and/or speak on an item where there is a Disclosable Pecuniary Interest, but it is not referred to in the Schedule (where for example, the dispensation was granted by the Monitoring Officer immediately prior to the meeting). The existence and nature of the dispensation needs to be recorded in the minutes and will, therefore, have to be disclosed at an appropriate time to the meeting.

Note: Following the adoption of the new Code of Conduct, Members are reminded that they should declare the existence and nature of their personal interests at the commencement of the relevant item (or as soon as the interest becomes apparent). If that interest is a Disclosable Pecuniary or a Deemed Disclosable Pecuniary Interest, the Member must withdraw from the room.

Where a Member has a Disclosable Pecuniary Interest but has received a dispensation from Audit & Standards Committee, that Member may vote and/or speak on the matter (as the case may be) and must disclose the existence of the dispensation and any restrictions placed on it at the time the interest is declared.

Where a Member has a Deemed Disclosable Interest as defined in the Code of Conduct, the Member may address the meeting as a member of the public as set out in the Code.

Note: Council Procedure Rules require Members with Disclosable Pecuniary Interests to withdraw from the meeting unless a dispensation allows them to remain to vote and/or speak on the business giving rise to the interest.

Where a Member has a Deemed Disclosable Interest, the Council's Code of Conduct permits public speaking on the item, after which the Member is required by Council Procedure Rules to withdraw from the meeting.

5. PUBLIC CONSULTATION - Members of the Public will be given the opportunity to speak on specific agenda items or have their submitted statement read by an officer of the Council if notice has been received.
6. TREASURY MANAGEMENT MONITORING – a report of the Head of Financial Services **(Page 12)**.
7. LOCAL GOVERNMENT OMBUDSMAN'S ANNUAL REPORT FOR YEAR ENDED 31 MARCH 2021 – a report of the Director – Customer, Revenues and Assurance, attached **(Page 32)**.
8. APPROVAL OF 2020/21 ANNUAL REPORT FOR STANDARDS COMMITTEE – a report of the Director – Democracy, Planning and Public Protection and the Head of Audit and Governance (To Follow)
9. ANY OTHER ITEMS - which in the opinion of the Chair should be discussed as a matter of urgency because of special circumstances (which must be

specified).

10. EXCLUSION OF THE PUBLIC AND PRESS - Under section 100A(4) of the Local Government Act 1972, the public and press be excluded from the meeting during consideration of the following item, it being likely that there would be disclosure of exempt information of the description specified in paragraph (i) and (iv) of Part I of Schedule 12A to the Act.
11. COMPLAINTS AGAINST MEMBERS: 3RD MARCH 2021 – 2ND SEPTEMBER 2021 – a report of the Monitoring Officer.

NUNEATON AND BEDWORTH BOROUGH COUNCIL

AUDIT & STANDARDS COMMITTEE

20th July 2021

A meeting of the Audit & Standards Committee was held on Tuesday, 20th July 2021 in the Council Chamber, Town Hall, Nuneaton.

Present

Councillor H. Walmsley – Chair
Councillor M. Rudkin – Vice-Chair

Councillors B. Beetham, T. Cooper, L. Downs, B. Hammersley (substitute for Councillor S. Markham), L. Hocking, J. Kennaugh, K. Kondakor, J. Singh and R. Tromans.

Apologies: Councillor S. Markham and Mr G. Sonola

PART I – PUBLIC BUSINESS

ASC11 **Minutes**

RESOLVED that the minutes of the extraordinary Audit and Standards Committee meeting held on 22nd June, 2021, be confirmed, and signed by the Chair.

ASC12 **Declarations of Interest**

RESOLVED that the Declarations of Interest for this meeting are as set out in the Schedule attached to these minutes.

ASC13 **External Audit Plan**

A report of representatives from the external auditors Grant Thornton to provide the Audit and Standards Committee with an overview of the planned scope and timing of the statutory audit of Nuneaton and Bedworth Borough Council.

RESOLVED that the contents of the report be noted.

ASC14 **Informing the Audit Risk Assessment for Nuneaton and Bedworth Borough Council 2020/21**

A report of representatives of the external auditors Grant Thornton to contribute towards the effective two-way communication between

Nuneaton and Bedworth Borough Council's external auditors and the Audit and Standards Committee.

RESOLVED that the contents of the report be noted.

ASC15 **Treasury Management Monitoring Q4 2020/21**

A report of the Head of Financial Services to inform the Audit and Standards Committee of the treasury management activities of the authority in accordance with the CIPFA Code of Treasury Management.

RESOLVED that the contents of the report be noted.

ASC16 **Internal Audit Annual Report 2020/21**

A report of the Head of Audit and Governance which presented the Committee with the Head of Audit and Governance's Annual report. This report included a statement on conformance with the Public Sector Internal Audit Standards (PSIAS.) Also included was the results of the quality assurance and improvement programme. Additionally, the Head of Audit and Governance's opinion on the overall adequacy and effectiveness of Nuneaton and Bedworth Borough Council's framework of governance, risk management and control, and a summary of the work that supports that opinion was included in the report

RESOLVED that

- a) the findings of the assessment of the internal audit function against the Public Sector Internal Audit Standards and quality assurance programme be noted;
- b) the summary of the internal audit work as shown in Appendix A and Appendix B of the report which support the opinion of the Head of Audit and Governance was considered;
- c) the overall opinion on the control environment of the Head of Audit and Governance be noted;
- d) the Head of Audit and Governance bring a report to the Committee with the results of further benchmarking;
- e) a briefing note on the fire risk assessment process for HRA buildings be produced showing the progress being made by the contractors, and
- f) a relevant officer attend the meeting of the Audit and Standards Committee scheduled for September 2021 to address concerns over Data Quality, in particular PULPI 21A – monitoring of the standard of grounds maintenance work.

ASC17 **Internal Audit Plan 2021/22**

A report of the Head of Audit and Governance which provided the Audit and Standards Committee with the proposed changes to the approved internal audit plan for 2021-2022.

RESOLVED that the proposed changes to the internal audit plan, as shown in Appendix A of the report, be approved.

Councillor Kondakor voted against the motion.

ASC18 **Internal Audit Charter**

A report of the Head of Audit and Governance to provide the Committee with the Internal Audit Charter for consideration and approval.

RESOLVED that the Internal Audit Charter be approved.

ASC19 **Any Other Items**

Councillor Downs raised the issue DBS checks for members to be carried out. The Head of Audit and Governance agreed to produce a briefing note setting out the requirements for a DBS check

Councillor Walmsley informed the committee that a training session was scheduled for 29th July 2021.

Councillor Beetham raised a query in connection with the quorum of a Hearing Panel. The Director of Democracy, Planning and Public Protection indicated that the wording in the procedure guide would need to be altered. It was agreed that this be referred to the Constitution Review Working Party.

Chair _____

Audit and Standards Committee - Schedule of Declarations of Interests – 2021/2022

	Name of Councillor	Disclosable Pecuniary Interest	Other Personal Interest	Dispensation
	General dispensations granted to all members under s.33 of the Localism Act 2011			Granted to all members of the Council in the areas of: <ul style="list-style-type: none"> - Housing matters - Statutory sick pay under Part XI of the Social Security Contributions and Benefits Act 1992 - An allowance, payment given to members - An indemnity given to members - Any ceremonial honour given to members - Setting council tax or a precept under the Local Government Finance Act 1992 - Planning and Licensing matters - Allotments - Local Enterprise Partnership
	B. Beetham	Employed by The George Elliott Hospital; Warwickshire County Council – Camp Hill	Member of the following Outside Bodies: <ul style="list-style-type: none"> • Camp Hill Urban Village: Pride in Camp Hill Board • Committee of Management of Hartshill and Nuneaton Recreation Ground 	
	T. Cooper	None	Member on the following Outside Bodies: <ul style="list-style-type: none"> • Camp Hill Urban Village: Pride in Camp Hill Board • Committee of Management of Hartshill and Nuneaton Recreation Ground 	
	L. Downs	River Bars Limited; Coventry Plus Beyond the Plane	NBBC representative on the Armed Forces Covenant Meeting	
	L. Hocking	Employed by Openreach	Member of: <ul style="list-style-type: none"> • Unite the Union • Communication Workers Union 	
	J. Kennaugh	County Councillor W.C.C.	Member of the W.C.C. Regulatory Committee Member of the Conservative	

	Name of Councillor	Disclosable Pecuniary Interest	Other Personal Interest	Dispensation
		Employed by UK Flooring Direct Ltd.	Party Member of UNITE the Union Nuneaton and Bedworth representative for the Equality and Inclusion Partnership NBBC Representative on Warwickshire Race Equality Partnership	
	K.A. Kondakor	Electronic Design Engineer (self-employed, semi-retired) Statistical data analyst and expert witness (self-employed)	100PERCENTRENEWABLEUK LTD	
	S. Markham	County Councillor – W.C.C.	Member of the following Outside Bodies: • Bedworth Neighbourhood Watch	
	M. Rudkin	Employee of Coventry City Council	Unite the Union	
	J. Singh			
	R. Tromans	Director of RTC Ltd	Member of the following Outside Bodies: • Nuneaton Neighbourhood Watch Committee • Nuneaton Festival of Arts	
	H. Walmsley	Chief of Staff to Julian Knight MP	Chartered Institute of Public Relations Member on the following Outside Bodies: • Friendship Project for Children • West Midlands Combined Authority Audit Group	Dispensation to speak and vote

Audit and Standards Committee - Schedule of Declarations of Interests – 2021/2022

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	B. Beetham	Employed by The George Elliott Hospital; Warwickshire County Council – Camp Hill	Member of the following Outside Bodies: <ul style="list-style-type: none"> • Camp Hill Urban Village: Pride in Camp Hill Board • Committee of Management of Hartshill and Nuneaton Recreation Ground 	
	T. Cooper	None	Member on the following Outside Bodies: <ul style="list-style-type: none"> • Camp Hill Urban Village: Pride in Camp Hill Board • Committee of Management of Hartshill and Nuneaton Recreation Ground 	
	L. Downs	River Bars Limited; Coventry Plus Beyond the Plane	NBBC representative on the Armed Forces Covenant Meeting	
	L. Hocking	Employed by Openreach	Member of: <ul style="list-style-type: none"> • Unite the Union • Communication Workers Union 	
	J. Kennaugh	County Councillor W.C.C.	Member of the W.C.C. Regulatory Committee Member of the Conservative	

	Name of Councillor	Disclosable Pecuniary Interest	Other Personal Interest	Dispensation
		Employed by UK Flooring Direct Ltd.	Party Member of UNITE the Union Nuneaton and Bedworth representative for the Equality and Inclusion Partnership NBBC Representative on Warwickshire Race Equality Partnership	
	K.A. Kondakor	Electronic Design Engineer (self-employed, semi-retired) Statistical data analyst and expert witness (self-employed)	100PERCENTRENEWABLEUK LTD	
	S. Markham	County Councillor – W.C.C.	Member of the following Outside Bodies: • Bedworth Neighbourhood Watch	
	M. Rudkin	Employee of Coventry City Council	Unite the Union	
	J. Singh			
	R. Tromans	Director of RTC Ltd	Member of the following Outside Bodies: • Nuneaton Neighbourhood Watch Committee • Nuneaton Festival of Arts	
	H. Walmsley	Chief of Staff to Julian Knight MP	Chartered Institute of Public Relations Member on the following Outside Bodies: • Friendship Project for Children • West Midlands Combined Authority Audit Group	Dispensation to speak and vote

AGENDA ITEM NO.

NUNEATON AND BEDWORTH BOROUGH COUNCIL

Report to : Audit & Standards Committee – 28th September 2021

From : Head of Financial Services

Subject : Treasury Management Monitoring Q1 2021/22

1 Purpose of Report

1.1 To inform Members of the Committee of the treasury management activities of this authority in accordance with the CIPFA Code of Treasury Management.

2 Recommendations

2.1 That the Committee note the report.

3 Economic Summary

3.1 The key points for the first quarter of the financial year are:

- Bank rate was maintained at 0.10% throughout the quarter
- The Monetary Policy Committee have noted the developing upside risks in both activity and inflation but they appear willing to ride out the inevitable spike in CPI over the next six months as it is considered short lived and caused by one-off reopening price rises and supply shortages.
- The COVID19 vaccines have boosted confidence that life in the UK could largely return to normal during the second half of 2021 and a third wave of the virus threatened to overwhelm hospitals in Q1 this year.
- With the household saving rate having been exceptionally high since the first lockdown in March 2020, there is plenty of pent-up demand and purchasing power stored up for services in particularly hard hit sectors like restaurants, travel and hotels.

4 Economic Outlook

- 4.1 The Council's treasury advisor, Link Group, has provided the following forecast as at 10th May 2021 with comparison to their last forecast as at 8th March 2021 and remains unchanged from the last monitoring report.

Link Group Interest Rate View 10.5.21												
	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
BANK RATE	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.25	0.25	0.25
3 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.30	0.30	0.30
6 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.20	0.30	0.40	0.40	0.40
12 month ave earnings	0.20	0.20	0.20	0.20	0.20	0.20	0.30	0.30	0.40	0.50	0.50	0.50
5 yr PWLB	1.20	1.20	1.30	1.30	1.30	1.40	1.40	1.40	1.40	1.50	1.50	1.50
10 yr PWLB	1.70	1.70	1.70	1.80	1.80	1.90	1.90	1.90	2.00	2.00	2.00	2.00
25 yr PWLB	2.20	2.20	2.30	2.40	2.40	2.40	2.50	2.50	2.50	2.50	2.50	2.60
50 yr PWLB	2.00	2.00	2.10	2.20	2.20	2.20	2.30	2.30	2.30	2.30	2.30	2.40

Link Group Interest Rate 8.3.21												
	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
BANK RATE	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
3 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
6 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
12 month ave earnings	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
5 yr PWLB	1.20	1.20	1.20	1.20	1.20	1.20	1.30	1.30	1.40	1.40	1.40	1.40
10 yr PWLB	1.60	1.60	1.60	1.70	1.70	1.70	1.80	1.80	1.90	1.90	1.90	1.90
25 yr PWLB	2.10	2.10	2.20	2.30	2.30	2.30	2.40	2.40	2.50	2.50	2.50	2.50
50 yr PWLB	1.90	1.90	2.00	2.10	2.10	2.10	2.20	2.20	2.30	2.30	2.30	2.30

- 4.2 The coronavirus outbreak has caused huge economic damage to the UK and to economies around the world. After the Bank of England took emergency action in March 2020 to cut Bank Rate to 0.10%, it left Bank Rate unchanged at its subsequent meetings.
- 4.3 As shown in the forecast table above, one tentative increase in Bank Rate from 0.10% to 0.25% has now been penciled in for quarter 2 of 2023/24 as an indication that the Bank of England will be moving towards some form of monetary tightening around this time. However, it could well opt for reducing its stock of quantitative easing purchases of gilts as a first measure to use before increasing Bank Rate so it is quite possible that we will not see any increase in Bank Rate in the three-year forecast period shown.

4.4 Significant risks to the forecast:

- Covid vaccines do not work to combat new mutations and/or new vaccines take longer than anticipated to be development
- The lockdowns cause major long term scarring of the economy
- The Government implements an austerity programme that suppresses GDP growth.
- The MPC tightens monetary policy too early – by raising Bank Rate or unwinding quantitative easing.
- The MPC tightens monetary policy too late to ward off building inflation pressures.

5 Treasury Management Portfolio & Activity

5.1 Investments – The Council’s investment priorities are as follows:

1st – Security of capital

2nd – Liquidity

3rd – Return

5.2 The Council will also aim to achieve the optimum return on investments commensurate with the proper levels of security and liquidity.

5.3 The Council’s investments mostly consist of unspent reserves and balances, 3rd party contributions and unspent capital receipts. The management of the investment portfolio considers the forecast cash flows of the Council to ascertain how much cash will be needed to cover our outgoings and when required.

5.4 Summary portfolio as at 30th June 2021

	as at 31-Mar-21		as at 30-Jun-21	
	Principal Amount	Average Rate	Principal Amount	Average Rate
	£000		£000	
Investments				
Fixed Rate:				
Fixed Term Deposit (365 days or less)	6,000	0.13%	8,000	0.07%
Certificates of Deposit (365 days or less)	3,000	0.26%	9,000	0.14%
Total Fixed Rate	9,000	0.17%	17,000	0.11%
Variable Rate Deposits				
Property Fund	2,000	4.42%	2,000	3.49%
Notice Account	8,000	0.58%	8,000	0.58%
MMFs/ Bank	8,238	0.02%	7,477	0.02%
Total Variable Rate	18,238	0.75%	17,477	0.67%
Total Managed Investments	27,238	0.56%	34,477	0.39%
<i>Bank Rate</i>		0.10%		0.10%
Borrowing				
General Fund:				
PWLB	6,750	4.61%	6,750	4.61%
Market	2,000	4.10%	2,000	4.10%
Total General Fund	8,750	4.49%	8,750	4.49%
Housing Revenue Account:				
PWLB	63,955	2.99%	63,955	2.99%
Total Housing Revenue Account	63,955	2.99%	63,955	2.99%
Total Borrowing	72,705	3.17%	72,705	3.17%
Net Debt	45,467		38,228	

5.5 The full detail of the Council's investment portfolio as at 30th June 2021 is shown below:

<u>Counterparty</u>	<u>Amount Invested</u>	<u>Original Term & Deposit Type</u>	<u>Maturity Date (if applicable)</u>	<u>Interest Rate</u>
Lloyds Current Account	£ 477,446	Instant Access	n/a	0.00%
Federated MMF	£ 2,000,000	Instant Access (MMF)	n/a	0.01%
CCLA MMF	£ 5,000,000	Instant Access (MMF)	n/a	0.03%
Santander UK	£ 8,000,000	180 Day Notice Account	n/a	0.58%
Coventry Building Society	£ 2,000,000	6 mth Fixed Term Deposit	05 Nov 21	0.07%
Coventry Building Society	£ 2,000,000	6 mth Fixed Term Deposit	05-Nov-21	0.07%
National Westminster Bank PLC (RFB)	£ 2,000,000	1 year Certificate of Deposit	24-Nov-21	0.13%
National Westminster Bank PLC (RFB)	£ 2,000,000	6 mth Certificate of Deposit	01-Dec-21	0.10%
Coventry Building Society	£ 2,000,000	6 mth Fixed Term Deposit	01-Dec-21	0.07%
Coventry Building Society	£ 2,000,000	6 mth Fixed Term Deposit	03-Dec-21	0.07%
National Westminster Bank PLC (RFB)	£ 2,000,000	9 mth Certificate of Deposit	09-Mar-22	0.14%
National Westminster Bank PLC (RFB)	£ 2,000,000	1 year Certificate of Deposit	18 May 22	0.16%
National Westminster Bank PLC (RFB)	£ 1,000,000	1 year Certificate of Deposit	10-Jun-22	0.17%
CCLA Property Fund	£ 2,000,000	Property Fund Investment	n/a	3.49%
	£ 34,477,446			0.39%

* RFB = Ring Fenced Bank : The largest UK banks are required by UK law to separate core retail banking services from their investment and international banking activities. This is known as ring fencing and is aimed to protect retail banking from shocks originating elsewhere in the group and global financial markets.

5.6 **Appendix A** to this report presents the maturity profile of the investment portfolio (**Chart 1**) and quarterly comparisons for maturity profiles and investments by institution type.

5.7 **Chart 2** of **Appendix A** shows that the liquid cash held at the end of quarter 1 dropped to 22% of total portfolio. There continues to be poor rates offered in short dated deposits and therefore, where suitable counterparties are available and cash flow forecasts allow, we have been placing deposits in the 6 month to 1 year frame to maximise returns whilst managing risk.

5.8 **Chart 3** of **Appendix A** shows that 20% of the portfolio is placed in AAA rated MMFs and our exposure to the UK banking sector is around half of the investment balance.

5.9 **Borrowings** – The Council operates a two pool approach with individual loans allocated to either the General Fund or the Housing Revenue Account.

- 5.10 Costs for debt rescheduling opportunities remain excessively high and therefore not cost effective. Therefore no debt rescheduling has been undertaken so far in 2021/22.
- 5.11 The maturity profile for our debt portfolio is shown in **Appendix B** to this report.
- 5.12 One of the prudential indicators is to monitor and set limits on our maturity profile of debt to ensure that the Council is not exposed to a refinancing risk over a short period of time. The actual maturity profile and limits can be seen in section 6.1.
- 5.13 The majority of the debt holdings relate to the Housing Revenue Account and were taken as part of the HRA self financing in 2012. The debt strategy is reviewed annually alongside the 30 year HRA Financial Business Plan to ensure that the HRA remains viable.

5.14 Average Balances & Returns:

	2020/21 Full Year		2021/22 to end June 2021	
	Weighted Average Principal £000	Average Rate	Weighted Average Principal £000	Average Rate
Investments				
Fixed Rate Deposits:				
Fixed Rate 364 days or less	7,677	0.26%	8,703	0.10%
Certificates of Deposit 364 days or less	6,184	0.64%	5,088	0.20%
Total Fixed Rate	13,861	0.43%	13,791	0.14%
Variable Rate Deposits				
Property Fund	2,000	4.01%	2,000	3.65%
Bank / MMFs	15,050	0.09%	10,333	0.02%
Notice Account	8,000	0.63%	8,000	0.58%
Total Variable Rate	25,050	0.58%	20,333	0.60%
Total Managed Investments	38,911	0.52%	34,124	0.41%
<i>average Bank Rate</i>		0.10%		0.10%
<i>average 3 month LIBID (benchmark)</i>		0.02%		-0.04%
<i>average 6 month LIBID (benchmark)</i>		0.07%		-0.02%
Borrowing (All Fixed Rate)				
Long Term				
PWLB	72,294	3.15%	70,705	3.15%
Market	2,000	4.10%	2,000	4.10%
Total Borrowing	74,294	3.18%	72,705	3.18%
Pool Analysis of Long Term Debt:				
			2021/22	
			Weighted	Average
			Average	Rate
			Principal	
			£000	
General Fund				
PWLB			6,750	4.61%
Market			2,000	4.10%
Total General Fund			8,750	4.49%
Housing Revenue Account				
PWLB			63,955	2.99%
Total Housing Revenue Account			63,955	2.99%

5.15 **Property Fund** - Funds placed into this pooled investment vehicle are combined with other contributor's deposits and the CCLA fund managers then utilise these resources to purchase and maintain a pool of properties for let. The properties within the portfolio include warehouses, offices, industrial and some retail. Income

from these lettings (less a small management fee) generates a yield to the investors and is distributed via a dividend on a quarterly basis.

- 5.16 Deposits placed are subject to an entry free to include management charges and statutory costs due to these being property investments (e.g. stamp duty land tax).

Each month end, the value of the assets are revalued with the potential for capital growth (or a loss) in the value of the funds placed.

- 5.17 £2m is now held within the property fund and is in line with the strategy and approved limits.

- 5.18 The table below shows the return and movements in the property fund deposit by financial period and returns since inception:

<u>Period</u>	<u>Deposit</u> £000	<u>Entry</u> <u>Charges</u> £000	<u>Capital</u> <u>Growth/</u> <u>(Loss)</u> £000	<u>Closing</u> <u>Value</u> £000	<u>Quarterly</u> <u>Yield (against</u> <u>deposit)</u>	<u>Financial</u> <u>Year</u> <u>Average</u> <u>Return</u>	<u>Return</u> <u>(since</u> <u>inception)</u>
2015/16	1,000	(54)	10	956	4.26% - 4.81%	4.59%	4.04%
2016/17	0	0	(15)	941	4.17% - 4.52%	4.30%	
2017/18	0	0	45	986	4.25% - 4.88%	4.47%	
2018/19	1,000	(63)	26	1,949	3.99% - 4.27%	4.15%	
2019/20	0	0	(70)	1,879	4.01% - 4.35%	4.14%	
2020/21	0	0	(13)	1,866	3.57% - 4.72%	4.01%	
2021/22 - Q1	0	0	64	1,930	3.65%	3.65%	

- 5.19 As can be seen from the table above the capital value of the investment dropped during 2019/20 and 2020/21. This was due to uncertainties from Brexit and Covid-19 and the impact that these had on economic activity and uncertainty on property pricing. There was a rebound of capital values in the final two quarters of 2020/21 as the economy improved and this recovery has carried through to 2021/22 with a large increase in fund value.

- 5.20 This deposit is a long term strategic investment and there is no intention to sell the shares purchased in the property fund in the short term.

- 5.21 From 2018/19 financial year, there was a change to the accounting treatment for certain investments, including Property Funds. The revised regulations require councils to charge capital gains and losses plus other charges through their Surplus or Deficit on Provision of Services within the Comprehensive Income & Expenditure Statement (CIES). Previously, gains and losses were held on the balance sheet until the investment was withdrawn and any gains or losses crystallised.

- 5.22 MHCLG have issued a statutory override for 5 years commencing 2018/19 which allows councils to reverse any gain or loss through the Movement in Reserves Statement, thereby negating any impact on balances. Once this 5 year period

ends, any gains or losses will impact revenue balances, unless there is either an extension to the transitional arrangements or the override is made permanent.

5.23 Although this is a substantial change to the accounting treatment of these types of investments, this does not change the view of officers with regards to utilising these types of funds to ensure that there is sufficient spread across investment types and institutions to manage risk.

5.24 The table below shows the property fund returns for 2021/22 Q1 before and after the statutory override:

				£000	Return (based on deposit amount)
Property Fund Dividends Received				18	
Capital Gains / (Losses)				64	
Net Return				82	16.47%
Statutory Override				(64)	
Return as reflected in the accounts of NBBC				18	3.65%

5.25 The table above shows that the gain on the capital value during the first quarter would have impacted on the overall return of the property fund with the net return being over 16%. However, as regulations currently allow for changes in capital value to be held outside of the revenue account the gains are reversed to leave the dividend receipts of £18k reflected in the treasury returns (a return of 3.65%).

5.26 **Investment Activity** to 30th June 2021:

Investment Activity (all figures in £000)						
Opening Balance 1st April 2021						27,238
Q1 Activity						
Fixed Term Deposits						
Counterparty	From	Term	Rate	Amount		
Coventry Building Society	06-Apr-21	1 mth	0.05%	2,000		
Coventry Building Society	08-Apr-21	1 mth	0.05%	2,000		
Coventry Building Society	14-Apr-21	1 mth	0.05%	2,000		
Coventry Building Society	06-May-21	6 mths	0.07%	2,000		
Coventry Building Society	06-May-21	6 mths	0.07%	2,000		
Coventry Building Society	14-May-21	1 week	0.05%	2,000		
Coventry Building Society	01-Jun-21	6 mths	0.07%	2,000		
Coventry Building Society	03-Jun-21	6 mths	0.07%	2,000		
					16,000	
Maturities					(14,000)	2,000
Certificates of Deposit						
Counterparty	From	Term	Rate	Amount		
National Westminster Bank PLC (RFB)	19-May-21	1 year	0.16%	2,000		
National Westminster Bank PLC (RFB)	01-Jun-21	6 mths	0.10%	2,000		
National Westminster Bank PLC (RFB)	09-Jun-21	9 mths	0.14%	2,000		
National Westminster Bank PLC (RFB)	11-Jun-21	1 year	0.17%	1,000		
					7,000	
Maturities					(1,000)	6,000
Money Market Fund						
Deposits					27,000	
Withdrawals					(25,000)	2,000
Instant Access Account (Bank Account)						
Net decrease in cash						(2,761)
Closing Deposits 30th June 2021						34,477

5.27 **Debt Activity:** There has been no movement in the debt portfolio during the first quarter of the financial year.

5.28 **Capital Finance Requirement:** The Council's Capital Financing Requirement (CFR) is the amount of expenditure (historic and current) that has been financed by borrowing, but has still to be charged to revenue through the Minimum Revenue Provision (MRP).

The Council is currently £21m under-borrowed (CFR less actual debt) at the end of the first quarter. The CFR is also forecast to increase substantially in both the General Fund and the HRA by the end of the year as the regeneration programme commences and the HRA new build programme continues. The under-borrowed level is monitored to ensure that the position is sustainable in the short term and the Council not exposed to an interest rate risk. The table below details the under-borrowed position by fund:

	General Fund	Housing Revenue Account	Total
	£000	£000	£000
Debt Holdings as at as at 30-Jun-21	8,750	63,955	72,705
CFR at 30 Jun 21	14,835	79,111	93,946
(Under) / Over Borrowing Position	(6,085)	(15,156)	(21,241)
Forecast CFR at 31 Mar 22	35,226	87,111	122,337

It is proposed that we remain in an under-borrowed position whilst cash balances are high enough to maintain this strategy thereby avoiding a 'cost of carry'. Cost of carry can be described as cost of financing debt being higher than the return on investment and therefore incurs a net cost to the Council. However, debt rates and investment opportunities will continue to be monitored to ensure that we do not expose the Council to excessively high debt interest rates in the future.

5.29 As the HRA is now fully self financed a local indicator is now included to inform Members of the HRA debt against the number of dwellings. The following table provides this information updated to account for the movement in stock count during the year:

	Actual	Actual
	31-Mar-21	30-Jun-21
Number Dwellings	5,708	5,700
HRA CFR	£79,110,782	£79,110,782
CFR (Debt) per dwellings	£13,860	£13,879
	Actual	Actual
	2020/21	2021/22 (to end Q1)
Average number of dwellings held	5,706	5,704
HRA cost of debt <i>(debt cost plus cost of underborrowed position)</i>	£2,016,039	£1,984,242
Cost per dwelling per annum	£353	£348
Cost per dwelling per week (52 weeks)	£7	£7

5.30 Revenue Position 2021/22.

The table below shows the 2021/22 forecast outturn for treasury management budgets:

	Actual to Q1	Forecast Outturn	Full Year Budget	Forecast Variance
	£000	£000	£000	£000
General Fund				
Treasury Investment Income	(33)	(100)	(100)	-
Debt Interest	98	468	468	-
Subtotal	65	368	368	-
Minimum Revenue Provision	121	483	478	5
Total	186	851	846	5
Housing Revenue Account				
Treasury Investment Income	(2)	(7)	(7)	-
Debt Interest	477	2,086	2,086	-
Total	475	2,079	2,079	-

6 Prudential/ Treasury Indicators

6.1 A summary of the prudential & treasury indicators are detailed in the following table:

	2021/22 Indicator (updated February 2021)	2021/22 Forecast	
Estimated Closing Capital Financing Requirement (CFR)	GF £34.35m GF Commercial £1.89m HRA £88.23m Total £124.47m	GF £33.34m GF Commercial £1.89m HRA £87.11m Total £122.34m	😊
Estimated Capital Expenditure	GF £38.56m GF Commercial £0.00m HRA £25.06m Total £63.62m	GF £41.92m GF Commercial £0.00m HRA £25.06m Total £m	😐
Authorised Limit for External Borrowing	£140.47m	Maximum to end June 21 £72.71m	😊
Operational Boundary for External Borrowing	£124.47m		😊
Principal sums invested > 365 days (at inception)	£7.00m	Maximum to end June 21 £2.00m	😊

	2020/21 Approved Indicator	2020/21 on existing portfolio			
Maturity Structure of Borrowing (<i>maximum principal due to mature in period</i>):		<i>as at end March 2022</i>			
		<i>GF</i>	<i>HRA</i>	<i>NBBC</i>	
Under 12 months	20%	-	13%	12%	😊
12 months – 2 years	25%	-	12%	10%	😊
2 – 5 years	50%	23%	47%	44%	😊
5 – 10 years	75%	20%	23%	23%	😊
10 – 20 years	100%	11%	5%	5%	😊
20 – 30 years	100%	-	-	-	😊
30 – 40 years	100%	23%	-	3%	😊
Over 40 years	100%	23%	-	3%	😊

6.2 The forecast capital expenditure indicator for the General Fund is predicting to be above the current approved indicator. This is due to the inclusion of a number of new schemes at a previous Cabinet meeting including the Towns Fund, Bedworth Cycle Hub and Green Homes projects. The indicator will be updated as part of the

mid-year review report which will be submitted to Cabinet and Council later this year and forecast spend is in line with approved budgets.

6.3 Investment Counterparty Limits – The investment policy as approved at Council in February, contains limits for financial deposits per institution. No limits were breached in the financial year and all treasury maturities were repaid in line with contractual arrangements.

7 Conclusion

7.1 Security of the principal amount deposited will continue to remain the primary objective when placing deposits, however, we will continue to investigate the markets to identify any opportunities that may provide us with improved returns whilst remaining within the confines of our approved treasury strategy and counterparty selection criteria.

7.2 Furthermore, the Treasury Management team, with the assistance of Link Group, will continue to monitor investment counterparty creditworthiness and manage the debt and investment portfolio to allow us to react to changes in interest rates, rate forecasts and the capital and investment markets.

CRAIG PUGH

Chart 1 – Investment Maturity Profile as at 30th June 2021

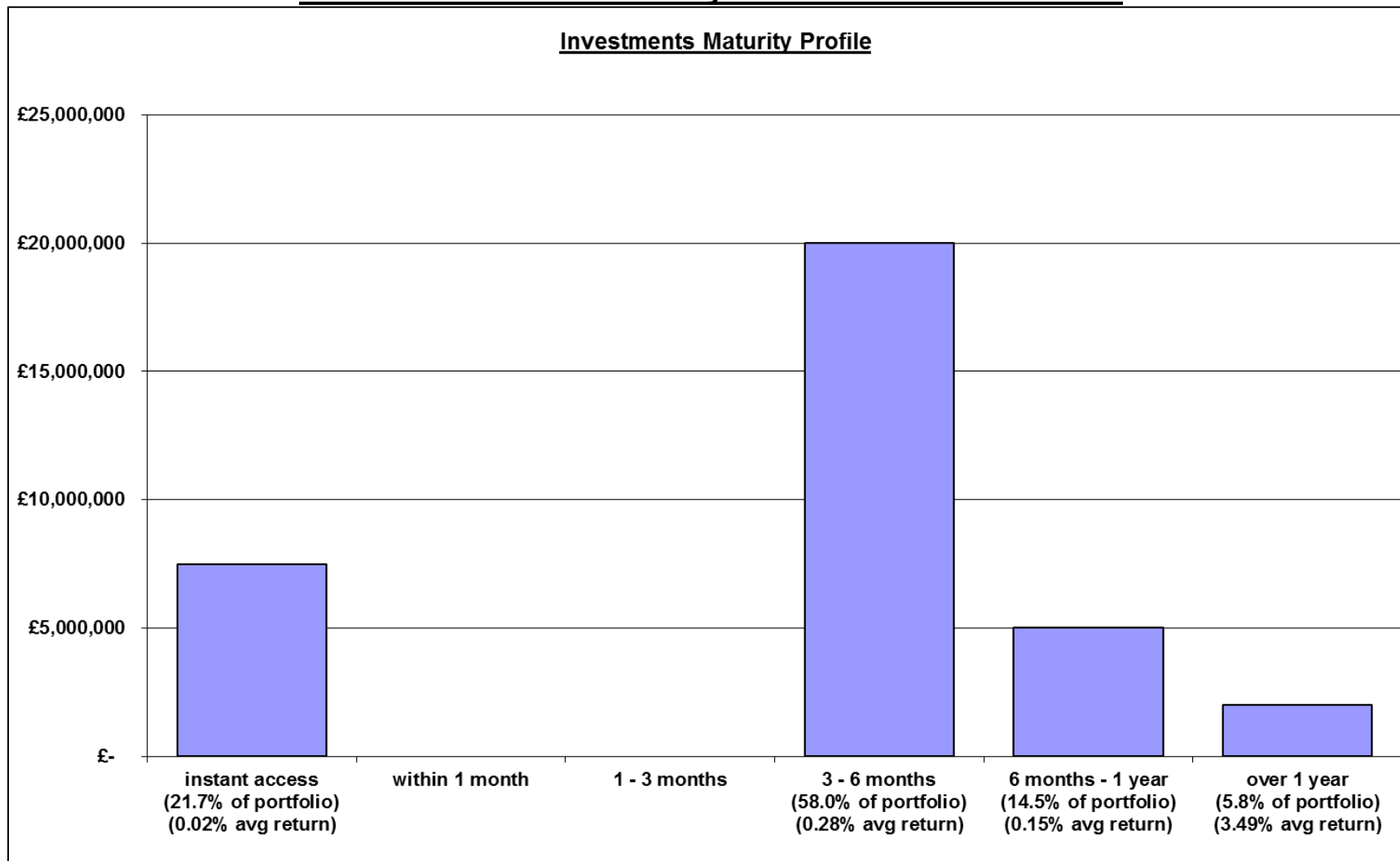


Chart 2 – Quarterly Analysis of Portfolio Maturity Profile

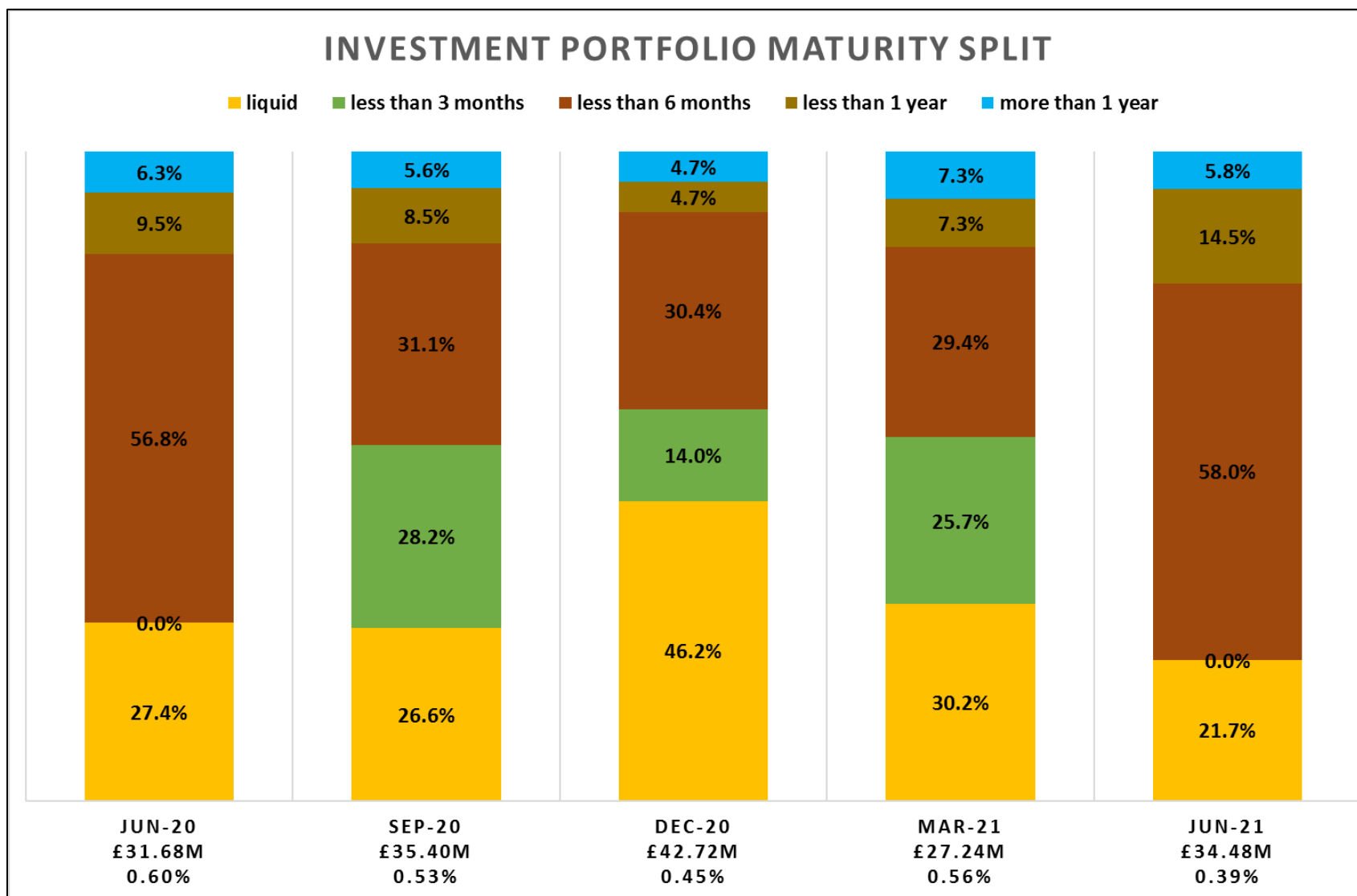
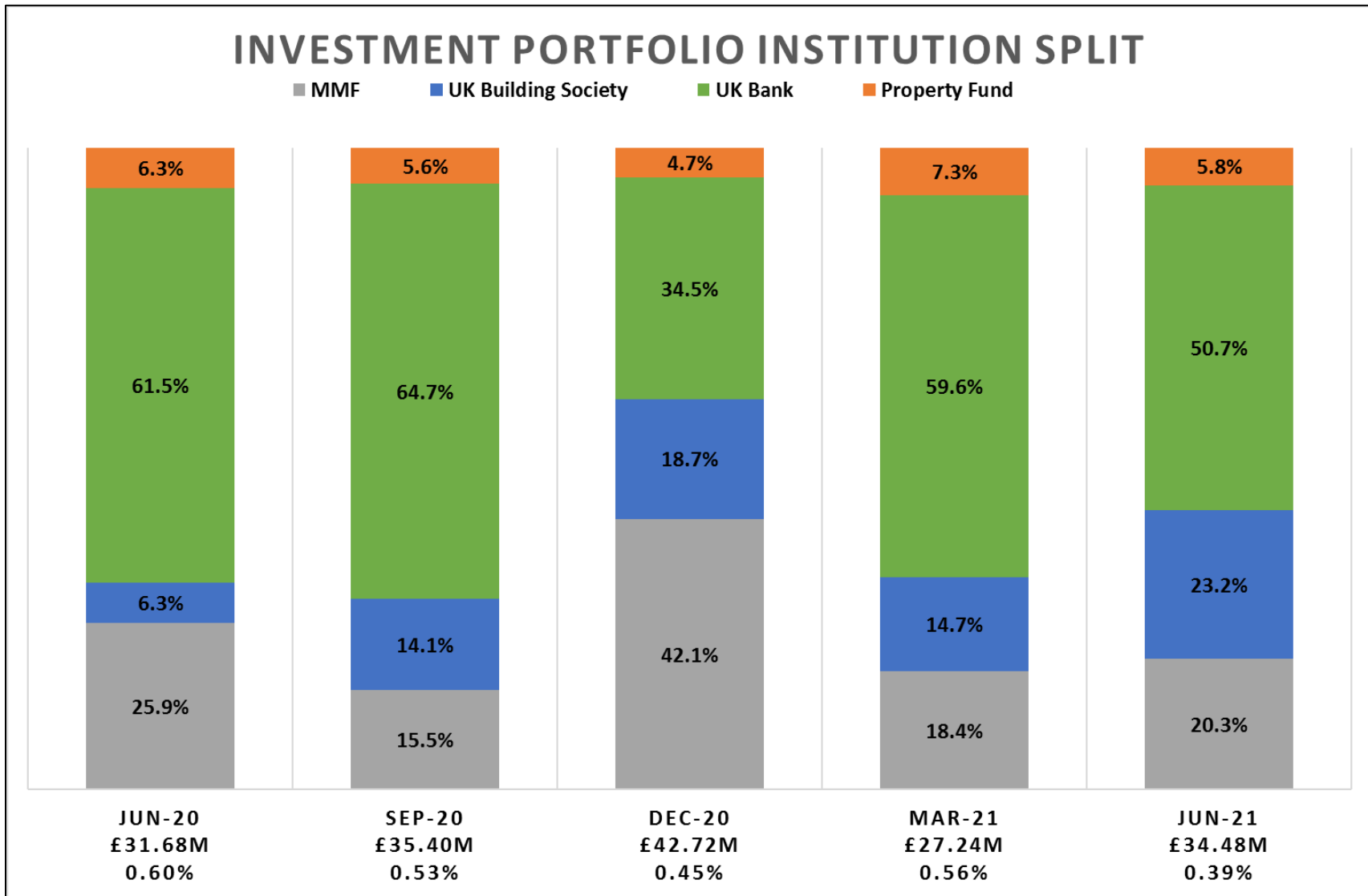
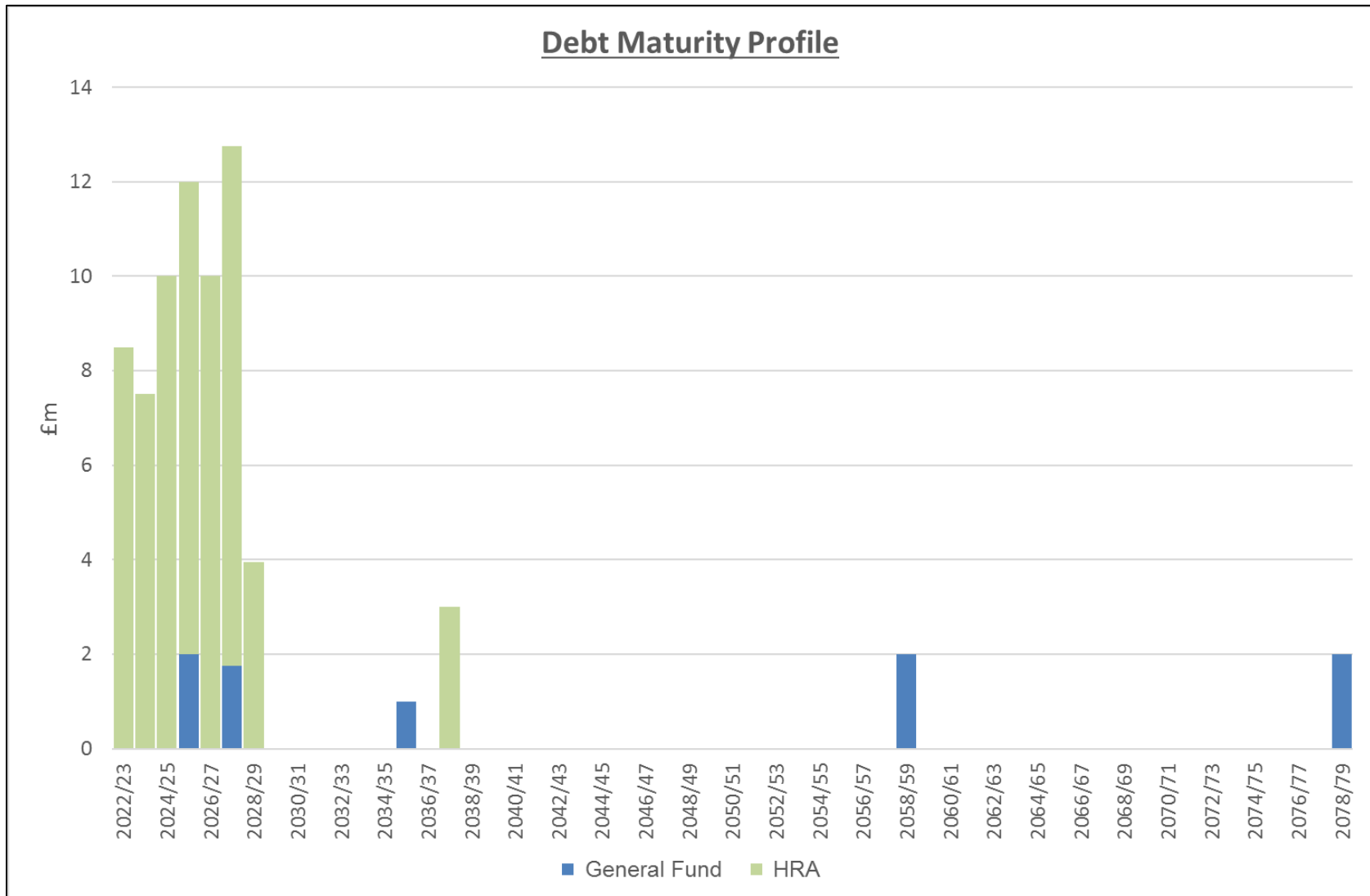


Chart 3 – Quarterly Analysis of Deposits by Institution Type





Appendix C

Glossary of Treasury Management Terminology

<u>Term</u>	<u>Description</u>
Authorised Limit for External Debt	Legal maximum external borrowing that this council is allowed to incur. This amount of debt, whilst unaffordable in the long term, is set to allow for events that deem the need for short term borrowing to maintain the day to day financing of Council activities.
Capital Financing Requirement (CFR)	The amount of capital expenditure (historic and current) that has been financed by borrowing and has yet to be charged to revenue through the Minimum Revenue Provision (MRP)
Certificate of Deposit	A fixed rate deposit instrument for a defined period that can be traded on a secondary market before maturity.
Counterparty	External institution for placing investments.
Fixed Term Deposit	Investment placed with an institution for a specified time period. No withdrawals are allowed before the specified contract end date.
Liquid Cash	Amounts of cash invested that can be withdrawn with no notice period.
Long Term Debt/ Investments	Transaction is for periods of greater than 365 days
Minimum Revenue Provision (MRP)	An amount charged to revenue (Council Tax/ Rents) and set aside for the future repayment of the principle amount of debt.
Money Market Fund (MMF)	An investment product of high creditworthiness where deposits placed are pooled with other depositors to allow the MMF to diversify their investments across a large number of institutions.
Operational Boundary for External Debt	The expected level of external borrowings for the financial year.
Public Works Loans Board (PWLb)	A branch of the Government Debt Management Office which issues debt to local authorities.

<u>Term</u>	<u>Description</u>
Short Term Debt/ Investments	Transaction is for a term of 365 days or less
Weighted Average Rate of Return	The effective combined interest rate of the portfolio/ investment instruments.

NUNEATON AND BEDWORTH BOROUGH COUNCIL

Report to: Audit & Standards Committee – 28 September 2021
From: Director – Customer, Revenues and Assurance
Subject: Local Government Ombudsman’s Annual Report for year ended 31 March 2021

1. **Purpose of Report**

To provide the Audit and Standards Committee with the opportunity to comment upon the information received in the Local Government Ombudsman’s annual letter relating to complaints received about the council and to comment on the council’s performance in dealing with these complaints, for the year ended 31 March 2021

2. **Recommendation**

2.1 That the content of the report be noted.

3. **Background**

3.1 Each year, the Local Government Ombudsman publishes an annual report for each Council detailing complaints received by them. The report is a summary and is attached at Appendix A.

4. **Summary of the Annual Report for year ended 31 March 2021**

4.1 For 2020/21 the Ombudsman reported that they made 19 decisions on complaints and enquiries about the council and investigated 4. They are categorised as per the Ombudsman’s Service description and may not relate directly to the Councils Service areas. In some cases we will have signposted the Ombudsman to the correct administering body for the service although the complaint is still logged against this council. The ombudsman suspended their service between March 2020 and June 2020 due to Covid which may have impacted on the overall numbers.

4.2 Ombudsman decisions

4.2.1 The table below details the Ombudsman's 19 decisions. 4 of these were investigated with 0 upheld.

Category	Decided	Decision	Decision Reason
Benefits & Tax	02/03/2021	Referred back for local resolution	Premature Decision - referred to BinJ
Benefits & Tax	18/03/2021	Closed after initial enquiries	26(6)(a) tribunal Other
Benefits & Tax	29/03/2021	Closed after initial enquiries	Not warranted by alleged mal/service failure
Corporate & Other Services	07/08/2020	Closed after initial enquiries	No worthwhile outcome achievable by investigation
Corporate & Other Services	19/01/2021	Closed after initial enquiries	Not warranted by alleged mal/service failure
Corporate & Other Services	16/03/2021	Closed after initial enquiries	Other Agency better placed
Education & Childrens Services	23/03/2021	Not Upheld	Other reason not to continue with investigation
Environmental Services & Public Protection & Regulation	21/10/2020	Closed after initial enquiries	Not warranted by alleged mal/service failure
Environmental Services & Public Protection & Regulation	08/01/2021	Not Upheld	No worthwhile outcome achievable by further investigation
Highways & Transport	11/12/2020	Closed after initial enquiries	Other reason not to investigate
Housing	01/04/2020	Not Upheld	At request of complainant
Housing	16/06/2020	Closed after initial enquiries	Not warranted by alleged mal/service failure
Housing	18/01/2021	Incomplete/Invalid	Insufficient information to proceed and PA advised
Housing	09/03/2011	Not Upheld	no mal
Planning & Development	03/07/2020	Closed after initial enquiries	Not warranted by alleged injustice
Planning & Development	15/09/2020	Closed after initial enquiries	Not warranted by alleged mal/service failure
Planning & Development	23/09/2020	Closed after initial enquiries	26(6)(b) appeal to Minister
Planning & Development	17/02/2021	Incomplete/Invalid	Insufficient information to proceed and PA advised
Planning & Development	25/03/2021	Closed after initial enquiries	Not warranted by alleged mal/service failure

5. Action taken as a result of the upheld cases

5.1 There were no upheld cases for 2020/21.

Tom Shardlow

21 July 2021

By email

Ms Hines
Executive Director Resources
Nuneaton & Bedworth Borough Council

Dear Ms Hines

Annual Review letter 2021

I write to you with our annual summary of statistics on the decisions made by the Local Government and Social Care Ombudsman about your authority for the year ending 31 March 2021. At the end of a challenging year, we maintain that good public administration is more important than ever and I hope this feedback provides you with both the opportunity to reflect on your Council's performance and plan for the future.

You will be aware that, at the end of March 2020 we took the unprecedented step of temporarily stopping our casework, in the wider public interest, to allow authorities to concentrate efforts on vital frontline services during the first wave of the Covid-19 outbreak. We restarted casework in late June 2020, after a three month pause.

We listened to your feedback and decided it was unnecessary to pause our casework again during further waves of the pandemic. Instead, we have encouraged authorities to talk to us on an individual basis about difficulties responding to any stage of an investigation, including implementing our recommendations. We continue this approach and urge you to maintain clear communication with us.

Complaint statistics

This year, we continue to focus on the outcomes of complaints and what can be learned from them. We want to provide you with the most insightful information we can and have focused statistics on three key areas:

Complaints upheld - We uphold complaints when we find some form of fault in an authority's actions, including where the authority accepted fault before we investigated.

Compliance with recommendations - We recommend ways for authorities to put things right when faults have caused injustice and monitor their compliance with our recommendations. Failure to comply is rare and a compliance rate below 100% is a cause for concern.

Satisfactory remedy provided by the authority - In these cases, the authority upheld the complaint and we agreed with how it offered to put things right. We encourage the early resolution of complaints and credit authorities that accept fault and find appropriate ways to put things right.

Finally, we compare the three key annual statistics for your authority with similar types of authorities to work out an average level of performance. We do this for County Councils, District Councils, Metropolitan Boroughs, Unitary Councils, and London Boroughs.

Your annual data will be uploaded to our interactive map, [Your council's performance](#), along with a copy of this letter on 28 July 2021. This useful tool places all our data and information about councils in one place. You can find the decisions we have made about your Council, public reports we have issued, and the service improvements your Council has agreed to make as a result of our investigations, as well as previous annual review letters.

I would encourage you to share the resource with colleagues and elected members; the information can provide valuable insights into service areas, early warning signs of problems and is a key source of information for governance, audit, risk and scrutiny functions.

As you would expect, data has been impacted by the pause to casework in the first quarter of the year. This should be considered when making comparisons with previous year's data.

Supporting complaint and service improvement

I am increasingly concerned about the evidence I see of the erosion of effective complaint functions in local authorities. While no doubt the result of considerable and prolonged budget and demand pressures, the Covid-19 pandemic appears to have amplified the problems and my concerns. With much greater frequency, we find poor local complaint handling practices when investigating substantive service issues and see evidence of reductions in the overall capacity, status and visibility of local redress systems.

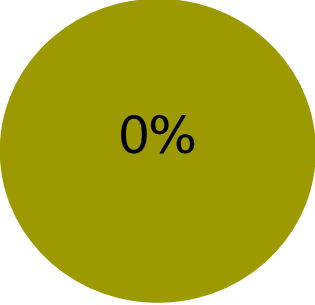
With this context in mind, we are developing a new programme of work that will utilise complaints to drive improvements in both local complaint systems and services. We want to use the rich evidence of our casework to better identify authorities that need support to improve their complaint handling and target specific support to them. We are at the start of this ambitious work and there will be opportunities for local authorities to shape it over the coming months and years.

An already established tool we have for supporting improvements in local complaint handling is our successful training programme. During the year, we successfully adapted our face-to-face courses for online delivery. We provided 79 online workshops during the year, reaching more than 1,100 people. To find out more visit www.lgo.org.uk/training.

Yours sincerely,



Michael King
Local Government and Social Care Ombudsman
Chair, Commission for Local Administration in England

Complaints upheld	
	<p>0% of complaints we investigated were upheld.</p> <p>This compares to an average of 53% in similar authorities.</p> <p>0 upheld decisions</p> <p>Statistics are based on a total of 4 detailed investigations for the period between 1 April 2020 to 31 March 2021</p>
Compliance with Ombudsman recommendations	
No recommendations were due for compliance in this period	
Satisfactory remedy provided by the authority	
The Ombudsman did not uphold any detailed investigations during this period	

NOTE: To allow authorities to respond to the Covid-19 pandemic, we did not accept new complaints and stopped investigating existing cases between March and June 2020. This reduced the number of complaints we received and decided in the 20-21 year. Please consider this when comparing data from previous years.