

Meeting:	Audit and governance committee
Meeting date:	Tuesday 19 November 2019
Title of report:	NMiTE progress report
Report by:	Chief finance officer

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards);

Purpose and summary

To enable the committee to provide assurance on the adequacy with regards to the risk framework on the measures the council is taking as the accountable body for the new model in technology & engineering (NMiTE) and the milestone payments from the Department for Education (DfE).

To update members on the progress of internal audit work and to bring to their attention any key internal control issues arising from work recently completed. To enable the committee to monitor performance of the internal audit team against the approved plan.

To assure the committee that action is being taken on risk related issues identified by internal audit. This is monitored by acceptance by management of audit recommendations and progress updates in implementing the agreed action plans. In addition, audit recommendations not accepted by management are reviewed and progress to an appropriate recommendation to cabinet if it is considered that the course of action proposed by management presents a risk in terms of the effectiveness of or compliance with the council's control environment.

Recommendation(s)

That:

- (a) **having regard to the further assurance provided and actions proposed to mitigate any risks, the committee determine any recommendations it wishes to make to secure greater assurance.**

Alternative options

1. There are no alternative recommendations; it is a function of the committee to consider if the measures taken meet the risk management framework

Key considerations

2. On 14 December 2017 cabinet agreed that the council would act as the accountable body for public funding allocated to create the new Hereford University, NMiTE.
3. Accountable body status means that the council will be accountable for public funding allocated to the new university project by Government. The council will receive funds from Government, for onward transmission to NMiTE, ensuring those funds are allocated and spent in accordance with any conditions specified and providing reports on the expenditure.
4. The purpose of the agreement between the council and NMiTE is to enable compliance with the terms of the grant determinations set by the Department of Education to enable the milestone payments to be passed to NMiTE. Each year a range of Milestones are agreed between the Department of Education and NMiTE, these include a range of financial and non-financial measures. As part of this agreement process the Department of Education confirm how progress is to be measured.
5. On 13 December 2017 general scrutiny committee examined the proposal for council to act as the accountable body for the NMiTE project.
6. Progress is being measured by DfE and no issues have been highlighted so far that would affect the council as accountable body. Internal audit continue to monitor and their next opinion is due in April 2020.
7. The Department of Education are progressing the process of agreeing the milestone targets that will apply for the next tranche of £4.784 million grant funding due to be released in March 2020. The council will be invited to provide input into the financial milestones in due course.

Community impact

8. Acting as the accountable body is helping the establishment of NMiTE which supports the councils corporate plan priorities of giving young people a great start in life and support the growth of our economy.
9. The opportunity of attending a new university in Hereford could also help to promote the life chances of those children we, as the council, are parents to.

10. In accordance with the council's code of corporate governance effective financial management and risk management is an important element of the overall performance management system.

Equality duty

11. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to –

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
12. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. Acting as an accountable body is not expected to impact on the council's public sector equality duty, and the council expects its partners to consider their equality obligations in all that they do.

Resource implications

13. No council funds will be payable to NMiTE, however the management of the flow of funds between the accountable body and NMiTE and the discharging of the obligations of being the accountable body requires resourcing. The staffing is provided through current resources. The cost of resourcing the additional operational tasks are financed from a share of the grant allocation.

Legal implications

14. Before taking the decision to be the accountable body the cabinet sought the views of the general scrutiny committee. One of the scrutiny recommendations was to put in place a robust and appropriate governance framework to supervise the discharge of its responsibility as the accountable body.
15. This committee's role is to monitor the operation of risk management and the effectiveness of the internal control systems in relation to the council's work as accountable body for DfE funding of NMiTE.

Risk management

16. Ultimately the DfE could require the council to repay the grant funding that it has received and which has been paid to NMiTE. Whilst this obligation will also be passed down to NMiTE through the flow down agreement, it is possible that NMiTE would not be able to make any required repayment, which would therefore leave the council out of pocket. The risk of any clawback is being managed / mitigated by ensuring compliance with the

grant funding terms through the monitoring and reporting obligations that are in place. The Department of Education are satisfied that all of the milestones have been met for the two grant payments made by them and have indicated that they are not seeking to recover any grant, therefore the risk is currently very low.

17. As mentioned in the report the Department of Education are currently considering the milestones it will require NMiTE to reach for the third and final tranche of grant due to be paid in March 2020.
18. The risk is identified and monitored by the section 151 officer within the corporate risk register.

Consultees

None

Appendices

None

Background papers

None identified.