

AUDIT AND GOVERNANCE COMMITTEE

AGENDA

**Meeting to be held in the Civic Centre (Committee Room No. 1) on
Friday 26 July 2019 at 1.30pm**

ITEM	PAGE
1. Receipt of Declarations of Interest (if any)	
2. Apologies	
3. Minutes of the Meeting of the Committee held on 26 April 2019 (Copy attached.)	1
4. Update on the City Plan Verbal update from the Associate Lead for Organisational Strategy.	-
5. Risk and Assurance Map Update 2019/2020 Report of the Assistant Director of Business and Property Services (copy attached).	7
6. Annual Report on the Work of the Committee 2018/2019 Report of the Assistant Director of Business and Property Services (copy attached).	33
7. Audited Statement of Accounts 2018/2019 Report of the Executive Director of Corporate Services (copy to be printed separately).	-

For further information and assistance, please contact:

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8.	Treasury Management Review of Performance 2018/2019	37
	Report of the Executive Director of Corporate Services (copy attached).	
9.	Treasury Management 2019/2020 – First Quarterly Review	43
	Report of the Executive Director of Corporate Services (copy attached).	
10.	Data Protection Annual Report 2018/2019	55
	Joint report of the Director of People, Communications and Partnerships and the Data Protection Officer (copy attached).	

ELAINE WAUGH
Assistant Director of Law and Governance

Civic Centre
Sunderland

18 July 2019

AUDIT AND GOVERNANCE COMMITTEE
Friday 26 April 2019

Present:

Mr M Knowles

Councillors Scullion, Trueman and P Wood.

In Attendance:

Jon Ritchie (Executive Director of Corporate Services) Tracy Davis (Assistant Head of Assurance), Graham King (Assistant Head of Adult Services) Owen Thomas (Deputy Data Protection Officer), Diane Harold (Mazars) and Gillian Kelly (Principal Governance Services Officer)

Declarations of Interest

There were no declarations of interest.

Apologies for Absence

Apologies for absence were received from Mr Cook and Councillor Stewart.

Minutes

26. RESOLVED that the minutes of the meeting of the Committee held on 8 February 2019 be confirmed as a correct record.

Graham King, Assistant Director of Adult Services was in attendance to provide an update on the work which had been done to address the recommendations which had been made following the audit of Personal Budgets in December 2017.

There had been 46 recommendations made as a result of the audit, some of which had been significant in nature and there remained 19 recommendations to be fully or partially implemented. These were essentially around the validation process and a working party had recently concluded development of a robust validation process. It had been hoped to have this in place by the end of March, however this had not been possible but the implementation of the new process would now begin during the week commencing 6 May 2019.

The Chair thanked Graham for the update.

Annual Governance Review 2018/2019 (including Annual Governance Statement)

The Executive Director of Corporate Services submitted a report which provided details of the 2018/2019 Annual Governance Review, the Risk and Assurance Map at the end of the year and the Internal Audit opinion on the adequacy of the overall system of internal control. An updated Local Code of Corporate Governance, draft Annual Governance Statement and an improvement plan for the year ahead were also included.

The Annual Governance Review was undertaken by gathering assurance from several sources including Heads of Service, Executive and Corporate Directors, specialist functions, Risk and Assurance Team, Internal and External Audit and other external agencies. The assurances gathered were shown in the Risk and Assurance Map which was reviewed on a quarterly basis and presented to the Chief Officers Group and Audit and Governance Committee throughout the year.

The findings of the Annual Governance Review were taken into account in the Annual Governance Statement which was attached at Appendix 3 of the report.

The assurance provided by the Risk and Assurance Map work undertaken during the year was set out within the report and the opinion of the head of internal audit, which had been reported to the Committee, continued to be that the Council had an adequate system of internal control. The Council continued to have robust and effective corporate governance arrangements in place with improvements to Children's Safeguarding being overseen by the Chief Executive and the Operational Commissioning Group. The views elicited during the review demonstrated that the principles of good governance continued to be embedded Council-wide.

Diane Harold advised that she had carried out an early review of the Annual Governance Statement and had discussed this with Internal Audit and found no issues. Mr Knowles commented that this indicated that the Council's systems and evidence could be relied upon.

Having considered the report, the Committee: -

27. RESOLVED that: -

- (i) the report and the Risk and Assurance Map at Appendix 2 be noted;
- (ii) the Improvement Plan at Annex 1 to the Annual Governance Statement be agreed; and
- (iii) the draft Annual Governance Statement at Appendix 3 be agreed.

Review of Internal Audit

The Executive Director of Corporate Services submitted a report informing the Committee of the results of the review of Internal Audit which had been undertaken by the External Auditor, Mazars.

The Committee were advised that the Public Sector Internal Audit Standards (PSIAS) and CIPFA Application Note require that every local government internal audit service is subject to an external assessment of its work against the standards at least once every five years. The Council's External Auditor, Mazars had undertaken a review against these standards in December 2018.

The review concluded that Internal Audit was compliant with the standards and highlighted areas of good practice in relation to: -

- Integrated Assurance Framework
- Audit Manual and MKI e-audit system
- Proficiency of the internal auditors

A small number of areas for continued improvement had been communicated which related to the standards on Independence and Objectivity, Quality and Improvement Assurance Programme and Communicating the acceptance of risks.

Diane Harold commented that the External Auditor liked the approach which was taken by Sunderland to Internal Audit and had been assured about the processes within the service.

Accordingly, the Committee: -

28. RESOLVED that the positive opinion provided be noted.

Risk and Assurance Map 2019/2020

The Assistant Head of Assurance presented a report which asked the Committee to consider: -

- The proposed Risk and Assurance Map and supporting plans of work for the Internal Audit and Risk and Assurance teams for 2019/2020; and
- Internal Audit's key performance measures and targets for 2019/2020.

Members were directed to the Risk and Assurance Map and the Assistant Head of Assurance advised that the crosses in boxes indicated where it was expected that assurance would be obtained from. It was highlighted that Health and Safety had been added in as a provider of assurance.

The Map was split into Strategic and Corporate Risk Areas and plans of work on each of these had been devised with the Chief Executive, Chief Officers Group and other officers with significant roles. The Risk and Assurance Team would be looking at key projects and how they were made to work with staff and the Internal Audit team had a large piece of work looking at the clarity of roles and responsibilities following the senior management restructure which had recently take place. Internal Audit would also be reviewing performance management arrangements in line with the new City Plan and partnership arrangements between the Council and its trading

companies. The planned individual audits and risk and assurance work were set out in Appendix 2 of the report and it was noted that Siglion was due to become one of the Council's wholly owned companies and the internal work was yet to be determined.

Appendix 3 set out the Key Performance Indicators and Targets for Internal Audit and the Assistant Head of Assurance advised that performance in relation to timeliness of audits had improved so the target for draft reports being issued within 15 days of the end of the fieldwork had been increased from 82% to 85%. The KPI for implementation of high and significant risk internal audit recommendations remained 100% and 90% for medium risk and these statistics would be started afresh for the new reporting year. The Committee would continue to receive quarterly updates.

Councillor Trueman referred to the Risk and Assurance Map and that the number of red indicators in relation to Children's Services remained a large area of concern. The Assistant Head of Assurance stated that the majority of 'reds' related to the Ofsted report and these would not change until the Ofsted judgement changed.

The other red indicators were with regard to financial resources and the Executive Director of Corporate Services advised that the financial position was improving each month but was still overspent so the opinion could not be changed. If the current trajectory was maintained, then there would be a change in the assurance position. He added that there had been positive elements in monitoring visits in relation to both quality and financial matters.

Councillor Trueman commented that his concern was that the costs of the service could still rise and Councillor Wood queried if a more realistic budget had been set for Together for Children which would then anticipate no overspend. The Executive Director of Corporate Services said that it was a challenging budget which had been set but it felt achievable. If things were to change then it would be a corporate decision. The Executive Director advised that he would work with the Finance Director of Together for Children on a financial update for the Committee.

Having considered the report, the Committee: -

29. RESOLVED that the report be noted.

Regulation of Investigatory Powers Act

The Director of People, Communications and Partnerships and the Assistant Director of Law and Governance submitted a joint report seeking the comments of the Committee of the Council's Guidance to Staff on the Regulation of Investigatory Powers Act 2000 ('RIPA').

The Act regulated public services in their conduct of directed surveillance and use of covert human intelligence sources. The use of RIPA techniques required judicial approval and the regime only applied where investigations could not be made without covert surveillance activity. The Council had made maximum use of overt

investigation techniques, as recommended under best practice, and had not authorised covert activity under RIPA powers since 2012.

Guidance to staff on RIPA had been updated to reflect the changes in council structure and responsibilities which came into effect from 1 April 2019 and also took into account the requirements of the most recent Code of Practice from the Secretary of State. Changes to the Code included additional guidance on: -

- Internet material and investigations, social media and internet research
- The role of the Senior Responsible Officer
- Use of tracking devices, drones etc.
- CCTV and ANPR
- Expanded guidance on necessity and proportionality

The Committee was asked to consider the updated guidance document at Appendix A to the report.

Councillor Wood queried how many members of staff would fulfil the role of 'Senior Responsible Officer' and the Deputy Data Protection Officer advised that the number was low as departments used the techniques sparingly. The last inspection recommended that Authorising Officers should be reduced to a minimum and the Council would stick with three individuals as was currently the case.

Mr Knowles asked if the report came regularly to the Committee and it was acknowledged that it had only been presented on a periodic basis. The Assistant Head of Assurance stated that she had discussed this with the Data Protection Officer and it had been agreed that an annual update would be brought to the Committee, along with a report on the Data Protection Officer role.

30. RESOLVED that the report and updated guidance be noted.

(Signed) M KNOWLES
Vice-Chair

AUDIT AND GOVERNANCE COMMITTEE

26 July 2019

RISK AND ASSURANCE MAP UPDATE – 2019/2020

Report of the Assistant Director of Business and Property Services

1. Purpose of Report

- 1.1 To enable the Audit and Governance Committee to consider:
- the updated Risk and Assurance Map and supporting Strategic and Corporate Risk Profiles based on assurances gathered from a range of sources;
 - work undertaken by the audit, risk and assurance service during the year; and
 - the performance of Internal Audit.
- 1.2 The report covers work undertaken for the Council and Council owned companies.

2. Description of Decision

- 2.1 The Audit and Governance Committee are asked to note and consider the report.

3. Background/Introduction

- 3.1 In April 2019 the Committee approved the proposed Risk and Assurance Map for 2019/20 and the plans of work for Internal Audit and Risk & Assurance. These plans of work are directly derived from the Strategic and Corporate Risk Profiles which are updated as appropriate and in line with changes to the former Corporate Plan.

4. Risk and Assurance Map

- 4.1 The current Risk and Assurance Map is attached at Appendix 1. The cumulative risk scores and assurance position are updated on a quarterly basis with the relevant senior officers. The 'X's in the assurance columns show where assurance is expected to be received from.
- 4.2 There are two changes to the Risk and Assurance Map, the first is in relation to Together for Children Limited (TfC), the assurance provided by financial resources has increased to moderate/amber. Over the past year, the quarterly updates have reported an improving trend, although the rating

remained at limited/red.

- 4.3 The 2019/20 budget setting process involved a rebasing of the contract value with TfC, although this continued to require savings (£5m) which was consistent with the scale of the challenge set to other parts of the Council. The first budget monitoring review of the year is forecasting a pressure of £3.5m, but this scale of pressure is consistent with other areas of the Council, especially those facing demand pressures. Work is however ongoing in relation to achieving cost reductions in the current year, and that sub-set of the financial resources assessment has remained as limited/red. Despite the improved financial resources rating, the overall assurance position remains as red.
- 4.4 The second change is to the risk rating for the key risk area of Strategic Financial Management which has changed from Green to Amber. This is due to the uncertain impacts on the Local Government financial position from a change in Prime Minister and cabinet and uncertainties around Brexit and the impact this may have on funding sources and levels.
- 4.5 The Strategic Risk Profile (SRP) and Corporate Risk Profile (CRP) are currently being updated in line with the new City Plan. This is therefore the last report regarding the current versions. They have however been updated to show the current risk scores and assurance positions based upon meetings with Chief Officers or senior representatives (for the SRP) and review by the Assistant Head of Assurance (for the CRP). Copies of the updated Profiles are attached at Appendices 2 and 3 respectively.

Strategic Risk Areas

- 4.6 The top section of the Map relates to the strategic risks identified in the Strategic Risk Profile. The changes to the Strategic Risk Profile since the last meeting are as follows:
- The risk score for R019 (*“Activity to improve the care options for adults does not meet the needs of individuals or result in reduced costs to the Council.”*) has reduced from 6 to 3. This is due to the activity being undertaken to improve the care options provided, including technological solutions.
 - The risk score for R022 (*“Opportunities are not taken to enable individuals to mitigate the impact of welfare reforms.”*) has reduced from 6 to 3. This is due to activity to support individuals and families through the introduction of Universal Credit. The Neighbourhoods Directorate has commented that there has not been the degree of adverse impact that was originally anticipated.

Corporate Risk Areas

- 4.7 The middle section of the Map shows the cumulative risk assessments and the assurance levels relating to the risks identified in the Corporate Risk

Profile. AS highlighted in paragraph 4.4 above there has been a change in the current risk position regarding Strategic Financial Management. The risk description for CR023 has changed from

‘Strategic financial plans fail to take into account all critical factors likely to affect the Council's finances moving forward, e.g. changes in government funding streams, changes in amounts of funding, inflation, pay awards, potential liabilities etc.’

To:

Strategic financial plans are at risk due to all critical factors likely to affect the Council's finances moving forward, e.g. change in prime minister and Cabinet ministers, impacts of a no-deal BREXIT, changes to funding streams, changes in amounts of funding, inflation, pay awards, potential liabilities etc

The current risk score has therefore changed from 3 to 6 and an additional mitigating action has been included, as follows:

‘Financial reporting arrangements clearly highlight the impacts of known risks to strategic financial plans.’

Council Owned Companies

- 4.8 The bottom section of the Map shows the Assurance position in relation to Companies that are wholly owned by the Council and are part of the group for the financial statements. As Siglion LLP is now wholly owned by the Council it will be added to the Map and audit arrangements developed.
- 4.9 Assurance from Financial Resources in relation to the financial management position within Together for Children Ltd has improved from Limited (Red) to Moderate (Amber).

Assurance from Internal Audit

- 4.10 The audits to be carried out this year and the detailed results of completed Internal Audit work are shown at Appendix 4, with the summary outcomes shown on the Map. Appendix 4 shows all of the opinions, including those from previous years, which have been considered in determining the overall assurance level. Those audits shown in grey are those in previous years where it became not appropriate to complete the audit at that time.

Assurance from Risk and Assurance Team

- 4.11 Areas that the Risk and Assurance Team are currently involved in are shown below. Much of their work is ongoing over a period of time, however, where ongoing assurance can be provided from their work this is shown on the Map. Assurance work within the last quarter has included:

- Major capital schemes such as the development stage of the SSTC Phase 3, the International Advanced Manufacturing Park, and existing enterprise zones.
- Corporate projects, including the introduction of Office 365 and the move to Cloud technology, SAP self-service arrangements for HR and procurement activities and the new Civic Centre.
- Risks in relation to Brexit.
- Risks in relation to information governance and security.
- National Fraud Initiative data matching exercise.
- Arrangements in relation to anti-money laundering.

Assurance from others within the Council

- 4.12 Assurance provided from others within the Council is shown in the Risk and Assurance Map. There are no changes since the last report other than those in relation to Together for Children Limited.

Assurance from Management

- 4.13 Arrangements are in place to obtain assurance from all service areas within the Council.

Assurance from External Sources

- 4.14 The Map includes assurance from relevant external sources. There are no changes since the last report.

Overall

- 4.15 The overall assurance levels are either green or amber, with the exception of the Red ratings relating to Children's Safeguarding.
- 4.16 The Risk and Assurance Map was recently considered by officers of the Chief Officer Group and the issues raised above highlighted.

5. Internal Audit Performance

- 5.1 The performance in relation to targets set for Internal Audit is shown at Appendix 5.
- 5.2 Performance is on target for all KPI's apart from the percentage implementation rate for agreed actions in relation to schools. Due to the recent senior management restructure and the movement of services between directorates it has been almost impossible to re-calculate the implementation rate for the new directorates. Therefore, the rate is being calculated fresh from the follow ups undertaken in the current financial year. It is therefore likely that the rates will be more volatile for a period whilst the number of follow ups included builds up as any agreed actions not implemented will have a larger impact on the total. The implementation rate

for medium risk agreed actions is as follows:

Area	Implementation Rate
Council services	100%
Schools	86%

6. Conclusion

- 6.1 Results of the work undertaken so far during the year have not highlighted any issues which affect the overall opinion that the Council continues to have in place an adequate system of internal control.

7. Recommendation

- 7.1 The Audit and Governance Committee are asked to

- Note and consider the report.

Risk and Assurance Map

July 2019

Strategic and Corporate Risk Areas		
	Current Risk Score	Cumulative Assurance Position
Strategic Risk Areas		
Growing the Economy		
Promoting Better Living & Working		
Maximising the Cultural Offer		
Improving Education and Skills		
Improving Health and Wellbeing		
Protecting Vulnerable Children		
Protecting Vulnerable Adults		
Building Resilient Communities		
Corporate Risk Areas		
Commissioning		
Strategic Planning		
Service/Business Planning		
Service Delivery Arrangements		
Performance Management		
Partnership/Integrated Working		
Procurement		
Relationship/Contract Management		
Legality		
Risk Management		
Performance Reporting		
Strategic Financial Management		
Financial Reporting		
Financial Management		
Income Collection		
Capital Programme Management		
HR Management		
Health and Safety		
ICT Infrastructure		
Cyber Security		
Information Governance/Security		
Business Continuity Management		
Programme and Project Management		
Asset Management		
Anti-Fraud and Corruption		
Council Owned Companies		
Sunderland Care and Support Ltd.		
Together for Children Sunderland Ltd.		
Sunderland Homes Ltd.		

	2019/20											
1st Line	2nd Line										3rd Line	
Management Assurance	Other Internal Assurance Activity										Internal Audit	External Assurance
	Law & Governance	Financial Resources	Programmes & Projects	Performance	ICT	HR &OD	Health & Safety	Business Continuity	Risk & Assurance			
						</						

Key: X=activity planned, White=no coverage, Green=full / substantial assurance, Amber=moderate assurance, Red=limited / no assurance

STRATEGIC RISK PROFILE

Appendix 2

Risk Impact

1 = Minor

2 = Moderate

3 = Significant

4 = Critical

Risk Likelihood

1 = Unlikely

2 = Possible

3 = Likely

4 = Almost Certain

Likelihood

4

3

2

1

1

2

3

4

Negative Impact

Risk Code	Strategic Risk Description	Original Score			Target Score			Mitigating Actions	Action Lead	Due Date	Current Score			Assurance													
		Impact	Likelihood	Rating	Impact	Likelihood	Rating				Impact	Likelihood	Rating	Strategic Risk Area	Overall	1st Line	2nd Line								3rd Line		
																	Legal	Financial	Projects	Performance	ICT	HR&OD	BCM	Risk	Internal Audit	External Audit	
R001	Council's contribution to the 3,6,9 Vision fails to deliver the required outcomes							Develop and implement a process to monitor and review progress of the 3, 6, 9 Vision delivery plan. Key milestones are reflected in the Corporate Plan and monitored through project governance and performance management arrangements	Peter McIntyre	31-Mar-20				Growing the Economy													
		4	3		4	2		Consultants appointed to develop Sunderland City Centre Strategy and Investment Plan. This will combine with the Local Industry Strategy to provide a 15-20 year vision, replacing the 3,6,9 plan		31-Mar-20	4	2															
R002	The creation of a new North of Tyne Combined Authority, could adversely impact on Sunderland's future economic growth and connectivity prospects.							Officer and Members to be fully aligned with regional opportunities and work proactively to develop the region whilst protecting the interests of Sunderland	Patrick Melia	31-Mar-20				Growing the Economy													
		4	4		4	2		Continue to be an active member of NECA and contribute to the regional approach to transport		31-Mar-20	3	2															
R003	Local workforce does not have the required skills to take advantage of the growing North East economy.							Facilitate collaborative working between employers, education/skills providers and students	Sarah Reed	31-Mar-20				Growing the Economy													
								Inform and influence education/skills providers regarding the priorities for employers		31-Mar-20																	
								Identifying the knowledge and skills required by employers		31-Mar-20																	
		4	4		4	3		Skills Strategy to form part of the Local Industry Strategy with a heavy digital bias		31-Mar-20	4	4															
R004	The Local Plan produced by the Council is not accepted by the Planning Inspectorate							Undertake the appropriate research, analysis and consultation to provide the evidence base to the Planning Inspectorate to show that our Plan is sound. Key milestones are reflected in the Corporate Plan and monitored through PM arrangements	Peter McIntyre	31-Mar-20				Growing the Economy													
		3	3		3	1		Local Plan to be agreed by Cabinet in December 2018		31-Mar-20	3	3															






										Assurance																
Risk Code	Strategic Risk Description	Original Score			Target Score			Mitigating Actions	Action Lead	Due Date	Current Score			Strategic Risk Area	Overall	1st Line	2nd Line							3rd Line		
		Impact	Likelihood	Rating	Impact	Likelihood	Rating				Impact	Likelihood	Rating			MGT	Legal	Financial	Projects	Performance	ICT	HR&OD	BCM	Risk	Internal Audit	External Audit
R005	Unable to attract commercial / manufacturing interest to our development sites							Monitor and review the actions being undertaken to incentivise / support industries to prosper in the city to achieve targets and outcomes. IAMP project and Vaux project (Siglion) have robust project governance arrangements.	Peter McIntyre	31-Mar-20				Growing the Economy												
		4	3		4	2					4	2														






		Original Score			Target Score						Current Score			Assurance													
Risk Code	Strategic Risk Description	Impact	Likelihood	Rating	Impact	Likelihood	Rating	Mitigating Actions	Action Lead	Due Date	Impact	Likelihood	Rating	1st Line		2nd Line							3rd Line				
														Strategic Risk Area	Overall	Legal	Financial	Projects	Performance	ICT	HR&OD	BCM	Risk	Internal Audit	External Audit		
R006	Failure to provide appropriate conditions to support viable / sustainable investment opportunities in the City, including effective marketing.							Developing the appropriate infrastructure	Peter McIntyre	31-Mar-20				Growing the Economy													
		4	3		4	2							4	2													






											Assurance														
Risk Code	Strategic Risk Description	Original Score			Target Score			Mitigating Actions	Action Lead	Due Date	Current Score			1st Line		2nd Line							3rd Line		
		Impact	Likelihood	Rating	Impact	Likelihood	Rating				Impact	Likelihood	Rating			Strategic Risk Area	Overall	Legal	Financial	Projects	Performance	ICT	HR&OD	BCM	Risk
R007	Failure to attract investment to support regeneration of the City Centre	4	3		4	2	Masterplanning underway in further areas (Holmeside, Minster Quarter, Sheepfolds, Sunnyside). Continue to engage and consult with developers and other stakeholders at the pre-app stage to streamline the process.	Peter McIntyre	31-Dec-19	4	2		Growing the Economy												
									31-Dec-19																
									31-Dec-19																
									31-Dec-19																
									31-Mar-20																
									31-Mar-20																






										Assurance																
		Original Score			Target Score						Current Score					1st Line	2nd Line							3rd Line		
Risk Code	Strategic Risk Description	Impact	Likelihood	Rating	Impact	Likelihood	Rating	Mitigating Actions	Action Lead	Due Date	Impact	Likelihood	Rating	Strategic Risk Area	Overall	MGT	Legal	Financial	Projects	Performance	ICT	HR&OD	BCM	Risk	Internal Audit	External Audit
R008	Failure to realise the economic regeneration / benefits, arising from the investment in the SSTC programme.							Engage with landowners and key stakeholders to support development of targeted sites. SSTC2 Northern Spire now open. SSTC 3 Construction due to be completed July 21. SSTC 4 business case in development and a re-design of SSTC 5 is being considered.	Les-Clark	31-Mar-20				Growing the Economy												
		3	3		3	2					3	2														







											Assurance															
Risk Code	Strategic Risk Description	Original Score			Target Score			Mitigating Actions	Action Lead	Due Date	Current Score			Strategic Risk Area	Overall	1st Line	2nd Line							3rd Line		
		Impact	Likelihood	Rating	Impact	Likelihood	Rating				Impact	Likelihood	Rating			MGT	Legal	Financial	Projects	Performance	ICT	HR&OD	BCM	Risk	Internal Audit	External Audit
R009	Housing developers are not attracted to Sunderland							Incentivise developers and put in place enabling infrastructure.	Peter McIntyre	31-Dec-19				Promoting Better Living and Working												
							Programme activity so that developers are ready to submit planning applications as soon as the Local Plan is adopted.	31-Mar-20																		
		3	3		3	2		Siglion housing sites in progress.		31-Mar-20	3	2														







											Current Score			Assurance												
Risk Code	Strategic Risk Description	Original Score			Target Score			Mitigating Actions	Action Lead	Due Date	Impact	Likelihood	Rating	Strategic Risk Area	Overall	1st Line	2nd Line							3rd Line		
		Impact	Likelihood	Rating	Impact	Likelihood	Rating									MGT	Legal	Financial	Projects	Performance	ICT	HR&OD	BCM	Risk	Internal Audit	External Audit
R010	Opportunities are not taken to regenerate the coast in a timely manner or development is restricted by lack of resources	3	2		3	1		Seaburn phase 1 to deliver apartments and commercial space	Peter McIntyre	31-Dec-19	3	4		Promoting Better Living and Working												







										Assurance																
Risk Code	Strategic Risk Description	Original Score			Target Score			Mitigating Actions	Action Lead	Due Date	Current Score			Strategic Risk Area	Overall	1st Line	2nd Line							3rd Line		
		Impact	Likelihood	Rating	Impact	Likelihood	Rating				Impact	Likelihood	Rating			MGT	Legal	Financial	Projects	Performance	ICT	HR&OD	BCM	Risk	Internal Audit	External Audit
R011	City's cultural offer does not contribute to the city being an attractive and vibrant place to invest, work, learn, live and visit	3	2		3	1		Culture Company supports cul;ture programme and key cultural events such as elements of the Tall ships	Fiona Brown	31-Mar-19	3	1		Maximising the Cultural Offer												

										Assurance																	
Risk Code	Strategic Risk Description	Original Score		Target Score		Mitigating Actions	Action Lead	Due Date	Current Score			Strategic Risk Area	Overall	1st Line	2nd Line							3rd Line					
		Impact	Likelihood	Rating	Impact				Likelihood	Rating	Impact			Likelihood	Rating	MGT	Legal	Financial	Projects	Performance	ICT	HR&OD	BCM	Risk	Internal Audit	External Audit	
R013	The Council is not able to fulfil its statutory responsibility and/or achieve desired outcomes for Children and young people						Review of the contract monitoring arrangements and the operation of the Operational Commissioning Group.	Fiona Brown	31-Mar-19				Improving Education & Skills														
										Review of Together for Children governance arrangements.	31-Mar-19																
		4	4		3	2				Base budget review.	31-Mar-19	3														3	

											Assurance														
Risk Code	Strategic Risk Description	Original Score			Target Score			Mitigating Actions	Action Lead	Due Date	Current Score			Strategic Risk Area	Overall	1st Line	2nd Line							3rd Line	
		Impact	Likelihood	Rating	Impact	Likelihood	Rating				Impact	Likelihood	Rating			MGT	Legal	Financial	Projects	Performance	ICT	HR&OD	BCM	Risk	Internal Audit
R014	The health of the population does not improve							Develop the Joint Health & Wellbeing Strategy with an action plan, to address the major issues identified in the Joint Strategic Needs Assessment.	Gillian Gibson	31-Mar-20				Improving Health & Wellbeing											
								Public Health function to effectively address major issues including alcohol, smoking and obesity, guided by the developing Public Health Strategy		31-Mar-20															
		4	3		4	2		The Council to incorporate an approach to health in all its policies		31-Mar-20	4	3													






													Assurance														
Risk Code	Strategic Risk Description	Original Score			Target Score			Mitigating Actions	Action Lead	Due Date	Current Score			Strategic Risk Area		Overall	1st Line	2nd Line							3rd Line		
		Impact	Likelihood	Rating	Impact	Likelihood	Rating				Impact	Likelihood	Rating				MGT	Legal	Financial	Projects	Performance	ICT	HR&OD	BCM	Risk	Internal Audit	External Audit
R015	Safeguarding practice does not substantially improve to make children safer.							Deliver the improvement plan that has been agreed with Ofsted	Jill Colbert	30-Sep-18				Protecting Vulnerable Children													
		4	4		4	2		Embed a culture of good performance and quality		30-Sep-18	4	3															

		Original Score			Target Score						Current Score					Assurance										
Risk Code	Strategic Risk Description	Impact	Likelihood	Rating	Impact	Likelihood	Rating	Mitigating Actions	Action Lead	Due Date	Impact	Likelihood	Rating	Strategic Risk Area	Overall	1st Line	2nd Line							3rd Line		
																MGT	Legal	Financial	Projects	Performance	ICT	HR&OD	BCM	Risk	Internal Audit	External Audit
R016	Timely interventions are not undertaken to deliver early help/support to vulnerable children							Children and families in need of help are identified and multi-agency services act together to improve outcomes	Jill Colbert	30-Sep-18				Protecting Vulnerable Children												
		4	4		4	2					4	3														

											Assurance															
		Original Score			Target Score							Current Score			1st Line		2nd Line							3rd Line		
Risk Code	Strategic Risk Description	Impact	Likelihood	Rating	Impact	Likelihood	Rating	Mitigating Actions	Action Lead	Due Date	Impact	Likelihood	Rating	Strategic Risk Area	Overall	MGT	Legal	Financial	Projects	Performance	ICT	HR&OD	BCM	Risk	Internal Audit	External Audit
R017	Timely and sustainable solutions are not implemented for looked after children to improve the life chances for the most vulnerable children in the city							Looked-after children have access to high quality care planning, review and support. They are supported in stable care placements and have access to and attend good schools	Jill Colbert	30-Sep-18				Protecting Vulnerable Children												
		4	4		4	2					4	3														

											Assurance															
Risk Code	Strategic Risk Description	Original Score			Target Score			Mitigating Actions	Action Lead	Due Date	Current Score			Strategic Risk Area	Overall	1st Line	2nd Line							3rd Line		
		Impact	Likelihood	Rating	Impact	Likelihood	Rating				Impact	Likelihood	Rating			MGT	Legal	Financial	Projects	Performance	ICT	HR&OD	BCM	Risk	Internal Audit	External Audit
R018	Inability to change the structures (ie workforce, technology, processes, customer engagement), service capacity, and culture of the company to deliver the improved outcomes to vulnerable children.	3	3		3	2		Delivery and close scrutiny of Improvement Plan and act on any areas for improvement identified during each Ofsted monitoring visit.	Jill Colbert	31-Mar-19	3	3		Protecting Vulnerable Children												
								Delivery and close scrutiny of Business Plan for Company.		31-Mar-19																
								Implementation of recruitment & retention strategy.		31-Mar-19																
								Directors to manage budgets with appropriate support from Finance. This includes monthly meetings with Budget Holders and formal reporting arrangements to TfC Board, OCG and the Council.		31-Mar-19																
								A Base Budget review exercise will be completed to inform options available		31-Mar-19																

										Assurance																
Risk Code	Strategic Risk Description	Original Score			Target Score			Mitigating Actions	Action Lead	Due Date	Current Score			1st Line		2nd Line							3rd Line			
		Impact	Likelihood	Rating	Impact	Likelihood	Rating				Impact	Likelihood	Rating			Strategic Risk Area	Overall	Legal	Financial	Projects	Performance	ICT	HR&OD	BCM	Risk	Internal Audit
R019	Activity to improve the care options for adults does not meet the needs of individuals or result in reduced costs to the Council							Liquid Logic social care system is now live. Phase 2 is to deliver customer/citizen portal. Joint work with NHS regarding continuing healthcare. Review of telecare service provision.	Fiona Brown	30-Sep-19				Protecting Vulnerable Adults												
		3	2		3	1				30-Sep-19																
		3	2		3	1				30-Sep-19	3	1														

										Current Score			Assurance														
Risk Code	Strategic Risk Description	Original Score			Target Score			Mitigating Actions	Action Lead	Due Date	Impact	Likelihood	Rating	Strategic Risk Area	Overall	1st Line	2nd Line							3rd Line			
		Impact	Likelihood	Rating	Impact	Likelihood	Rating									MGT	Legal	Financial	Projects	Performance	ICT	HR&OD	BCM	Risk	Internal Audit	External Audit	
R020	Agitators use national issues / incidents to heighten tensions in local communities in Sunderland	4	2		4	1		Support Partners to improve community safety and maintain high levels of feelings of safety for all	Sarah Reed	31-Mar-20	4	1		Building Resilient Communities													

										Assurance																
Risk Code	Strategic Risk Description	Original Score			Target Score			Mitigating Actions	Action Lead	Due Date	Current Score			1st Line		2nd Line								3rd Line		
		Impact	Likelihood	Rating	Impact	Likelihood	Rating				Impact	Likelihood	Rating			Strategic Risk Area	Overall	Legal	Financial	Projects	Performance	ICT	HR&OD	BCM	Risk	Internal Audit
R022	Opportunities are not taken to enable individuals to mitigate the impact of welfare reforms							Digital inclusion (DI): provides greater customer choice, increased opportunities and social inclusion.	Graham King	30-Sep-19				Building Resilient Communities												
								Financial inclusion (FI): enables better money management, planning for the future and coping more effectively with financial pressures and distress.		30-Sep-19																
								Crisis Support (CS): helps residents respond more effectively to changes in their financial circumstances, or unforeseen financial emergencies.		30-Sep-19																
		4	3		4	2					3	1														








Appendix 3







Risk Likelihood









1 = Unlikely
2 = Possible
3 = Likely
4 = Almost Certain







Likelihood	4				
	3				
	2				
	1				
		1	2	3	4
Negative Impact					







										Assurance															
		Original Score (Dec '16)			Target						Current			1st Line		2nd Line								3rd Line	
Code	Corporate Risk Description	Impact	Likelihood	Rating	Impact	Likelihood	Rating	Mitigating Actions	Due Date	Impact	Likelihood	Rating	Corporate Risk Area	Overall	MGT	Legal	Financial	Projects	Performance	ICT	HR&OD	BCM	Risk	Internal	External
CR001	Commissioning decisions are not based on appropriate intelligence	4	2		4	1		CR001-1 Identify Intelligence required and potential sources to inform decisions CR001-2 Develop engagement plans to gather the required information. CR001-3 Analyse the information and use the results to inform the commissioning decisions, using the intelligence team.	30-Sep-19 30-Sep-19 30-Sep-19	4	2		Commissioning												





										Assurance															
		Original Score (Dec '16)			Target					Current			1st Line		2nd Line								3rd Line		
Code	Corporate Risk Description	Impact	Likelihood	Rating	Impact	Likelihood	Rating	Mitigating Actions	Due Date	Impact	Likelihood	Rating	Corporate Risk Area	Overall	MGT	Legal	Financial	Projects	Performance	ICT	HR&OD	BCM	Risk	Internal	External
CR002	Most appropriate and cost effective commissioning option to meet identified needs and achieve commissioning priorities and outcomes is not chosen	4	2		4	1		CR002-1 Options appraisal undertaken on service design following assessment of customer needs CR002-2 Appropriate procedure followed to commission the preferred option, e.g. procurement, service re-design	30-Sep-19 30-Sep-19	4	2		Commissioning												








										Assurance															
		Original Score (Dec '16)			Target					Current					1st Line	2nd Line						3rd Line			
Code	Corporate Risk Description	Impact	Likelihood	Rating	Impact	Likelihood	Rating	Mitigating Actions	Due Date	Impact	Likelihood	Rating	Corporate Risk Area	Overall	MGT	Legal	Financial	Projects	Performance	ICT	HR&OD	BCM	Risk	Internal	External
CR003	Commissioning assessment process is not undertaken on a timely or regular basis.	4	2		3	1		CR003-1 Review of performance to ensure service delivery model is delivering outcomes	30-Sep-19	4	2		Commissioning												
								CR003-2 Commissioning cycle to include planned review date either linked to the outcome or contract timescales.	30-Sep-19																

										Assurance															
		Original Score (Dec '16)			Target					Current					1st Line	2nd Line							3rd Line		
Code	Corporate Risk Description	Impact	Likelihood	Rating	Impact	Likelihood	Rating	Mitigating Actions	Due Date	Impact	Likelihood	Rating	Corporate Risk Area	Overall	MGT	Legal	Financial	Projects	Performance	ICT	HR&OD	BCM	Risk	Internal	External
CR004	The Priorities set out in the Corporate Plan do not align with the defined needs of the community	4	2		4	1		CR004-1 Corporate plan driven by required outcomes and commissioning activity	30-Sep-19	4	1		Strategic Planning												
								CR004-2 Refresh of the JSNA to be undertaken	30-Sep-19																

													Assurance													
		Original Score (Dec '16)			Target					Current					1st Line	2nd Line							3rd Line			
Code	Corporate Risk Description	Impact	Likelihood	Rating	Impact	Likelihood	Rating	Mitigating Actions	Due Date	Impact	Likelihood	Rating	Corporate Risk Area	Overall	MGT	Legal	Financial	Projects	Performance	ICT	HR&OD	BCM	Risk	Internal	External	
CR005	Strategic plans are not adequately communicated on a timely basis to relevant Council officers and external partners responsible for delivering plans	4	3		4	2		CR005-1 Once approved, the Corporate Plan is communicated appropriately within the Council and with stakeholders	30-Sep-19	4		2		Strategic Planning												

										Assurance															
		Original Score (Dec ' 16)			Target					Current			1st Line		2nd Line						3rd Line				
Code	Corporate Risk Description	Impact	Likelihood	Rating	Impact	Likelihood	Rating	Mitigating Actions	Due Date	Impact	Likelihood	Rating	Corporate Risk Area	Overall	MGT	Legal	Financial	Projects	Performance	ICT	HR&OD	BCM	Risk	Internal	External
CR006	The service planning process does not deliver all the actions to achieve the Corporate priorities	3	3		3	2		CR006-1 Service planning process is driven by the corporate plan	30-Sep-19	3	2		Service / Business Planning												

													Assurance												
		Original Score (Dec ' 16)			Target					Current					1st Line	2nd Line								3rd Line	
Code	Corporate Risk Description	Impact	Likelihood	Rating	Impact	Likelihood	Rating	Mitigating Actions	Due Date	Impact	Likelihood	Rating	Corporate Risk Area	Overall	MGT	Legal	Financial	Projects	Performance	ICT	HR&OD	BCM	Risk	Internal	External
CR007	Service/business plans are not communicated to relevant officer responsible for delivering plan task.	4	2		4	1		CR07-1 Business plans are communicated to the relevant officers involved in delivering the plan	30-Sep-19	4	2		Service / Business Planning												

										Assurance															
		Original Score (Dec ' 16)			Target					Current					1st Line	2nd Line								3rd Line	
Code	Corporate Risk Description	Impact	Likelihood	Rating	Impact	Likelihood	Rating	Mitigating Actions	Due Date	Impact	Likelihood	Rating	Corporate Risk Area	Overall	MGT	Legal	Financial	Projects	Performance	ICT	HR&OD	BCM	Risk	Internal	External
CR008	The level of services delivered by the council do not meet customer expectations	4	3		4	1		CR008-1 Performance in relation to the delivery of outcomes is regularly monitored	30-Sep-19	4	2		Service Delivery Arrangements												

													Assurance												
		Original Score (Dec ' 16)			Target					Current					1st Line	2nd Line								3rd Line	
Code	Corporate Risk Description	Impact	Likelihood	Rating	Impact	Likelihood	Rating	Mitigating Actions	Due Date	Impact	Likelihood	Rating	Corporate Risk Area	Overall	MGT	Legal	Financial	Projects	Performance	ICT	HR&OD	BCM	Risk	Internal	External
CR009	Service delivery arrangements are not resilient	4	3		4	2		CR009-1 Business continuity plans are in place and are tested for critical services	30-Sep-19	4	2		Service Delivery Arrangements												

										Assurance															
		Original Score (Dec ' 16)			Target					Current					1st Line	2nd Line								3rd Line	
Code	Corporate Risk Description	Impact	Likelihood	Rating	Impact	Likelihood	Rating	Mitigating Actions	Due Date	Impact	Likelihood	Rating	Corporate Risk Area	Overall	MGT	Legal	Financial	Projects	Performance	ICT	HR&OD	BCM	Risk	Internal	External
CR010	Performance Management arrangements do not identify if all priorities are being achieved	4	2		4	1		CR010-1 Clear performance measures are in place to identify if outcomes are being delivered	30-Sep-19	4	1		Performance Management												

													Assurance												
		Original Score (Dec ' 16)			Target					Current					1st Line	2nd Line								3rd Line	
Code	Corporate Risk Description	Impact	Likelihood	Rating	Impact	Likelihood	Rating	Mitigating Actions	Due Date	Impact	Likelihood	Rating	Corporate Risk Area	Overall	MGT	Legal	Financial	Projects	Performance	ICT	HR&OD	BCM	Risk	Internal	External
CR011	No or inappropriate performance targets are set to define acceptable performance	3	3		3	2		CR011-1 Targets should be set for all performance measures (where appropriate to do so) to clarify acceptable levels of performance	30-Sep-19	3	2		Performance Management												






													Assurance												
		Original Score (Dec ' 16)			Target					Current					1st Line	2nd Line								3rd Line	
Code	Corporate Risk Description	Impact	Likelihood	Rating	Impact	Likelihood	Rating	Mitigating Actions	Due Date	Impact	Likelihood	Rating	Corporate Risk Area	Overall	MGT	Legal	Financial	Projects	Performance	ICT	HR&OD	BCM	Risk	Internal	External
CR012	Management fail to take prompt effective action in response to performance results reported or fails to follow up to ensure remedial action is effective	3	3		3	1		CR012-1 Management review performance on a regular basis and take appropriate action to rectify unacceptable performance	30-Sep-19	3	1		Performance Management												

													Assurance												
		Original Score (Dec ' 16)			Target					Current					1st Line	2nd Line								3rd Line	
Code	Corporate Risk Description	Impact	Likelihood	Rating	Impact	Likelihood	Rating	Mitigating Actions	Due Date	Impact	Likelihood	Rating	Corporate Risk Area	Overall	MGT	Legal	Financial	Projects	Performance	ICT	HR&OD	BCM	Risk	Internal	External
CR013	Partner(s) do not perform their planned tasks as intended to deliver partnership objectives. Objectives and priorities of Council and other partner(s) conflict/not aligned	4	3		4	2		CR013-1 Performance management arrangements include a review of the achievement of outcomes where partners have some responsibility for delivery	30-Sep-19	4	3		Partnership / Integrated working												

										Assurance															
Code	Corporate Risk Description	Original Score (Dec ' 16)			Target			Mitigating Actions	Due Date	Current			1st Line			2nd Line						3rd Line			
		Impact	Likelihood	Rating	Impact	Likelihood	Rating			Impact	Likelihood	Rating	Corporate Risk Area	Overall	MGT	Legal	Financial	Projects	Performance	ICT	HR&OD	BCM	Risk	Internal	External
CR014	Lack of understanding by each partner as to objectives, and nature of partnership (e.g. responsibilities, if applicable, sharing of profits, costs or losses, dispute resolution, governance, decision making, planning, risk sharing	4	3		4	2		CR014-1 Partnership agreement in place with each partner setting out the expectations of each party and the required reporting arrangements	30-Sep-19	4		3		Partnership / Integrated working											

										Assurance															
		Original Score (Dec ' 16)			Target					Current					1st Line	2nd Line							3rd Line		
Code	Corporate Risk Description	Impact	Likelihood	Rating	Impact	Likelihood	Rating	Mitigating Actions	Due Date	Impact	Likelihood	Rating	Corporate Risk Area	Overall	MGT	Legal	Financial	Projects	Performance	ICT	HR&OD	BCM	Risk	Internal	External
CR015	The product or service procured does not deliver the intended outcomes	3	1		3	1		CR015-1 The Council's procurement procedures are followed and good procurement practice is undertaken	30-Sep-19	3		1		Procurement											

											Assurance														
		Original Score (Dec ' 16)			Target						Current			1st Line		2nd Line							3rd Line		
Code	Corporate Risk Description	Impact	Likelihood	Rating	Impact	Likelihood	Rating	Mitigating Actions	Due Date	Impact	Likelihood	Rating	Corporate Risk Area	Overall	MGT	Legal	Financial	Projects	Performance	ICT	HR&OD	BCM	Risk	Internal	External
CR016	Procurement breaches legal and Council requirements	2	1		2	1		CR016-1 Commissioners engage with Corporate procurement in enough time to undertake an appropriate and legal procurement process	30-Sep-19	2	1		Procurement												

											Assurance														
		Original Score (Dec ' 16)			Target						Current			1st Line		2nd Line							3rd Line		
Code	Corporate Risk Description	Impact	Likelihood	Rating	Impact	Likelihood	Rating	Mitigating Actions	Due Date	Impact	Likelihood	Rating	Corporate Risk Area	Overall	MGT	Legal	Financial	Projects	Performance	ICT	HR&OD	BCM	Risk	Internal	External
CR017	Value for money not obtained	3	2		3	1		CR017-1 Commissioners engage with Corporate procurement in enough time to undertake an appropriate and legal procurement process	30-Sep-19	3	2		Procurement												

											Assurance															
Code	Corporate Risk Description	Original Score (Dec ' 16)			Target			Mitigating Actions	Due Date	Current			1st Line			2nd Line					3rd Line					
		Impact	Likelihood	Rating	Impact	Likelihood	Rating			Impact	Likelihood	Rating	Corporate Risk Area	Overall	MGT	Legal	Financial	Projects	Performance	ICT	HR&OD	BCM	Risk	Internal	External	
CR018	Contracts do not deliver the required objectives/outcomes	4	3		4	2		CR018-1 The new Head of Contractual Relationships will improve the skills in this area and will ensure that appropriate contract management arrangements are in place for all key procurements undertaken by the Council	30-Sep-19	4		3		Relationship / Contract Management												

											Assurance														
		Original Score (Dec ' 16)			Target						Current			1st Line		2nd Line							3rd Line		
Code	Corporate Risk Description	Impact	Likelihood	Rating	Impact	Likelihood	Rating	Mitigating Actions	Due Date	Impact	Likelihood	Rating	Corporate Risk Area	Overall	MGT	Legal	Financial	Projects	Performance	ICT	HR&OD	BCM	Risk	Internal	External
CR019	Council fails to act within its statutory powers	3	1		3	1		CR019-1 Review of key decisions by Law and Governance	30-Sep-19	3	1		Legality												

										Assurance																
		Original Score (Dec ' 16)			Target					Current					1st Line	2nd Line							3rd Line			
Code	Corporate Risk Description	Impact	Likelihood	Rating	Impact	Likelihood	Rating	Mitigating Actions	Due Date	Impact	Likelihood	Rating	Corporate Risk Area	Overall	MGT	Legal	Financial	Projects	Performance	ICT	HR&OD	BCM	Risk	Internal	External	
CR020	Fail to identify and manage the major risks and opportunities to delivering priorities and plans	3	2		3	1		CR020-1 Service Planning process to identify key risks	30-Sep-19	3		2		Risk Management												
								CR020-2 The Council's strategic and corporate risks are identified, assessed and managed through COG and the Audit and Governance Committee	30-Sep-19																	

											Assurance														
		Original Score (Dec ' 16)			Target						Current					1st Line	2nd Line							3rd Line	
Code	Corporate Risk Description	Impact	Likelihood	Rating	Impact	Likelihood	Rating	Mitigating Actions	Due Date	Impact	Likelihood	Rating	Corporate Risk Area	Overall	MGT	Legal	Financial	Projects	Performance	ICT	HR&OD	BCM	Risk	Internal	External
CR021	Performance reporting fails to give a full and accurate picture of the progress in achieving corporate priorities and outcomes	3	1		3	1		CR021-1 Further developments to the reporting of performance in relation to the achievement of outcomes and priorities, including the use of an appropriate ICT solution.	30-Sep-19	3	1		Performance Reporting												

										Assurance																	
		Original Score (Dec ' 16)			Target					Current					1st Line		2nd Line						3rd Line				
Code	Corporate Risk Description	Impact	Likelihood	Rating	Impact	Likelihood	Rating	Mitigating Actions		Due Date	Impact	Likelihood	Rating	Corporate Risk Area		Overall	MGT	Legal	Financial	Projects	Performance	ICT	HR&OD	BCM	Risk	Internal	External
CR022	Strategic financial plans do not align to Council priorities, objectives and direction as set out as part of the corporate plan	4	2		4	1		CR022-1 The Corporate Plan Delivery Plan will need to be refreshed / updated in line with the agreed budget		30-Sep-19	4	1		Strategic Financial Planning / MTFS													

										Assurance															
		Original Score (Dec ' 16)			Target					Current					1st Line	2nd Line								3rd Line	
Code	Corporate Risk Description	Impact	Likelihood	Rating	Impact	Likelihood	Rating	Mitigating Actions	Due Date	Impact	Likelihood	Rating	Corporate Risk Area	Overall	MGT	Legal	Financial	Projects	Performance	ICT	HR&OD	BCM	Risk	Internal	External
CR023	Strategic financial plans are at risk due to all critical factors likely to affect the Council's finances moving forward, e.g. change in prime minister and Cabinet ministers, impacts of a no-deal BREXIT, changes to funding streams, changes in amounts of funding, inflation, pay awards, potential liabilities etc	3	1		3	1		CR023-1 Appropriate consultation and intelligence gathering is undertaken in assessing the Council's short to medium term financial position CR023-2 Financial reporting arrangements clearly highlight the impacts of known risks to strategic financial plans	30-Sep-19	3	2		Strategic Financial Planning / MTFS												

											Assurance														
		Original Score (Dec ' 16)			Target					Current					1st Line	2nd Line								3rd Line	
Code	Corporate Risk Description	Impact	Likelihood	Rating	Impact	Likelihood	Rating	Mitigating Actions	Due Date	Impact	Likelihood	Rating	Corporate Risk Area	Overall	MGT	Legal	Financial	Projects	Performance	ICT	HR&OD	BCM	Risk	Internal	External
CR024	Financial reporting fails to reflect on how financial changes in one area impacts on other areas of the Council	3	1		3	1		CR024-1 The Council's financial position is regularly reported to the Executive Management Team and Members	30-Sep-19	3	1		Financial Reporting												

										Assurance																
		Original Score (Dec ' 16)			Target						Current					1st Line		2nd Line							3rd Line	
Code	Corporate Risk Description	Impact	Likelihood	Rating	Impact	Likelihood	Rating	Mitigating Actions	Due Date	Impact	Likelihood	Rating	Corporate Risk Area	Overall	MGT	Legal	Financial	Projects	Performance	ICT	HR&OD	BCM	Risk	Internal	External	
CR025	Financial Reporting fails to give a full and accurate picture of the progress to achieving corporate financial priorities and targets	3	1		3	1		CR025-1 Financial performance reporting is aligned to performance reporting to identify any potential inaccuracies or inconsistencies	30-Sep-19	3	1		Financial Reporting													






											Assurance														
		Original Score (Dec ' 16)			Target					Current					1st Line		2nd Line							3rd Line	
Code	Corporate Risk Description	Impact	Likelihood	Rating	Impact	Likelihood	Rating	Mitigating Actions	Due Date	Impact	Likelihood	Rating	Corporate Risk Area	Overall	MGT	Legal	Financial	Projects	Performance	ICT	HR&OD	BCM	Risk	Internal	External
CR026	Management fail to manage financial performance or take appropriate prompt effective action in response to poor financial performance results reported	3	1		3	1		CR026-1 The financial management framework ensures that managers regularly review their financial performance and are taking appropriate remedial action where necessary	30-Sep-19	3	1		Financial Management												

		Original Score (Dec ' 16)				Target					Current			Assurance												
Code	Corporate Risk Description	Impact	Likelihood	Rating	Impact	Likelihood	Rating	Mitigating Actions	Due Date	Impact	Likelihood	Rating	Corporate Risk Area	Overall	1st Line		2nd Line						3rd Line			
															MGT	Legal	Financial	Projects	Performance	ICT	HR&OD	BCM	Risk	Internal	External	
CR027	The Council fails to pay its employees (and those of other clients) on time	3	1		3	1		CR027-1 Controls in place to ensure that the payroll runs are complete and accurate and operate efficiently	30-Sep-19	3	1		Financial Management													

										Assurance														
		Original Score (Dec ' 16)			Target					Current			1st Line		2nd Line							3rd Line		
Code	Corporate Risk Description	Impact	Likelihood	Rating	Impact	Likelihood	Rating			Impact	Likelihood	Rating	Corporate Risk Area	Overall	MGT	Legal	Financial	Projects	Performance	ICT	HR&OD	BCM	Risk	Internal
CR028	The Council fails to make payments to its suppliers and clients on time	3	1		3	1		CR028-1 Procedures required for making payments on time are up to date and fully understood by staff within the payments service	30-Sep-19	3	1		Financial Management											

												Assurance													
		Original Score (Dec ' 16)			Target					Current					1st Line		2nd Line						3rd Line		
Code	Corporate Risk Description	Impact	Likelihood	Rating	Impact	Likelihood	Rating	Mitigating Actions	Due Date	Impact	Likelihood	Rating	Corporate Risk Area	Overall	MGT	Legal	Financial	Projects	Performance	ICT	HR&OD	BCM	Risk	Internal	External
CR029	The Council fails to process payments for housing benefit accurately or on time	4	1		4	1		CR029-1 Established procedures are in place and followed by adequately trained staff for the assessment and processing of benefit claims	30-Sep-19	4	1		Financial Management												






		Original Score (Dec ' 16)		Target			Mitigating Actions	Due Date	Current			Assurance														
Code	Corporate Risk Description	Impact	Likelihood	Rating	Impact	Likelihood			Rating	Corporate Risk Area	Overall	1st Line	2nd Line							3rd Line						
												MGT	Legal	Financial	Projects	Performance	ICT	HR&OD	BCM	Risk	Internal	External				
CR030	Council fails to bill and or promptly collect the income that is due to it	3	1		3	1		CR030-1 Regular monitoring that the income received is in line with that expected as per the Council's budget	30-Sep-19	3	1		Income Collection (including CT/NNDR)													







										Assurance															
		Original Score (Dec ' 16)			Target					Current					1st Line		2nd Line						3rd Line		
Code	Corporate Risk Description	Impact	Likelihood	Rating	Impact	Likelihood	Rating	Mitigating Actions	Due Date	Impact	Likelihood	Rating	Corporate Risk Area	Overall	MGT	Legal	Financial	Projects	Performance	ICT	HR&OD	BCM	Risk	Internal	External
CR031	Prosperity within the City fails to grow resulting in the expected level of income being uncollectable	4	3		4	2		CR031-1 Clear performance measures and regular monitoring of the debtor position	30-Sep-19	3		3		Income Collection (including CT/NNDR)											







		Original Score (Dec ' 16)		Target						Current		Assurance													
Code	Corporate Risk Description	Impact	Likelihood	Rating	Impact	Likelihood	Rating	Mitigating Actions	Due Date	Impact	Likelihood	Rating	Corporate Risk Area	Overall	1st Line		2nd Line							3rd Line	
															MGT	Legal	Financial	Projects	Performance	ICT	HR&OD	BCM	Risk	Internal	External
CR032	Capital projects do not support the delivery of strategic priorities and desired outcomes	3	1		3	1		CR032-1 The Capital Programme is directly aligned to the Council's Corporate Plan and strategic priorities	30-Sep-19	3	1		Capital Programme Management												







										Assurance																			
		Original Score (Dec ' 16)			Target			Mitigating Actions		Due Date		Current																	
Code	Corporate Risk Description	Impact	Likelihood	Rating	Impact	Likelihood	Rating					Corporate Risk Area	Overall	1st Line		2nd Line							3rd Line						
														MGT	Legal	Financial	Projects	Performance	ICT	HR&OD	BCM	Risk	Internal	External					
CR033	The intended benefits of external funding for capital projects are not maximised	3	3		3	2		CR033-1 Corporate approach to planning and monitoring of the delivery of the wider benefits of the Capital Programme	30-Sep-19	3		3		Capital Programme Management			MGT	Legal	Financial	Projects	Performance	ICT	HR&OD	BCM	Risk			Internal	External






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											Assurance															
		Original Score (Dec ' 16)			Target						Current					1st Line		2nd Line							3rd Line	
Code	Corporate Risk Description	Impact	Likelihood	Rating	Impact	Likelihood	Rating	Mitigating Actions	Due Date	Impact	Likelihood	Rating	Corporate Risk Area	Overall	MGT	Legal	Financial	Projects	Performance	ICT	HR&OD	BCM	Risk	Internal	External	
CR035	Reduction in productivity and morale of workforce	4	3		4	2		CR035-1 Recognition of reduced capacity	30-Sep-19	4	3		HR Management													

													Assurance												
		Original Score (Dec ' 16)			Target					Current					1st Line	2nd Line							3rd Line		
Code	Corporate Risk Description	Impact	Likelihood	Rating	Impact	Likelihood	Rating	Mitigating Actions	Due Date	Impact	Likelihood	Rating	Corporate Risk Area	Overall	MGT	Legal	Financial	Projects	Performance	ICT	HR&OD	BCM	Risk	Internal	External
CR037	Council officers do not fully understand H&S roles and responsibilities	4	3		3	2		CR037-1 H&S Strategy/Policy to be reviewed/revised	30-Sep-19	4		3		Health & Safety											
								CR037-2 Review/develop arrangements to effectively coordinate and oversee H&S Training programme across the council	30-Sep-19																
								CR037-3 H&S responsibilities to be included in leaver handover arrangements	30-Sep-19																

										Assurance															
		Original Score (Dec ' 16)			Target					Current					1st Line	2nd Line							3rd Line		
Code	Corporate Risk Description	Impact	Likelihood	Rating	Impact	Likelihood	Rating	Mitigating Actions	Due Date	Impact	Likelihood	Rating	Corporate Risk Area	Overall	MGT	Legal	Financial	Projects	Performance	ICT	HR&OD	BCM	Risk	Internal	External
CR038	The council's key H&S risks are not identified, understood or agreed	4	3		3	2		CR038-1 Establish corporate approach for the effective identification of key corporate	30-Sep-19	4		3		Health & Safety											
								CR038-2 H&S risk register to developed and communicated across senior officers together with clear roles and responsibilities for the ongoing management and delivery of agreed actions.	30-Sep-19																

													Assurance												
		Original Score (Dec ' 16)			Target					Current					1st Line	2nd Line							3rd Line		
Code	Corporate Risk Description	Impact	Likelihood	Rating	Impact	Likelihood	Rating	Mitigating Actions	Due Date	Impact	Likelihood	Rating	Corporate Risk Area	Overall	MGT	Legal	Financial	Projects	Performance	ICT	HR&OD	BCM	Risk	Internal	External
CR039	Appropriate action plans are not developed and agreed to manage the council's key H&S risks	4	3		3	2		CR039-1 Review effectiveness of H&S Management System and agree any areas for development.	30-Sep-19	4		3		Health & Safety											
								CR039-2 Establish corporate governance arrangements to develop and agree risk action plans, and oversee the H&S agenda, including (but not limited to):	30-Sep-19																

													Assurance												
		Original Score (Dec ' 16)			Target					Current					1st Line	2nd Line							3rd Line		
Code	Corporate Risk Description	Impact	Likelihood	Rating	Impact	Likelihood	Rating	Mitigating Actions	Due Date	Impact	Likelihood	Rating	Corporate Risk Area	Overall	MGT	Legal	Financial	Projects	Performance	ICT	HR&OD	BCM	Risk	Internal	External
CR040	Strategic approach to incident management does not adequately inform decision making	3	3		3	1		CR040-1 Monitor compliance with incident reporting arrangements and address any areas for development.	30-Sep-19	3		3	Health & Safety												
								CR040-2 Establish arrangements to provide assurance that controls have been reviewed following organisational/staffing changes or incidents.	30-Sep-19																
								CR040-3 Arrangements to be developed to ensure lessons are learned from incidents.	30-Sep-19																
								CR040-4 Trend analysis to be completed to inform regular reporting to CoG.	30-Sep-19																

													Assurance												
		Original Score (Dec ' 16)			Target					Current					1st Line	2nd Line							3rd Line		
Code	Corporate Risk Description	Impact	Likelihood	Rating	Impact	Likelihood	Rating	Mitigating Actions	Due Date	Impact	Likelihood	Rating	Corporate Risk Area	Overall	MGT	Legal	Financial	Projects	Performance	ICT	HR&OD	BCM	Risk	Internal	External
CR041	The ICT infrastructure is not fit for purpose (i.e. not meet needs of Council, not reliable, too expensive)	4	2		4	1		CR041-1 The ICT strategy is clearly aligned to the priorities of the Council and the direction of travel for the provision of Council Services	30-Sep-19	3	2		ICT Infrastructure												










										Assurance															
		Original Score (Dec ' 16)			Target					Current					1st Line	2nd Line						3rd Line			
Code	Corporate Risk Description	Impact	Likelihood	Rating	Impact	Likelihood	Rating	Mitigating Actions	Due Date	Impact	Likelihood	Rating	Corporate Risk Area	Overall	MGT	Legal	Financial	Projects	Performance	ICT	HR&OD	BCM	Risk	Internal	External
CR042	ICT infrastructure is not resilient to 'disasters'	4	3		3	2		CR042-1 Disaster recovery plans clearly linked to the provision of critical services, regularly tested and the recovery timescales reflected in the business continuity plans for critical services.	30-Sep-19	4	2		ICT Infrastructure												

		Original Score (Dec ' 16)			Target			Mitigating Actions	Due Date	Current			Assurance												
Code	Corporate Risk Description	Impact	Likelihood	Rating	Impact	Likelihood	Rating			Corporate Risk Area	Overall	1st Line	2nd Line						3rd Line						
													Legal	Financial	Projects	Performance	ICT	HR&OD	BCM	Risk	Internal	External			
CR043	The Council unnecessarily exposes itself to vulnerabilities & threats, both internal & external, (e.g. hacking, phishing, denial of service attack) as a result of its connection to the internet resulting in an increased risk of exposure	4	3		4	2		CR043-1 A Cyber security Strategy is in place, including and threat assessment, development plan and response plan	30-Sep-19	4	2		Cyber Security												







		Original Score (Dec ' 16)			Target			Mitigating Actions	Due Date	Current			Assurance													
Code	Corporate Risk Description	Impact	Likelihood	Rating	Impact	Likelihood	Rating			Corporate Risk Area	Overall	MGT	1st Line						2nd Line				3rd Line			
													Legal	Financial	Projects	Performance	ICT	HR&OD	BCM	Risk	Internal	External				
CR044	Council's data is not accurately protected	3	3		3	2		CR044-1 Council has appropriate information governance and security arrangements in place which are complied with throughout the organisation	30-Sep-19	3	3		Information Governance/Security													







										Assurance																
		Original Score (Dec ' 16)			Target					Current					1st Line		2nd Line						3rd Line			
Code	Corporate Risk Description	Impact	Likelihood	Rating	Impact	Likelihood	Rating	Mitigating Actions	Due Date	Impact	Likelihood	Rating	Corporate Risk Area	Overall	MGT	Legal	Financial	Projects	Performance	ICT	HR&OD	BCM	Risk	Internal	External	
CR045	The Council's business critical services cannot function in the event of an incident	4	3		4	2		CR045-1 Business continuity plans are reviewed and tested on a regular basis	30-Sep-19	4	2		Business Continuity Management													

													Assurance												
		Original Score (Dec ' 16)			Target						Current			1st Line		2nd Line							3rd Line		
Code	Corporate Risk Description	Impact	Likelihood	Rating	Impact	Likelihood	Rating				Impact	Likelihood	Rating	Corporate Risk Area	Overall	MGT	Legal	Financial	Projects	Performance	ICT	HR&OD	BCM	Risk	Internal
CR046	Lack of awareness of content of business continuity plans	4	3		4	2		CR046-1 Relevant staff are made aware of the content of the business continuity plans and understand their role in implementing them	30-Sep-19	4	2		Business Continuity Management												

											Assurance														
		Original Score (Dec ' 16)			Target						Current					1st Line	2nd Line						3rd Line		
Code	Corporate Risk Description	Impact	Likelihood	Rating	Impact	Likelihood	Rating	Mitigating Actions	Due Date	Impact	Likelihood	Rating	Corporate Risk Area	Overall	MGT	Legal	Financial	Projects	Performance	ICT	HR&OD	BCM	Risk	Internal	External
CR047	Programmes and projects fail to deliver the desired benefits and outcomes	3	2		3	1		CR047-1 The expected benefits of programmes and projects are clearly set out at the start and their achievement monitored throughout	30-Sep-19	3	2		Programme / Project Management												

											Assurance														
		Original Score (Dec ' 16)			Target						Current					1st Line	2nd Line							3rd Line	
Code	Corporate Risk Description	Impact	Likelihood	Rating	Impact	Likelihood	Rating	Mitigating Actions	Due Date	Impact	Likelihood	Rating	Corporate Risk Area	Overall	MGT	Legal	Financial	Projects	Performance	ICT	HR&OD	BCM	Risk	Internal	External
CR048	Opportunities are not taken to maximise the use of assets (land and property). Assets are not fully utilised	3	3		3	2		CR048-1 The use of Council assets are monitored on an ongoing basis, particularly in response to changing staffing levels and changing service delivery models	30-Sep-19	3	3		Asset Management												

										Assurance															
		Original Score (Dec ' 16)			Target					Current					1st Line		2nd Line						3rd Line		
Code	Corporate Risk Description	Impact	Likelihood	Rating	Impact	Likelihood	Rating	Mitigating Actions	Due Date	Impact	Likelihood	Rating	Corporate Risk Area	Overall	MGT	Legal	Financial	Projects	Performance	ICT	HR&OD	BCM	Risk	Internal	External
CR049	Lack of appropriate maintenance of physical assets	4	3		4	2		CR049-1 Condition of assets to be monitored on an appropriate basis and maintenance scheduled as required	30-Sep-19	4	3		Asset Management												

										Assurance															
		Original Score (Dec ' 16)			Target					Current					1st Line	2nd Line								3rd Line	
Code	Corporate Risk Description	Impact	Likelihood	Rating	Impact	Likelihood	Rating	Mitigating Actions	Due Date	Impact	Likelihood	Rating	Corporate Risk Area	Overall	MGT	Legal	Financial	Projects	Performance	ICT	HR&OD	BCM	Risk	Internal	External
CR050	Council fails to prevent, detect and investigate acts of fraud and corruption	2	2		2	2		CR050-1 Managers are aware of the fraud risks within their area and maintain appropriate controls baring in mind changes to service delivery and staffing levels	30-Sep-19	2	2		Anti Fraud and Corruption												

Internal Audit coverage

Strategic Risk Profile

Key Risk Area	2016/17 Audits / Opinions		2017/18 Audits / Opinions		2018/19 Audits / Opinions		2019/20 Audits / Opinions		Overall Opinion
Improving Educations and Skills			Together for Children Contract Monitoring	S					
Protecting Vulnerable Children			Together for Children Contract Monitoring	S					
Protecting Vulnerable Adults			Assessment and Management of Personal Budgets	L					

Corporate Risk Profile

Key Risk Area	2016/17 Audits / Opinions		2017/18 Audits / Opinions		2018/19 Audits / Opinions		2019/20 Audits / Opinions		Overall Opinion
Commissioning			Commissioning	M					
Strategic Planning	Corporate Service Planning Arrangements	S	Service/Business Planning						
Service/Business Planning	Transformational Change Programme	M	Service/Business Planning		Service/Business Planning	M			
	Corporate Service Planning Arrangements	S			Derwent Hill	S			
	Ethos								
Service Delivery Arrangements	Better Care Fund	M	Corporate Performance Management	S	Liquid Logic including business processes		Licencing		
	Transformational Change Programme	M					Development Control		
	Leaving Care Grants	L					Environmental Services		
	Ethos						Delivery of Council Restructure		
	Business Continuity Planning						Liquid Logic - Adults		
	Bereavement Services	S							
Performance Management	Corporate Performance Management Arrangements	S	Corporate Performance Management	S	Derwent Hill	S	Performance Monitoring - City plan		
	Adult Services Performance Management						Delivery of PEER Review Action Plan		
Partnership /Integrated Working	Partnerships	S	Corporate Partnership Arrangements				Partnership Arrangements		
	North East Local Enterprise Payment of Loans and Grants (including repayment of loans)	S							
Procurement	Agency Workers - Off contract spend	L	Commissioning	M	Revenue Procurement	S	Revenue Procurement		
			Revenue Procurement	M	Use of agency contract	M	Capital Procurement		
			Homecare Payments	L	Catering consortium	L	Financial Assessments		
Relationsip/Contract Monitoring	Leisure Services Management	S	Contract Management - Public Health School Nursing Service	S	Contract Management Arrangements for key contracts	S	Contract Monitoring SCAS		

	LABV Client Arrangements	M	Commissioning	M	Contract Management - IAMP consultants	M	Contract Monitoring - Siglion		
	Highways Contract Monitoring	M	Together for Children Contract Monitoring	S			Contract Monitoring - Sunderland Homes		
Legality	Employment Clearances	S			Delegated Decision Making	M			
					Emergency Planning and Response	S			
Risk Management					Derwent Hill	S			
Performance Reporting	Corporate Performance Management Arrangements	S	Corporate Performance Management	S	Performance Reporting - Data Quality	S			
	Adult Services Performance Management								
Strategic Financial Planning/MFTS			Provision for significant financial liabilities	S					
Financial Reporting	Better Care Fund	M	Budget Setting and Management		Financial Reporting Arrangements				
	Transformational Change Programme	M							
Financial Management	Leaving Care Grants	L	Budget Setting and Management		EFA Funding	S	Main Accounting		
	Bereavement Services	M	Payroll compliance testing	S	Local Transport Capital Settlement - Capital Maintenance	S	Treasury Management		
	North East Local Enterprise Partnership Payment of Loans and Grants (including repayment of loans)	S	BACS Compliance testing	S	Local Transport Capital Settlement - Integrated Transport	S	BACS	S	
	Agency Workers - Off contract spend	L	Housing Benefit Assessment	M	Nexus (Combined Authority)	S	Payroll		
	EFA/SFA Funding	S	Sport for Life Grant	S	Pothole Action Fund	S	Accounts Payable		
	Local Transport Capital and Integrated Transport Grants	S	EFA Funding	S	Sunderland A1290 Safety Improvement Scheme Phase 1	S	EFA Funding		
	Troubled Families Performance Reward Funding	S	Local Transport Capital Settlement	S	Better Care Fund - DFG	S	Local Transport Capital Settlement - Capital Maintenance		
	City Deal (which replaces Big Coastal Communities Grant for which there is no audit requirement)	S	Local Transport Integrated Transport	S	Vaux Phase 1		Local Transport Capital Settlement - Integrated		
	Disabled Facilities and Social Care Capital Grants (replaces Sunderland a City by the Sea grants for which there is no audit requirement)	S	Nexus (Combined Authority)	S	Tall Ships Cultural Programme	S	Nexus (Combined Authority)		
	Sport for Life Grant		Pothole Action Fund	S	Local Transport Capital - National Productivity Investment Fund	S	Pothole Action Fund		
	SSTC2	S	City Centre Cycle Permeability Scheme	S	A19 Ultra Low Carbon Enterprise Zone	S	Sunderland A1290 Safety Improvement Scheme Phase 1		
	Adult Social Care Contributions		Disabled Facilities Grant	S	External Funding	S	Better Care Fund - DFG		
	Port Fuel System	L			Building Maintenance Financial Management	L	Vaux Phase 1		
	Payroll	S			Payroll	S	Northern Gateway		

	Asset Register/Capital Accounting	S			BACS	S	Local Transport Capital - National Productivity Investment Fund		
	Accounts Payable	M			Accounts Payable	S	A19 Ultra Low Carbon Enterprise Zone		
	Pension Arrangements	S			Liquid Logic including business processes				
					Derwent Hill	S			
Income Collection (including CR/NNDR)	Income	S	Cash Receipting, collection of Council Tax, NNDR, AR and PI	S	Cash Receipting	S	Cash Receipting, compliance		
			Business Rate Recovery	S	Accounts Receivable/Periodic Income	S	Council Tax Setting and Billing		
			Council Tax Recovery	S	Derwent Hill	S	Periodic Income		
			AR Recovery	S			Council Tax Liability		
							Business Rates setting and billing		
							Business Rates Liability		
Capital Programme Management					Benefits Realisation		Project Management Benefits Realisation, including capital funding		
HR Management	Employment Clearances	S	Workforce Planning and Apprenticeship Scheme		Human Resource Management - updated SAP procedures		HR - SAP Optimisation		
	Ethos				Apprenticeships	M	Port - Effectiveness of Restructure		
	Agency Workers - Off Contract	L					Communications re organisational change		
	Payroll	S							
	SAP Organisation Structures	S							
	Personnel Administration Arrangements	M							
	Pension Arrangements	S							
Health and Safety			Corporate Health and Safety Arrangements		Corporate Health and Safety Arrangements	M			
ICT Infrastructure	ICT Technology Allocation Process	M	ICT Strategy and Infrastructure		Externally hosted systems	M			
			Disaster Recovery/Business Continuity Arrangements	M	Intrusion prevention and incident management	M	ICT Asset management		
Cyber Security			Cyber Security Arrangements	M	Intrusion prevention and incident management	M	Cyber Security		
							Mobile Device Management		
Information Governance/Security	Corporate Information Governance Arrangements	M	Building Access Security Sites - Remote Sites	M	General Data Protection Regulation - Compliance	M	GDPR		
	Use of Email	M	General Data Protection Regulations	M	Derwent Hill	S			

Business Continuity Management	Business Continuity Planning		Corporate Business Continuity Arrangements	S			Update of Directorate plans re new structures		
Programme/Project Management	Transformational Change Programme	S	SAP Procedure Update		Benefits Realisation		Project Management Benefits Realisation, including capital funding		
Asset Management	LABV Client Arrangements	M	Corporate Asset Management	L					
	Asset Register/Capital Accounting	S							
	ICT Technology Allocation Process	M							
Anti Fraud and Corruption	Port Fuel System	L	Revenue Procurement	M	Building Maintenance Financial Management	L	Payroll compliance Testing		
			Homecare Payments	L	Revenue Procurement	S	BACS compliance testing		
			Payroll compliance Testing	S	Use of Agency Contract	M	Cash Receipting		
			BACS compliance testing	S	Payroll compliance testing	S	AR Recovery		
			Cash Receipting	S	BACS	S			
			Business Rate Recovery	S	Accounts Payable	S			
			Council Tax Recovery	S	Cash Receipting	S			
			AR Recovery	S	Accounts Receivable/Periodic Income	S			
					Derwent Hill	S			
					Refuse Collection	S			
Schools	31 schools in the plan, 30 completed to date. 25 Substantial, 5 Moderate	S	27 schools in the plan, 2 cancelled, 25 completed to date. 16 Substantial, 8 Moderate, 1 Limited	S	14 schools in the plan, 15 completed to date. 12 Substantial, 2 Moderate, 1 limited	S	23 schools in the plan. 10 complete to date. 9 Substantial, 1 Moderate		
Sunderland Care and Support	Establishment Visits/Supported Living	M	Establishment Visits/Supported Living	M	Unit Costing		Risk and Assurance Framework		
			Unit Costing		Risk and Assurance Framework		DPO Checks		
			Procurement/Transaction Testing		Information Governance/GDPR	M	Unit Costing		
			Governance/Audit Committee		Compliance with Financial Procedures in Establishments	M	Compliance with financial procedures in establish		
							Business Continuity (Telecare)		
							Recruitment and DBS Checks		
Together for Children			Governance Arrangements	S	Troubled Families Grant Claim	S	Troubled Families Grant Claim		
			Effectiveness of SLA Relationships	S	Budget Monitoring	M	Schools Financial Support Service		
			Financial Procedures - bank account/income	M	HR management / recruitment / agency workers / performance	M	Performance Management - Data Quality		
			Information Governance/GDPR	L	Information Governance/GDPR	L	Purchase cards		
					Next Steps	S	Achievement of cost savings		
					Financial procedures in establishments	M	Legal services		
					Liquid logic		Liquid logic		

Internal Audit - Overall Objectives, Key Performance Indicators (KPI's) and Targets for 2019/20

Efficiency and Effectiveness			
Objectives	KPI's	Targets	Actual Performance
1) To ensure the service provided is effective and efficient.	1) Complete sufficient audit work to provide an opinion on the key risk areas identified for the Council	1) All key risk areas covered over a 3 year period	1) On target
	2) Percentage of draft reports issued within 15 days of the end of fieldwork	2) 90%	2) Ahead of target --- 100%
	3) Percentage of audits completed by the target date (from scoping meeting to issue of draft report)	3) 85%	3) Ahead of target – 100%
Quality			
Objectives	KPI's	Targets	Actual Performance
1) To maintain an effective system of Quality Assurance	1) Opinion of External Auditor	1) Satisfactory opinion	1) Achieved
2) To ensure actions agreed by the service are implemented	2) Percentage of agreed high, significant and medium risk internal audit recommendations which are implemented	2) 100% for high and significant 90% for medium risk	2) Significant – ahead of target – 100% Medium – ahead of target 100% (excluding schools)
Client Satisfaction			
Objectives	KPI's	Targets	Actual Performance
1) To ensure that clients are satisfied with the service and consider it to be good quality	1) Results of Post Audit Questionnaires	1) Overall average score of better than 1.5 (1=Good and 4=Poor)	1) On target – 1.1 to date
	2) Results of other Questionnaires	2) Results classed as 'Good'	2) On target – Positive results received from TFC management survey
	3) Number of Complaints / Compliments	3) No target – actual numbers will be reported	2 compliments 0 complaints

AUDIT AND GOVERNANCE COMMITTEE

26 July 2019

ANNUAL REPORT ON THE WORK OF THE COMMITTEE 2018/19

Report of the Assistant Director of Business and Property Services

1. Purpose of Report

- 1.1 This report provides a summary of the work undertaken by the Audit and Governance Committee during 2018/19 and the outcome of this work. The purpose of this report is to demonstrate how the Committee has fulfilled its role and will be presented to Council once agreed by this committee.

2. Role of the Committee

- 2.1 The Audit and Governance Committee is a key component in the Council's Corporate Governance Arrangements. Its role is to:
- approve the Authority's Statement of Accounts, income and expenditure, and balance sheet or record of receipts and payments (as the case may be);
 - consider the effectiveness of the authority's corporate governance arrangements, risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements and seek assurance that action is being taken on risk-related issues identified by auditors and inspectors;
 - be satisfied that the authority's assurance statements, including the Annual Governance Statement, properly reflect the risk environment and any actions required to improve it;
 - receive, consider and monitor reports on treasury management policy, strategy and practices.

3. Matters Considered

- 3.1 The Committee has met four times in the year. Appropriate officers of the Council have been in attendance at the meetings to present reports and provide additional information in order to clarify issues and respond to questions from members of the Committee. Regular attendees at the meetings were the Executive Director of Corporate Services, Head of Assurance, Procurement and

Performance Management, Chief Accountant, Assistant Head of Assurance and the Council's External Auditors.

3.2 To enable the Committee to fulfil its role as set out in paragraph 2.1, a range of reports were considered, as follows:

- a) The Committee endorsed the Risk and Assurance Map for 2018/19 which sets out the key risk areas for the Council, the assurance that would be gathered in relation to them and where the assurance would be sought from. The report included the plans of work for the year for the Internal Audit and Risk and Assurance teams, and the performance indicators for Internal Audit. The Committee was also given the opportunity to identify any areas of work to be considered for the year.
- b) Progress reports in relation to the Risk and Assurance Map were presented on a quarterly basis. These provided details of the level of assurance for the strategic and corporate risk areas from management, specialist assurance functions, Internal Audit, Risk and Assurance, the external auditor and other external agencies.
- c) Specific key issues were highlighted within the Risk and Assurance Map update reports for members to consider further, specifically in relation to the improvement of the children's safeguarding service as part of Together for Children Sunderland Limited (TFC). The inspection by OFSTED during 2018 concluded that the service remained Inadequate even though improvements had been made. The Chief Executive of TFC attended the Committee meeting in September 2018 to provide an update on progress. Numerous questions were asked by the committee members to gain assurance that action was being taken to address the issues highlighted by Ofsted. Updates in relation to the financial position of TFC, which has Limited Assurance on the risk and Assurance Map, were provided by the Council's Head of Financial Management and the Director of Finance for TFC.
- d) The Risk and Assurance Map update report in December 2017 identified issues regarding the systems for Adult Social Care Personal Budgets. Members continued to be provided with updates on the improvements made.
- e) An audit of the Council's Corporate Asset Management arrangements highlighted some concerns in relation to the Council's ability to comply with statutory requirements. The Chief Operating Officer attended the Committee to provide assurance regarding the action being taken to address the findings and that the highest risk areas were being prioritised.
- f) External Auditors provided progress reports to each meeting, the Annual Audit Letter, Audit Completion report, and the Review of the Council's arrangements for securing value for money. These reports provided a very

positive opinion and members of the committee commented that they found the reports to be re-assuring. The External Auditor also presented their Audit Strategy Memorandum setting out their work for the coming year.

- g) The results of the Annual Governance Review for 2017/18 were presented, which summarises the overall governance arrangements in place within the Council, and made recommendations for further improvement. The head of internal audit's opinion on the Council's internal control environment was positive. The resultant Annual Governance Statement highlighted the good corporate governance arrangements in place, apart from those improvements being made in relation to Children's Safeguarding and was approved by the Committee and included within the Council's Statement of Accounts.
 - h) The annual Statement of Accounts 2017/18 (subject to audit) were issued to the Committee members by the end of May 2018. The audited accounts were presented at the July 2018 meeting. The External Auditor commented positively on the arrangements the Council has in place with regard to the production of the accounts and the good relationship which allowed the audit to be completed within the restricted timeframe.
 - i) The Committee received reports in relation to the Council's Treasury Management arrangements to receive assurance that they are appropriate and approved the Treasury Management Policy and Strategy. The Committee noted the good performance in this area, and asked questions in relation to the Council's approach.
 - j) The Committee also undertook a review of its remit and effectiveness, as it does every three years. The review concluded that the Committee was fulfilling its role, however with the deadline for the Statement of the Accounts (including the Annual Governance Statement) being brought forward to 31st May each year a revised schedule of committee meetings was agreed to allow the Committee to consider the Annual Governance Statement before it is approved.
 - k) Included within the Risk and Assurance Map update reports the Committee was provided with information regarding the areas of counter fraud work undertaken and the results of this work. No particular concerns were highlighted.
- 3.3 From the reports presented the Committee has been proactively monitoring activity in a number of important areas, as follows:
- *Risk and Assurance Map* – The Committee closely monitored activity in relation to the implementation of improvements in the Children's Safeguarding service arrangements, the systems in place for administering Adult Social

Care Personal Budgets and the arrangements in relation managing the Council's property assets. Senior officers were questioned in relation to these areas.

- *Treasury Management* – The Committee have received regular updates regarding the Council's performance in relation to Treasury Management.
- The Committee reviewed its remit and effectiveness and agreed to a revised schedule of meetings to enable it to consider the Annual Governance Statement prior to being approved by the Leader, Chief Executive and Executive Director of Corporate Services.

3.4 It can be seen that the work of the committee is wide ranging with members monitoring performance more closely in those areas where it was deemed appropriate.

4. Recommendation

4.1 The Committee is asked to consider the report and provide any comments for inclusion prior to the report being presented to Council.

AUDIT AND GOVERNANCE COMMITTEE

26 July 2019

TREASURY MANAGEMENT – REVIEW OF PERFORMANCE 2018/2019

Report of the Executive Director of Corporate Services

1 Purpose of the Report

- 1.1 To report on the Treasury Management borrowing and investment performance for 2018/2019.

2 Description of Decision (Recommendation)

- 2.1 The Committee is requested to note the Treasury Management performance for 2018/2019.

3 Introduction

- 3.1 This report sets out the annual borrowing and investment performance for the financial year 2018/2019 in accordance with the requirements of the Treasury Management Policy Statement and Treasury Management Strategy approved by Council on 7th March 2018. The Treasury Management Strategy comprises the approved Council strategy for borrowing and its policies for managing its investments (which give priority to the security and liquidity of those investments).
- 3.2 The TM Policy Statement and Strategy complies with best practice, including the Ministry of Housing, Communities and Local Government's 'Statutory Guidance on Local Government Investments' updated in February 2018 and also incorporates the recommendations included in the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management, updated in December 2017.

4 Review of Performance 2018/2019

4.1 Summary

The performance of the Council's Treasury Management function continues to maximise financial savings. The average interest rate of the Council's borrowing at 3.04% is low and the Council's treasury management advisor reports this compares favourably with their other local authority clients as does the 0.93% rate of return achieved on investments.

Borrowing Strategy and Performance – 2018/2019

- 4.2 The basis of the agreed Borrowing Strategy was to:
- continuously monitor prevailing interest rates and forecasts;
 - secure long-term funds to meet the Council's future borrowing requirement when market conditions were favourable;

- use a benchmark financing rate of 3.50% for long-term borrowing (i.e. all borrowing for a period of one year or more);
- take advantage of debt rescheduling opportunities as appropriate.

4.3 The Borrowing Strategy has been reviewed by this Committee in June, September and December 2018 and was updated where necessary to reflect changing circumstances. The Borrowing Strategy for 2018/2019 was based upon internal expertise, supplemented with market data, market information and leading economic forecasts provided by the Council's treasury management adviser, Link Asset Services.

The view when the Treasury Management Policy and Strategy was drafted, was there would be further increases to the current Bank of England (BoE) 0.50% Base Rate of 0.25% by the end of 2018, 2019 and late summer 2020. Public Works Loan Board (PWLB) borrowing rates were expected to rise, albeit gently, during 2018/2019 across all periods but could be subject to exceptional levels of volatility due to uncertainty over the outcome of Brexit negotiations and geopolitical developments throughout the world.

The BoE announced the 0.25% increase in the base rate to 0.75% at its Monetary Policy Committee meeting on 1st August 2018 based on economic data at the time which indicated that ongoing tightening of monetary policy over the forecast period would be appropriate to return inflation sustainably to the 2% target. Subsequent BoE meetings left the base rate unchanged ahead of the original Brexit deadline of 29th March 2019 which has now been delayed until 31st October 2019. This continued uncertainty over the nature of the EU withdrawal and whether any proposal would be agreed by Parliament has raised the possibility of Britain leaving the EU without a deal. This has been reflected in the markets with 50-year PWLB rates beginning the year at 2.27%, climbing to 2.79% in October 2018 before falling back to end the year slightly lower at 2.23%.

The Council successfully applied to access PWLB loans at a discount of 0.20%. This certainty rate is available for those authorities that provide "improved information and transparency on their locally determined long-term borrowing and associated capital spending plans". The discount came into effect on 1st November 2012 and the Council has been successful in extending its access to the PWLB certainty rate until 31st October 2019.

4.4 The table below shows the average PWLB borrowing rates in 2018/2019.

2018/2019	Qtr 1 (Apr - June) %	Qtr 2 (July – Sept) %	Qtr 3 (Oct – Dec) %	Qtr 4 (Jan – Mar) %
7 days notice	0.36	0.51	0.58	0.57
1 year	1.44*	1.48*	1.54*	1.55*
5 year	1.86*	1.83*	1.82*	1.68*
10 year	2.29*	2.22*	2.23*	2.03*
25 year	2.66*	2.62*	2.76*	2.56*
50 year	2.40*	2.42*	2.62*	2.41*

* Rates take account of the 0.2% discount to PWLB rates available to eligible authorities from 1st November 2012.

The strategy for 2018/2019 was to adopt a pragmatic approach in identifying the low points in the interest rate cycle at which to borrow, and to respond to any changing circumstances to seek to secure benefit for the Council. A benchmark financing rate of 3.50% for long-term borrowing was set for 2018/2019 in light of the views prevalent at the time the Treasury Management policy was set in March 2018.

There have been high levels of volatility in the financial markets during 2018/2019. PWLB interest rates were on a rising trend until early December when 50-year rates reduced by 0.36% and rates reduced again in late March. In line with discussions with the Council's economic advisors, the Council took advantage of the low borrowing rate troughs that have occurred and which will benefit the revenue budget over the longer term. The Council has taken out £60 million of new borrowing during the financial year as these rates were considered opportune. The new borrowing is summarised in the following table:

Duration	Date of the transaction	Start	Matures	Rate %	Loan Amount £m
49½ years	12/12/2018	14/12/2018	14/06/2068	2.44	20.0
50 years	29/01/2019	31/01/2019	31/01/2069	2.42	20.0
50 years	22/03/2019	26/03/2019	26/03/2069	2.20	20.0

PWLB rates continue to be volatile, the overall longer term expectation is for gilt yields and PWLB rates to rise and the Treasury Management team continues to closely monitor rates to assess the value of possible further new borrowing in line with future Capital Programme requirements.

- 4.5 The Treasury Management Strategy for 2018/2019 included provision for debt rescheduling but also stated that because of the proactive approach taken by the Council in recent years, and because of the very low underlying rate of the Council's long-term debt it would be difficult to refinance long-term loans at interest rates lower than those already in place.

Rates have not been sufficiently favourable for debt rescheduling in 2018/2019 but the Treasury Management Team continue to monitor market conditions and secure early redemption if appropriate opportunities arise.

- 4.6 The Council's borrowing portfolio position at 31st March 2019 is set out below.

		Principal (£m)	Total (£m)	Average Rate (%)
Borrowing				
Fixed Rate Funding	PWLB	298.7		
	Market	39.6		
	Other	9.6	347.9	3.23
Variable Rate Funding	Temporary / Other		27.6	0.65
Total Borrowing			375.5	3.04
Total Investments*	All managed In-House		182.9	0.93
Net Position			(192.6)	

* The total investments figure includes monies invested on behalf of ANEC which agreed with its member authorities that the Council would invest its surplus funds.

The Council had a net borrowing position of £192.6 million representing the difference between gross debt and total investments. The net borrowing position is expected to widen (increase) further over the next few years as the Council will need to take out additional borrowing to fund its capital programme whilst earmarked revenue reserves will be used to fund agreed programmes.

Prudential Indicators – 2018/2019

- 4.7 All external borrowing and investments undertaken in 2018/2019 have been subject to the monitoring requirements of the Prudential Code. Under the Code, Authorities must set borrowing limits (Authorised Borrowing Limit for External Debt and Operational Boundary for External Debt) and must also report on the Council's performance for all of the other Prudential Indicators as follows:

The statutory limit under section 3(1) of the Local Government Act 2003 (known as the Authorised Borrowing Limit for External Debt) was set by the Council for 2018/2019 in total at £584.123m which is detailed as follows:

	£m
Borrowing	505.092
Other Long Term Liabilities	<u>79.031</u>
Total	<u>584.123</u>

The Operational Boundary for External Debt for 2018/2019 was set at £559.123m as follows:

	£m
Borrowing	480.092
Other Long Term Liabilities	<u>79.031</u>
Total	<u>459.123</u>

Both the Authorised Limit and the Operational Limit include an element for long-term liabilities relating to PFI schemes and finance leases. These have been brought onto the Council's Balance Sheet in compliance with International Financial Reporting Standards (IFRS).

The Council's maximum external debt in respect of borrowing in 2018/2019 was £454.847 million (which includes borrowing in respect of other organisations such as Tyne and Wear Fire and Rescue Authority) and is within the borrowing limits set by both of these indicators.

- 4.8 The table below shows that all other Treasury Management Prudential Indicators have also been complied with during 2018/2019.

Prudential Indicators	2018/2019	
	Limit £'000	Actual £'000
P10 Upper limit for fixed interest rate exposure		
Net principal re fixed rate borrowing / investments	350,000	250,087
P11 Upper limit for variable rate exposure		
Net principal re variable rate borrowing / investments	58,000	- 5,101
P12 Maturity Pattern	Upper Limit	
Under 12 months	50%	10.63%
12 months and within 24 months	60%	2.21%

Prudential Indicators	2018/2019	
	Limit	Actual
24 months and within 5 years	80%	6.25%
5 years plus	100%	85.07%
A lower limit of 0% for all periods		
P13 Upper limit for total principal sums invested for over 365 days	75,000	0

- 4.9 The Council is currently within the limits set for all of its Treasury Management Prudential Indicators.

5 Investment Strategy and Performance - 2018/2019

- 5.1 The Investment Strategy for 2018/2019 was approved by Council on 7th March 2018. The general policy objective for the Council is the prudent investment of its treasury balances. The Council's investment priorities in order of importance are:

- (A) The **security** of capital;
- (B) The **liquidity** of its investments and then
- (C) The Council aims to achieve the **optimum yield** on its investments but this is commensurate with the proper levels of security and liquidity.

The Annual Investment Strategy has been fully complied with in 2018/2019.

- 5.2 At 31st March 2019, the Council had outstanding investments of £182.946 million. The following table shows the return made on the Council's total investments for 2018/2019 as compared with the benchmark 7 Day LIBID (London Interbank Bid) rate, which the Council uses to assess its performance.

	2018/2019 Return %	2018/2019 Benchmark %
In-house Managed Funds	0.93	0.51

This return far exceeded the benchmark set for 2018/2019 and represents a good achievement especially when short-term investment rates continue to remain very low.

- 5.3 All investments placed in 2018/2019 have been made in accordance with the approved Investment Strategy and comply with the Criteria and the Approved Lending List set by Council on 7th March 2018 and also taking into account subsequent revisions reported to this Committee and approved by Cabinet during the year.

The investment policy is regularly monitored and reviewed to ensure it has flexibility to take full advantage of any changes in market conditions to the benefit of the Council. The rate of return on investments, as reported during the year, has remained at the very low levels seen in previous years although there has been some upward movement since the increase in the base rate to 0.75% announced by the Bank of England at its Monetary Policy Committee meeting on 1st August 2018.

Investment rates available in the market have continued at historically low levels and due to the continuing high volatility within the financial markets, particularly in the

Eurozone, advice from our Treasury Management advisers is to continue to limit investments to shorter term periods.

- 5.4 As members will be aware, the regular updating of the Council's Authorised Lending List and Criteria is required in the light of financial institution mergers and changes in institutions' credit ratings. Changes made during 2018/2019 have been reported to members previously and the latest Lending List and Criteria are included in the Treasury Management First Quarterly Review 2019/2020 report appearing elsewhere on today's agenda for information.

6 Reason for Decision

- 6.1 To note the performance for 2018/2019.

7 Alternative Options

- 7.1 No alternatives are submitted for consideration

AUDIT AND GOVERNANCE COMMITTEE

26th JULY 2019

TREASURY MANAGEMENT – FIRST QUARTERLY REVIEW 2019/2020

Report of the Executive Director of Corporate Services

1. Purpose of Report

- 1.1 To report on the Treasury Management (TM) performance to date for the first quarter of 2019/2020.

2. Description of Decision (Recommendations)

- 2.1 The Committee is requested to:
- Note the Treasury Management performance during Quarter 1 of 2019/2020.
 - Note the Lending List Criteria at Appendix B and the Approved Lending List at Appendix C.

3. Introduction

- 3.1 This report sets out the Treasury Management performance to date for the first quarter of the financial year 2019/2020, in accordance with the requirements of the Treasury Management Policy and Strategy agreed by Council.

4. Summary of Treasury Management Performance for 2019/2020 – Quarter 1

- 4.1 The Council's Treasury Management function continues to look at ways to maximise financial savings and increase investment return to the revenue budget, whilst maintaining a balanced risk position. Public Works Loan Board (PWLB) rates continue to be volatile, in part linked to continued uncertainty over the outcome of Brexit negotiations. No new borrowing has been taken out to date during 2019/2020 but the position continues to be monitored closely.
- 4.2 One option to make savings is through debt rescheduling; however, no rescheduling has been possible in 2019/2020 as rates have not been considered sufficiently favourable. The Council's interest rate on borrowing is very low, currently 3.02%, and, as such, the Council already benefits from this lower cost of borrowing and also from the ongoing savings from past debt rescheduling exercises. Based on advice from the Council's treasury advisor, performance continues to see the Council's rate of borrowing compare favourably to other authorities.
- 4.3 Treasury Management (TM) Prudential Indicators are regularly reviewed and the Council is within the limits set for all of its TM Prudential Indicators. The statutory limit under section 3 (1) of the Local Government Act 2003, which is required to be reported separately, (also known as the Authorised Borrowing Limit for External Debt) was set at £673.627m for 2019/2020. The Council's maximum external debt during the

financial year to 30th June 2019 was £452.196m and is within this limit. More details of all of the TM Prudential Indicators are set out in section A2 of Appendix A for information.

- 4.4 The Council's investment policy is regularly monitored and reviewed to ensure it has flexibility to take full advantage of any changes in market conditions which will benefit the Council.
- 4.5 As at 30th June 2019, the funds managed by the Council's Treasury Management team have achieved a rate of return on its investments of 0.98% compared with the benchmark 7 Day LIBID (London Interbank Bid) rate of 0.57%. Performance is significantly above the benchmark rate, whilst still adhering to the prudent policy agreed by the Council, in what remains a very challenging market.
- 4.6 More detailed Treasury Management information is included in Appendix A for Members' information.
- 4.7 The regular updating of the Council's authorised lending list is required to take into account financial institution mergers and changes in institutions' credit ratings since the last report. The updated Approved Lending List is shown in Appendix C for information.

5. Recommendation

- 5.1 Members are requested to note the Treasury Management performance for the first quarter of 2019/2020.
- 5.2 Members are requested to note the Lending List Criteria at Appendix B and the Approved Lending List at Appendix C.

Detailed Treasury Management Performance – Quarter 1 2019/2020

A1 Borrowing Strategy and Performance – 2019/2020

- A1.1 The Borrowing Strategy for 2019/2020 was reported to Cabinet on 13th February 2019 and approved by full Council on 6th March 2019.

The Borrowing Strategy is based upon interest rate forecasts from a wide cross section of City institutions. The view when the Treasury Management Policy and Strategy was drafted was that there would be further increases to the current 0.75% Bank of England (BoE) Base Rate of 0.25% by June 2019, early/late 2020 and further increases to 2.00% by March 2022. PWLB borrowing rates were expected to rise, albeit gently, during 2019/2020 across all periods but could be subject to exceptional levels of volatility due to continued uncertainty over the outcome of Brexit negotiations and geopolitical developments throughout the world.

After raising the Bank Rate from 0.5% to 0.75% in August 2018, the BoE Monetary Policy Committee (MPC) are unlikely to make further changes until the outcome of Brexit negotiations is known. The original withdrawal deadline of 29th March was put back in the hope that progress could be made on a proposal that would be approved by Parliament. The Government is also in the midst of a leadership election with both remaining candidates declaring their intention for Brexit to happen by 31st October 2019, even if there is no deal. With the possibility of no withdrawal option receiving majority support, the chance of a general election has risen which itself could trigger further market instability.

In response to growing concerns, the BoE Governor has indicated that in the event of a no deal Brexit, the MPC could vote to cut the Bank Rate to support growth and analysts predict a possible fall of 0.50% from 0.75% to 0.25%.

Link Asset Services, the Council's treasury advisors, have revised their Base Rate forecasts and have pushed back the timing of the next increase from the first to the third quarter of 2020. This is based on a central assumption that some form of deal can be reached and if that proves not to be the case then both Base Rate and PWLB rate forecasts will change.

The economy posted stronger than expected growth during the first three months of 2019 but this is most likely a result of activity being brought forward ahead of the original 29th March Brexit deadline. Analysts expect GDP in the second quarter to fall based on market surveys and official data. CPI inflation in May 2019 stood at 2.0%, the BoE target, and is expected to remain around this level over the next two years. Were there to be a no deal Brexit, it could rise due to increased costs resulting from a weakening in Sterling.

Current forecasts from Link Asset Services predict a gradual rise in PWLB rates reaching 1.70%, 2.00%, 2.60% and 2.50% for 5, 10, 25 and 50-year durations by 31st March 2020. High levels of volatility in PWLB rates and bond yields are expected to continue during 2019 and 2020 particularly due to the continued Brexit uncertainty.

The following table shows the average PWLB rates for Quarter 1 to date.

2019/2020	Qtr 1* (Apr - June) %
7 days' notice	0.57
1 year	1.46*
5 years	1.54*
10 years	1.85*
25 years	2.41*
50 years	2.26*

*rates take account of the 0.2% discount to PWLB rates available to eligible authorities that came into effect on 1st November 2012.

A1.2 The strategy for 2019/2020 is to adopt a pragmatic and flexible approach in identifying the low points in the interest rate cycle at which to borrow, and to respond to any changing circumstances to seek to secure benefit for the Council. A benchmark financing rate of 3.50% for long-term borrowing was set for 2019/2020 in light of the views prevalent at the time the Treasury Management policy was set in March 2019. Due to high levels of volatility in the financial markets, with borrowing rates still forecast to remain low over the short term, no new borrowing has been undertaken in the current financial year up to 30th June 2019, but the Treasury Management team continues to closely monitor PWLB rates to assess the value of possible further new borrowing in line with future capita programme requirements.

A1.3 The Borrowing Strategy for 2019/2020 made provision for debt rescheduling but due to the proactive approach taken by the Council in recent years, and because of the very low underlying rate of the Council's long-term debt, it would be difficult to refinance long-term loans at interest rates lower than those already in place.

Rates have not been sufficiently favourable for rescheduling in 2019/2020 so far and the Treasury Management team will continue to monitor market conditions and secure early redemption if appropriate opportunities should arise.

The Council successfully applied to access PWLB loans at a discount of 0.20%. This 'certainty rate' is available for those authorities that provide "improved information and transparency on their locally determined long-term borrowing and associated capital spending plans". The discount came into effect on 1st November 2012 and the Council has been successful in extending its access to the PWLB certainty rate until at least 31st October 2019.

A1.4 The Council's treasury portfolio position at 30th June 2019 is set out below:

		Principal (£m)	Total (£m)	Average Rate (%)
Borrowing				
Fixed Rate Funding	PWLB	298.7		
	Market	39.6		
	Other	9.3	347.6	3.20
Variable Rate Funding	Temporary / Other		27.6	0.65
Total Borrowing			375.2	3.02

A2 Treasury Management Prudential Indicators – 2019/2020

A2.1 All external borrowing and investments undertaken in 2019/2020 have been subject to the monitoring requirements of the Prudential Code. Under the Code, Authorities must set borrowing limits (Authorised Borrowing Limit for External Debt and Operational Boundary for External Debt) and must also report on the Council's performance for all of the other TM Prudential Indicators.

A2.2 The statutory limit under section 3(1) of the Local Government Act 2003 (which is also known as the Authorised Borrowing Limit for External Debt) was set by the Council for 2019/2020 as follows:

	£m
Borrowing	598.239
Other Long-Term Liabilities	<u>75.388</u>
Total	<u>673.627</u>

The Operational Boundary for External Debt was set as shown below: -

	£m
Borrowing	573.239
Other Long-Term Liabilities	<u>75.388</u>
Total	<u>648.627</u>

The Council's maximum external debt in respect of 2019/2020 (to 30th June 2019) was £452.196m and is within the limits set by both these key indicators.

A2.3 The table below shows that all other Treasury Management Prudential Indicators have been complied with:

Prudential Indicators		2019/2020 (to 30/06/19)	
		Limit £'000	Actual £'000
P9	Upper limit for fixed interest rate exposure Net principal re fixed rate borrowing / investments	485,000	268,041
P10	Upper limit for variable rate exposure Net principal re variable rate borrowing / investments	48,000	27,640
P11	Maturity Pattern Under 12 months 12 months and within 24 months 24 months and within 5 years 5 years plus A lower limit of 0% for all periods	Upper Limit 50% 60% 80% 100%	9.18% 1.65% 4.13% 85.08%
P12	Upper limit for total principal sums invested for over 365 days	75,000	0

A3 Investment Strategy – 2019/2020

A3.1 The Investment Strategy for 2019/2020 was approved by Council on 6th March 2019. The general policy objective for the Council is the prudent investment of its treasury balances. The Council's investment priorities in order of importance are:

- (A) The **security** of capital;
- (B) The **liquidity** of its investments and then;
- (C) The Council aims to achieve the **optimum yield** on its investments but this is commensurate with the proper levels of security and liquidity.

A3.2 As at 30th June 2019, the funds managed by the Council's in-house team amounted to £179.296 million and all investments complied with the Annual Investment Strategy. This includes monies invested on behalf of all other external organisations. The table below shows the return received on these investments compared with the benchmark 7 Day LIBID (London Interbank Bid) rate, which the Council uses to assess its performance.

	2019/2020 Actual to 30/06/19 %	2019/2020 Benchmark to 30/06/19 %
Return on investments	0.98	0.57

A3.3 Investments placed in 2019/2020 have been made in accordance with the approved investment strategy and comply with the Counterparty Criteria in place, shown in Appendix B, which is used to identify organisations on the Approved Lending List.

A3.4 Investment rates available in the market remain lower than those achieved in previous years, although there has been some upward movement since the Bank of England Monetary Policy Committee announced the 0.25% increase in the base rate to 0.75% on 1st August 2018.

A3.5 Due to the continuing high volatility within the financial markets, particularly in the Eurozone, advice from our Treasury Management advisers is to continue to restrict investments to shorter term periods.

A3.6 Advice also continues that the above guidance is not applicable to institutions considered to be very low risk, mainly where the government holds shares in these organisations (i.e. RBS) and therefore have the UK Government rating applied to them, or separately in respect of Money Market Funds which are AAA rated.

A3.7 The regular updating of the Council's authorised Lending List is required to take into account financial institution mergers and changes in institutions' credit ratings. Any changes are reflected on the Approved Lending List shown in Appendix C.

Counterparty Criteria

The Council takes into account not only the individual institution's credit ratings issued by all three credit rating agencies (Fitch, Moody's and Standard & Poor's), but also all available market data and intelligence, the level of government support and advice from its Treasury Management advisers.

Set out below are the criteria to be used in determining the level of funds that can be invested with each institution. Where an institution is rated differently by the rating agencies, the lowest rating will determine the level of investment.

Fitch / S&P's Long Term Rating	Fitch Short Term Rating	S&P's Short Term Rating	Moody's Long Term Rating	Moody's Short Term Rating	<u>Maximum Deposit</u> £m	<u>Maximum Duration</u>
AAA	F1+	A1+	Aaa	P-1	120	2 Years
AA+	F1+	A1+	Aa1	P-1	100	2 Years
AA	F1+	A1+	Aa2	P-1	80	2 Years
AA-	F1+ / F1	A1+ / A-1	Aa3	P-1	75	2 Years
A+	F1	A-1	A1	P-1	70	365 days
A	F1 / F2	A-1 / A-2	A2	P-1 / P-2	65	365 days
A-	F1 / F2	A-2	A3	P-1 / P-2	50	365 days
Local Authorities (limit for each local authority)					30	2 years
UK Government (including debt management office, gilts and treasury bills)					250	2 years
Money Market Funds (CNAV, LVNAV and VNAV) Maximum amount to be invested in Money Market Funds is £120m with a maximum of £50m in any one fund.					120	Liquid Deposits
Local Authority controlled companies					40	20 years

Where the UK Government holds a shareholding in an institution the UK Government's credit rating of AA will be applied to that institution to determine the amount the Council can place with that institution for a maximum period of 2 years.

The Code of Practice for Treasury Management in the Public Services recommends that consideration should also be given to country, sector, and group limits in addition to the individual limits set out above. These new limits are as follows:

Country Limit

It is proposed that only non-UK countries with a minimum sovereign credit rating of AA+ by all three rating agencies will be considered for inclusion on the Approved Lending List.

It is also proposed to set a total limit of £50m which can be invested in other countries provided they meet the above criteria. A separate limit of £250m will be applied to the United Kingdom and is based on the fact that the government has done and is willing to take action to protect the UK banking system.

Country	Limit £m
UK	250
Non-UK	50

Sector Limit

The Code recommends a limit be set for each sector in which the Council can place investments. These limits are set out below:

Sector	Limit £m
Central Government	250
Local Government	250
UK Banks	250
Money Market Funds	120
UK Building Societies	100
Foreign Banks	50

Group Limit

Where institutions are part of a group of companies e.g. Lloyds Banking Group and RBS, then total limit of investments that can be placed with that group of companies will be determined by the highest credit rating of a counterparty within that group, unless the government rating has been applied. This will apply provided that:

- the UK continues to have a sovereign credit rating of AA; and
- that market intelligence and professional advice is taken into account.

Proposed group limits are set out in Appendix C.

Approved Lending List

Appendix C

	Fitch		Moody's		Standard & Poor's			
	L Term	S Term	L Term	S Term	L Term	S Term	Limit £m	Max Deposit Period
UK	AA	-	Aa2	-	AA	-	250	2 years
Lloyds Banking Group							Group Limit 70	
Lloyds Bank Plc (RFB)	A+	F1	Aa3	P-1	A+	A-1	70	365 days
Lloyds Bank Corporate Markets plc (NRFB)	A	F1	A1	P-1	A	A-1	70	365 days
Bank of Scotland Plc (RFB)	A+	F1	Aa3	P-1	A+	A-1	70	365 days
Royal Bank of Scotland Group (See Note 1)							Group Limit 80	
The Royal Bank of Scotland Plc (RFB)	A+	F1	A1	P-1	A	A-1	80	2 years
National Westminster Bank Plc (RFB)	A+	F1	A1	P-1	A	A-1	80	2 years
NatWest Markets plc (NRFB)	A	F1	Baa2	P-2	A-	A-2	80	2 years
Santander UK plc	A+	F1	Aa3	P-1	A	A-1	65	365 days
Barclays Bank plc (NRFB)	A+	F1	A2	P-1	A	A-1	65	365 days
Barclays Bank plc (RFB)	A+	F1	A1	P-1	A	A-1	65	365 days
Clydesdale Bank *	A-	F2	Baa1	P-2	BBB+	A-2	0	
Co-Operative Bank Plc	B	B	B3	NP	-	-	0	
Goldman Sachs International Bank	A	F1	A1	P-1	A+	A-1	65	365 days
HSBC Bank plc (NRFB)	AA-	F1+	Aa3	P-1	AA-	A-1+	75	2 years
HSBC UK Bank plc (RFB)	AA-	F1+	-	-	AA-	A-1+	75	2 years
Nationwide BS	A	F1	Aa3	P-1	A	A-1	65	365 days
Standard Chartered Bank	A+	F1	A1	P-1	A	A-1	65	365 days
Top Building Societies (by asset value)								
Nationwide BS (see above)								
Coventry BS	A-	F1	A2	P-1	-	-	65	365 days
Leeds BS	A-	F1	A3	P-2	-	-	50	365 days
Nottingham BS **	-	-	Baa1	P-2	-	-	0	
Principality BS **	BBB+	F2	Baa2	P-2	-	-	0	

	Fitch		Moody's		Standard & Poor's			
	L Term	S Term	L Term	S Term	L Term	S Term	Limit £m	Max Deposit Period
Skipton BS **	A-	F1	Baa1	P-2	-	-	0	
West Bromwich BS **	-	-	Ba3	NP	-	-	0	
Yorkshire BS **	A-	F1	A3	P-2	-	-	50	365 days
Money Market Funds							120	Liquid
Prime Rate Stirling Liquidity	AAA				AAA		50	Liquid
Insight Liquidity Fund	AAA		-		AAA		50	Liquid
Aberdeen Liquidity Fund (Lux)	AAA		AAA		AAA		50	Liquid
Deutsche Managed Sterling Fund	AAA		Aaa		AAA		50	Liquid
Foreign Banks have a combined total limit of £50m								
Australia	AAA		Aaa		AAA		50	365 days
Australia and New Zealand Banking Group Ltd	AA-	F1+	Aa3	P-1	AA-	A-1+	50	365 days
Commonwealth Bank of Australia	AA-	F1+	Aa3	P-1	AA-	A-1+	50	365 days
National Australia Bank	AA-	F1+	Aa3	P-1	AA-	A-1+	50	365 days
Westpac Banking Corporation	AA-	F1+	Aa3	P-1	AA-	A-1+	50	365 days
Canada	AAA		Aaa		AAA		50	
Bank of Nova Scotia	AA-	F1+	Aa2	P-1	A+	A-1	50	365 days
Royal Bank of Canada	AA	F1+	Aa2	P-1	AA-	A-1+	50	365 days
Toronto Dominion Bank	AA-	F1+	Aa1	P-1	AA-	A-1+	50	365 days
Finland	AA+		Aa1		AA+		50	365 days
OP Corporate Bank plc	-	-	Aa3	P-1	AA-	A-1+	50	365 days
Germany	AAA		Aaa		AAA		50	365 days
DZ Bank AG (Deutsche Zentral-Genossenschaftsbank)	AA-	F1+	Aa1	P-1	AA-	A-1+	50	365 days
Landwirtschaftliche Rentenbank	AAA	F1+	Aaa	P-1	AAA	A-1+	50	365 days
NRW Bank	AAA	F1+	Aa1	P-1	AA-	A-1+	50	365 days
Netherlands	AAA		Aaa		AAA		50	365 days
Bank Nederlandse Gemeenten	AAA	F1+	Aaa	P-1	AAA	A-1+	50	365 days
Coöperatieve Centrale Raiffeisen Boerenleenbank BA (Rabobank Nederland)	AA-	F1+	Aa3	P-1	A+	A-1	50	365 days

	Fitch		Moody's		Standard & Poor's			
	L Term	S Term	L Term	S Term	L Term	S Term	Limit £m	Max Deposit Period
Nederlandse Waterschapsbank N.V	-	-	Aaa	P-1	AAA	A-1+	50	365 days
Singapore	AAA		Aaa		AAA		50	365 days
DBS Bank Ltd	AA-	F1+	Aa1	P-1	AA-	A-1+	50	365 days
Oversea Chinese Banking Corporation Ltd	AA-	F1+	Aa1	P-1	AA-	A-1+	50	365 days
United Overseas Bank Ltd	AA-	F1+	Aa1	P-1	AA-	A-1+	50	365 days
Sweden	AAA		Aaa		AAA		50	365 days
Svenska Handelsbanken AB	AA	F1+	Aa2	P-1	AA-	A-1+	50	365 days
USA	AAA		Aaa		AA+		50	365 days
Bank of New York Mellon	AA	F1+	Aa1	P-1	AA-	A-1+	50	365 days
JP Morgan Chase Bank NA	AA	F1+	Aa1	P-1	A+	A-1	50	365 days
Wells Fargo Bank NA	AA-	F1+	Aa1	P-1	A+	A-1	50	365 days

Notes

Note 1

Nationalised / Part Nationalised

The counterparties in this section will have the UK Government's AA rating applied to them thus giving them a credit limit of £80m.

* The Clydesdale Bank (under the UK section) is owned by National Australia Bank

** These will be revisited and used only if they meet the minimum criteria (ratings of A- and above)

Any bank which is incorporated in the United Kingdom and controlled by the Prudential Regulation Authority (PRA) is classed as a UK bank for the purposes of the Approved Lending List.

AUDIT AND GOVERNANCE COMMITTEE

26 July 2019

DATA PROTECTION – ANNUAL REPORT 2018 – 2019

**Report of the Director of People, Communications and Partnerships and
the Data Protection Officer**

1. Purpose of Report

- 1.1 The purpose of this report is to provide the Committee with information about the work and findings of the Council's Data Protection Office during the past year
- 1.2 The Committee is asked to consider the:
 - (i) Data Protection arrangements outlined in this report
 - (ii) Performance against Data Protection standards in the 2018-19 year.
 - (iii) Comments and issues the Committee would highlight to the Council's leadership team.

2. Background

- 2.1 The Council is required to appoint a Data Protection Officer to advise on its data protection responsibilities and act as its point of contact with the Information Commissioner's Office. The Council's Data Protection Officer has been appointed and the Council receives wider support with DP compliance from the Council's Data Protection Office. The Data Protection Office also provides a DPO service under service level agreements to connected organisations, including the Council's wholly owned companies, NECA and those schools and academies which subscribe to the service.
- 2.2 This report appraises the Committee of arrangements and performance with regard to Data Protection (DP) compliance and performance following implementation of the General Data Protection Regulation and Data Protection Act 2018. This legislation replaced the Data Protection Directive 1995, and the Data Protection Act 1998 in the UK with effect from 25 May 2018.
- 2.3 As a data controller, the Council is required to pay an annual fee and is registered as a fee payer with the Information Commissioner's Office, as

are Together for Children and Sunderland Care and Support. Members are no longer required to pay a fee and so do not maintain individual registrations with the ICO. Members nevertheless remain data controllers of the information they process in carrying out their ward work and retain all the associated data protection responsibilities. The Council also acts as data processor for the other organisation in relation to some of the information it processes, and as data controller in common or joint data controller with its companies and other partner organisations. Other organisations and contractors act as data processors on behalf of the Council and its connected organisations, and standard contract clauses have been incorporated to reflect current Data Protection requirements of processors.

- 2.4 Compliance with the data protection regime requires the commitment of every function within a corporate organisation. It is recognised that data protection breaches are commonly caused by internal human error rather than external attack, although this too presents a risk to data. This requires implementation and maintenance of secure IT systems, organisation-wide training and robust policies on all aspects of data handling. DPA breaches only occur when a business process has either not been followed properly, or the process wasn't DP compliant in the first place. The role of the Committee in this context is to review the arrangements outlined in this report and make recommendations to the Council regarding prioritisation and implementation of changes needed to deliver on data protection requirements.

3. GDPR REQUIREMENTS – TRANSPARENCY AND ACCOUNTABILITY

- 3.1 The new data protection laws are underpinned by the two key principles of transparency and accountability. Requirements for transparency data to be made available to data subjects have been re-framed and a significant piece of work was undertaken in preparing for GDPR to identify where and how personal data is held and used within the Council, to feed into the preparation of information for service users, employees and others, about how their data is used.

- 3.2 The accountability principle requires the Council, as a data controller, to have

“appropriate technical and organisational measures in place” to adopt the data protection principles, and to be able to demonstrate this. To support this data controllers must adopt a ‘privacy by design’ approach to the management of business systems and operational arrangements. Where previously it was recommended good practice to carry out Data Protection Impact Assessments (DPIA) to identify how risk to data can be planned out and/or mitigated, primarily for high risk

initiatives, this is now mandatory in designated circumstances. The value of the DPIA lies in bringing attention to potential risk to privacy rights from the start of a project or initiative, with participants pooling knowledge and expertise to identify solutions that minimise and mitigate potential risks. The view of the DPO must be sought when preparing a DPIA and the business must document its views on the DPO advice provided and document its acceptance of residual risk.

- 3.3 The 2018-19 year has seen the Council and its companies develop DPIA for numerous projects, initiatives and business process reviews. Areas reviewed include elements of the Office 365/Windows 10 project, proposals for use of drones in the planning environment, use of assistive technologies in the homes of elderly or disabled adults, use of CCTV on refuse lorries, the Step up Sunderland initiative, support for women with multiple pregnancies, procurement of supported accommodation, use of i-pads to obtain children's views and the Sunderland SEND (hybrid mail) project.
- 3.4 Arrangements have been put in place to check DPIA has been considered before progressing developments in ICT or procurement and the checks in place have successfully directed lead officers to seek DPO input. In the context of the wide range of processing activity across services there are, however, likely to be many other areas that would benefit from review with regard to data risk and mitigations and it is recommended that attention is given to raising awareness of the requirement to consider DPIA at the outset of any piece of business redesign or commissioning.

4. SUBJECT ACCESS REQUESTS

- 4.1 One of the central data subject rights under GDPR and the Data Protection Act 2018 is to have access to records containing their personal information. These requests are coordinated on the Council and Company behalf by the Access to Files team within the council's Business Support service. This is a small specialist team of 4 officers, based in the Information Governance Team.
- 4.2 This team previously handled only those requests related to Childrens and Adults records. With implementation of GDPR the team took on the additional role of coordinating responses to all Subject Access requests received across council services. This work was absorbed within existing resources
- 4.3 Outcomes for the year 25 May 2018 (GDPR implementation) and 1 June 2019 are below. Future reports will provide these statistics reporting annually 1 June to 31 May.

	Open at 25/5/15	Received in year	Closed in year	Within timescale	Outside timescale
Total	32	163	172	147	25
Council	n/a	44	36	35	1
TfC	32	119	136	112	24

- 4.4 Members will note that of the 172 cases closed in-year 147 were responded to within the statutory timescale of 1 calendar month, which may be extended up to 3 calendar months in the case of complexity or multiple requests. The timescale for reply was previously 40 days. 25 cases exceeded timescale, 24 TfC and 1 Council. It has historically proved challenging to respond within time-limits where a case involves multiple files/records, in particular where a childrens' case involves multiple family members. There is also a requirement that Health and other professionals are asked for their view on release of records originating from them and this can incur delay.

5. INFORMATION INCIDENTS

- 5.1 A dedicated reporting address ('info.alert') for incidents and concerns about data protection compliance which routes reports direct to the Data Protection Office was established to promote prompt reporting by staff. A separate dedicated address is in place for use for reports made to the Data Protection Office by Together for Children. The Data Protection Office encourages reporting, not only of known or suspected breaches, but also the identification of low-level 'near miss' events. Such reports are used to inform recommendations for improvements that can be made before a 'near miss' puts the data protection rights of individuals at risk.
- 5.2 Monthly performance reports enable senior management to monitor trends and highlight issues in relation to reports made to the info.alert address. Appendix A details the number of breaches reported for the period from 1st of June 2018 to 31st of May 2019. The Data Protection Office makes use of a RAG rated matrix grading system aligned to that in use within health services to allocate reports of breach. Appendix B provides information about breach ratings and the distribution of breach reports across the Council's Directorates and companies.
- 5.3 Common themes relate to;
- Correspondence errors, related to use of incorrect addresses (postal, text or email) or personal information of another incorrectly contained in correspondence sent to the correct address.
 - Dissatisfaction with data sharing within the safeguarding process
 - Data quality issues, frequently linked to/cause of the above, including through re-use of previous documents as templates

- Abandoned files and documents abandoned on printers
- 'Orphan' records following re-organisation and the departure of the staff responsible for the service. This represents an 'availability' breach where the location of the records is not properly understood.

Action taken includes;

- instructions to staff on following the correct process,
- individual performance management,
- introduction of 100% checks of correspondence,
- double checking email and postal addresses and the contents of correspondence before sending,
- use of clean templates for new documents.
- requirement for e-mail data that is high risk or containing personal or sensitive information to be encrypted to mitigate the risks,
- review of records held and to be retained for future use, with secure destruction arrangements operational where documents are not required to be retained.

5.4 Learning from cases feeds into business improvement, and a focused piece of work was undertaken by the Data Protection Office looking into the origin of addressing errors that resulted in misdirection of post and related incidents. Recommendations include;

- A prompt response to an incident, including early investigation to establish the background facts, is a critical factor in containing the incident and mitigating the risk of harm to data subjects.
- As soon as a data breach is identified priority should be given to remedying the breach and mitigating its consequences as quickly as possible. Formal documented notification is of lower priority than identifying the immediate practical steps that can be taken. Generally, where for example, the recipient reports they have received correspondence in error, the first step should be to go out and retrieve it, making sure the recipient understands it can be an offence to make use of any information they may have read. Response, containment and reporting of such incidents must be prioritised accordingly.
- Having contained the incident it is important to progress investigation of the cause to its conclusion and identify the measures to be put in place to prevent recurrence, assigning responsibility for implementation and a timescale for completion, these are monitored centrally through the DP Office.
- Sunderland SEND (Hybrid Mail) is not a complete solution to postal errors – the new arrangements can only ever be as good as the raw data it receives: there should be review & update of QA arrangements for data accuracy in recordkeeping systems and in work completed, in order to strengthen compliance with GDPR accuracy, relevance & currency requirements.

- 'Human Errors' are not usually unavoidable – where the same 'error' occurs there should be a review of the adequacy of skills, training and capacity of staff involved and the business process they're following.

5.5 Data breach reporting arrangements have been reviewed and simplified in the light of learning and feedback during this first year of operation of the DPO arrangements and are to be embedded in the revised intranet being designed within Office 365 to improve efficiency through direct submission of the reporting template to the info.alert address.

6. INFORMATION COMMISSIONER

6.1 Seven breaches were reported to the Information Commissioner in the course of the year. Of these four were reported by the Council and three by members of the public.

- A birth certificate sent to the address of a third party unrelated to the data subject. The ICO found that there has been an infringement due to human error and have made recommendations that could lower the likelihood of a similar incident occurring.
- An unauthorised access to library services software. The contractor reported that some 45 customers' personal data was accessed. The ICO recognised the incident as a cyber breach and came to the decision not to take any formal enforcement action due to the nature of the case and the remedial measures put in place on the recommendation of the DPO.
- An acknowledgement letter intended for the complainant was included in correspondence sent to the subject of the complaint. The breach was caused by human error. The ICO has recommended the Council review its processes, and confirmed they will take no further action on the case.
- Inclusion of an address in a court report, where it was alleged this may pose a risk of renewed domestic violence. Once provided with detailed background information the ICO concluded this had not been a reportable breach.
- Publication of a private telephone number as part of a contacts list. The ICO found this was a breach and procedures have been amended to address the risk of recurrence.
- Sharing information about the data subject's convictions in the context of safeguarding concerns. The ICO did not find an infringement
- Sharing information with a neighbouring authority. The ICO initially found no infringement, but subsequently reviewed the case and concluded information had not been shared appropriately.

- 6.2 There has been no formal enforcement action taken in relation to the Council's, or its connected organisations' compliance with their data protection responsibilities. The ICO has however made practice recommendations in relation to cases reported to her office and these have been accepted and implemented.

7. REGULATION OF INVESTIGATORY POWERS ACT

- 7.1 Oversight of the Council's use of covert surveillance was allocated to the Data Protection Office with effect from April 2019. There has been no use of RIPA authorisation since that date. Specialist training attended by members of the Data Protection Office, Authorising Officers and service lead officers took place on 19th July 2019.

8. NEXT STEPS

- 8.1 It is recommended that the Council and its connected organisations continue to work with the Data Protection Office to refine arrangements in the light of the first year's operation of GDPR. Transparency information, policies and procedures will go through an annual review, to be aligned with requirements identified during the year. Elected Members and staff should also be required to complete annual refresher training, using the updated e-learning package which will shortly be available.
- 8.2 In preparation for the Council moving to City Hall and adopting a digital by default approach to record-keeping, a programme is underway to identify and destroy or re-locate paper records, as appropriate according to the stage they have reached in the record lifecycle. This exercise includes review and updating of retention schedules for staff to implement. An audit of records will provide the information that is needed to consider the business case for archiving or digitisation of those records that must be retained.
- 8.3 A programme of review of data use in preparation for GDPR provided the baseline to demonstrate commitment to the accountability principle. A further review is now required, to provide a current record of information asset processing activity (ROPA).

9. RECOMMENDATIONS

- 9.1 The Committee is asked to consider the Data Protection arrangements in place, performance against Data Protection standards in the 2018-19 year and provide its comments on the information provided in this report.

10. REPORT CONTACT

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APPENDIX A

LPI Number	Compliance issues	Measure Description	Number Received 1 June 2018 - 31 May 2019
1019	ICO Reported	Number of personal data breaches reported to the Information Commissioners Office (ICO)	7
1019a	ICO report Civic	Number of breaches self-reported to the Information Commissioners Officer (ICO)	4
1019b	ICO report Public	Number of customer reports to the Information Commissioners Officer (ICO) by a member of the public alleging a personal data breach.	3
1267	Breach Total	The total number of cases where a report or request for advice has identified a failing in Data Protection compliance	170
1259a	Red	Number of cases where a personal data breach via SIRI - Serious Incidents Requiring Investigation - Red Rating	4
1259b	Amber	Number of cases where a personal data breach has been reported or identified via SIRI - Serious Incidents Requiring Investigation - Amber Rating	50
1259c	Green	Number of cases where a personal data breach has been identified via SIRI - Serious Incidents Requiring Investigation - Green Rating	105
1281	Compliance Issue (non-breach)	Data Protection Compliance issue (non-article 4)	11

Appendix B

breach recording data 1/12/18-31/5/19	TfC	School/Academy	SCAS	Neighbourhoods	Adult Housing and Neighbourhoods	Corporate Services	People Comm and Partnerships	People Services	People Services - Adult	Members	Economy and Place	Strat, Part and Transformation	Total
Green	17	1	1	7	2	9	3	2	2	1	1	0	46
Amber	2	1	0	0	5	6	2	0	0	0	0	1	17
Red	2	0	0	2	0	0	0	0	0	0	0	0	4
Total (srvs)	21	2	1	9	7	15	5	2	2	1	1	1	67

