



Audit, Governance & Standards Committee

Thu 31 Oct
2019
7.00 pm

Committee Room Two
Town Hall
Redditch

REDDITCH BOROUGH COUNCIL

*making
a
difference*

www.redditchbc.gov.uk

GUIDANCE ON PUBLIC SPEAKING

The Council has introduced public speaking at Audit, Governance and Standards Committee meetings, which allows members of the public to comment on agenda items due to be considered at the meeting.

The total maximum time permitted for public speaking is 15 minutes and the time limit for individual speakers is 3 minutes.

Only those members of the public who have registered to speak in advance of the meeting will be permitted to do so.

To register to speak you must contact Democratic Services by phone on 01527 64252 ext 3268, or by email at democratic@bromsgroveandredditch.gov.uk before 12 noon on the day of the meeting.

When registering to speak you must give your name and contact telephone number and indicate which agenda item you wish to speak about.

**If you have any queries on this Agenda please contact
Jess Bayley**

**Town Hall, Walter Stranz Square, Redditch, B98 8AH
Tel: (01527) 64252 Ext: 3268
e.mail: jess.bayley@bromsgroveandredditch.gov.uk**



Audit, Governance & Standards

Thursday, 31st October, 2019

7.00 pm

Committee

Committee Room 2 - Town Hall
Redditch

Agenda

Membership:

Cllrs:	John Fisher (Chair)	Ann Isherwood
	Mark Shurmer	Nyear Nazir
	(Vice-Chair)	Yvonne Smith
	Salman Akbar	David Thain
	Tom Baker-Price	
	Michael Chalk	

1. Apologies and named Substitutes

2. Declarations of Interest

To invite Councillors to declare any Disclosable Pecuniary Interests and/or Other Disclosable Interests they may have in items on the agenda, and to confirm the nature of those interests.

3. Minutes (Pages 1 - 22)

4. Public Speaking

Members of the public have an opportunity to speak at meetings of the Audit, Governance and Standards Committee. In order to do so members of the public must register by 12 noon on the day of the meeting. A maximum of 15 minutes will be allocated to public speaking.

5. Monitoring Officer's Report - Standards Regime (Pages 23 - 26)

6. Local Government Ethical Standards (Pages 27 - 62)

7. Grant Thornton Sector Update (Pages 63 - 78)

8. Grant Thornton Audit Letter (Pages 79 - 102)

9. Compliance Team Update (Pages 103 - 106)

10. Corporate Governance and Risk Update (Pages 107 - 110)

11. Section 24 Action Plan Update (Pages 111 - 116)

12. Financial Savings Monitoring Report (Pages 117 - 122)

Audit, Governance & Standards

Committee

Thursday, 31st October, 2019

13. Internal Audit Progress Report (Pages 123 - 176)

14. Committee Work Programme (Pages 177 - 178)



Audit, Governance & Standards Committee

Thursday, 26 September
2019

MINUTES

Present:

Councillor John Fisher (Chair), Councillor Mark Shurmer (Vice-Chair) and Councillors Salman Akbar, Tom Baker-Price, Roger Bennett, Michael Chalk, Ann Isherwood, Yvonne Smith and David Thain

Also Present:

Julian Grubb and Jennifer Wheeler

Officers:

Jayne Pickering and Sue Hanley

Senior Democratic Services Officer:

Jess Bayley

17. APOLOGIES AND NAMED SUBSTITUTES

An apology for absence was received on behalf of Councillor Nyear Nazir and Councillor Roger Bennett attended as her substitute.

18. DECLARATIONS OF INTEREST

There were no declarations of interest.

19. MINUTES

RESOLVED that

the minutes of the meeting of the Audit, Governance and Standards Committee held on Monday 29th July 2019 be approved as a true and correct record and signed by the Chair.

.....
Chair

Audit, Governance & Standards Committee

Thursday, 26 September 2019

20. PUBLIC SPEAKING

The Chair confirmed that there were no registered speakers on this occasion.

21. SECTION 24 ACTION PLAN

The Executive Director of Finance and Corporate Resources presented the Section 24 Action Plan, which detailed the Council's response to the Section 24 Notice that had been issued by the external auditors, Grant Thornton, to the authority.

The external auditors had confirmed that the Council's accounts for 2018/19 were unqualified. The auditors also issued a Value for Money (VfM) assessment, which focused on the Council's financial sustainability moving forward. The Council had been issued with an adverse VfM assessment because the external auditors had concerns that the authority was not financially sustainable in the long-term. The Section 24 was intended to provide a warning to the Council that it needed to take action to change the way the authority's budget was managed moving forward. Local authorities that were subject to a Section 24 Notice needed to determine whether to accept the external auditor's recommendations and then to demonstrate how the Council would respond to those recommendations. The Audit, Governance and Standards Committee had already accepted the Section 24 notice and recommendations in July 2019. Should the Committee approve the Section 24 Action Plan the report would be considered by the external auditors the following day and they would subsequently monitor the progress achieved by the Council.

A Section 24 Notice would be followed by further action should the Council not secure a balanced budget moving forward. Should the Section 151 Officer have concerns about the budget position by January/February 2020 it was possible that she would need to issue a Section 114 Notice against the authority. This is the action that had been taken in relation to Northamptonshire County Council some years previously. However, Members were advised that progress was being achieved by Officers and the Executive Committee in terms of realising savings and identifying new opportunities for income generation and it was not therefore anticipated that a Section 114 Notice would need to be issued.

There remained financial challenges for the Council. In particular there was uncertainty about the financial settlement from the

Audit, Governance & Standards Committee

Thursday, 26 September 2019

Government which made it difficult to balance the budget over the course of the full four years of the Medium Term Financial Plan (MTFP). Lots of other Councils faced similar uncertainty but many did not deliver the same number of services as Redditch Borough Council nor did they necessarily have the same demand placed on their services by local residents. The Government had announced that there would be no change to the New Homes Bonus (NHB), which meant that the local authority would receive over £100,000 more than had been budgeted for from this source of funding. However, the Government had also indicated that local authorities would only be able to increase Council Tax by a maximum of 2% in future, rather than the 2.99% that had been possible in recent years and this would have a negative impact on the Council's budget position.

The Executive Director of Finance and Corporate Resources addressed each of the recommendations from the external auditors in turn. The first recommendation focused on the challenge of delivering £1.13 million savings in 2019/20. Members were advised that £1.1 million of savings had already been identified for delivery in 2019/20. The financial monitoring that had been undertaken to date indicated that the Council was on track to deliver these savings. The second recommendation focused on the need for the Council to deliver further significant savings for the 2020/21 budget, so that the Council would not need to use funding from balances in order to secure a balanced budget. Members were advised that there was an aim to increase balances to £1.5 million in the General Fund and £1 million in the Housing Revenue Account (HRA). The third recommendation called on the Council to produce a realistic financial plan for 2021/22 onwards. The Council would need to achieve £1.5 million in additional savings over the four-year period up to 2023.

A range of actions were already being undertaken in order to achieve ambitious saving targets. Vacant posts would not be filled unless they were considered to be business critical. Financial savings could not be retained in departments. In cases where budgets had not been spent for the last few years these would be removed from a Department. Any overspends were discussed by the Corporate Management Team (CMT) and the Executive Committee, Budget Scrutiny Working Group and CMT all received regular monitoring updates in respect of the budget position. For the HRA a review was in the process of being undertaken in respect of spending on repairs and maintenance (R&M).

Audit, Governance & Standards Committee

Thursday, 26 September 2019

A number of lessons had been learned by the Council as Officers and the Portfolio Holders had reviewed the causes of the situation. The Committee was asked to note that in the last ten years only two services had ceased to receive funding; pre-9.30 am bus travel and free swimming. The Council had also made very few changes in terms of how services were delivered, with the exception of the introduction of Rubicon Leisure to deliver leisure services on behalf of the Council. Difficult decisions would be required from Members in respect of Council services in order to address the points raised by the external auditors.

Lessons had also been learned with respect to reporting on the financial implications of decisions that were taken by Members. In previous years information had been provided on this subject, though this had often been included within an appendix to a budget report. In future Officers intended to clearly specify the cost of action requested by Members compared to the cost of alternative actions that could be taken and this information would be included in the covering report.

The inclusion of unidentified savings in previous MTFPs had also created challenges, particularly in 2018/19. There had been £770,000 of unidentified savings to achieve in the 2019/20 budget which had not been addressed, though senior Officers had achieved the majority of identified savings that had been included in the budget. It was anticipated that this would not be a problem in future as there were only £180,000 in unidentified savings to achieve in 2019/20 and unidentified savings would no longer be included in future budgets.

The Executive Committee had approved the Council's Financial Framework. In line with this framework Officers would work to ensure that resources were allocated in accordance with the Council's strategic purposes. Further work would be undertaken to identify more savings and income generation opportunities, including at a Portfolio Holders' workshop.

The financial position of Bromsgrove District Council, with which Redditch Borough Council shared many services, was also briefly discussed. Members were advised that Bromsgrove District Council had reserves of £4 million and was achieving similar levels of savings to Redditch Borough Council every year. However, Bromsgrove District Council received more in Council Tax, both due to the larger population and to the fact that many of the properties in their district were of a higher band than in Redditch. Bromsgrove

Audit, Governance & Standards Committee

Thursday, 26 September 2019

District Council also did not have the same costs as Redditch Borough Council as the authority did not provide the same services.

During consideration of this item the Chair explained that he had written to the Executive Director of Finance and Corporate Resources prior to the meeting with a number of questions about the Section 24 Notice. A copy of this letter was tabled at the meeting (Appendix 1).

Officers proceeded to provide a verbal response to each of the Chair's questions, as follows.

- 1) 2018/19 delivery of promised savings: The Efficiency Plan published in September 2016 contained various commitments in terms of finding budget savings through transformation and service reviews. The 2018/19 budget then committed to delivering £777,000 worth of savings over the course of that year, but only £594,000 of these were subsequently delivered, leaving a variance of £168,000. Could you please explain the reasons for this variance and give your views on the Council's ability to deliver future savings?

The Committee was informed that Bereavement Services had received less income than expected on cremations, additional electricity charges and additional costs due to cremator repairs. In addition, whilst a significant growth in income had been achieved within core waste services, there had been additional costs required for running the domestic waste services. Furthermore there was a shortfall in the amount of eligible housing benefit that the Council could recover. All of these issues were being addressed as part of the current budget and financial monitoring actions.

In addition to this point Members were advised that there were a number of actions in place to ensure that savings were made in this financial year to include:

- All savings were monitored on a monthly basis with Heads of Service and budget holders during meetings with representatives of Financial Services.
- Quarterly reports to the Executive and Audit, Governance and Standards Committees would be presented which would provide detailed savings schedules, showing delivery of savings or areas of

Audit, Governance & Standards Committee

Thursday, 26 September 2019

concern where additional income or cost reductions were not being achieved. Action plans were due to be in place from Quarter 2 2019/20 onwards to help identify how any shortfalls would be met.

- Quarterly identification of further additional income and savings was detailed on a separate schedule to ensure vacancy management savings and non-allocated savings of £181,000 were being met.
- Budgets were being adjusted to draw down additional savings in order to increase General Fund balances where appropriate.
- HRA – plans were in place to mitigate spend on R&M to ensure savings were made and to protect HRA balances.
- A freeze had been placed on vacancies and non-essential spend to help deliver additional savings to support the balances position for both the HRA and the General Fund.
- An override had been introduced for budgets where funds were no longer available and a list of orders was considered by Heads of Service on a monthly basis.

In addition the Committee was advised that work had commenced earlier than in previous years to address the MTFP deficits. Actions, both in the short-term and for the future included:

- Transparent consideration by Members of the impact of future decisions on balances and the Council's financial position.
- A detailed review of actual spend in the 2018/19 budget compared to the 2019/20 budget to enable any additional budget allocations to be released for the period 2019/20 to 2021/23.
- Consideration of all vacant posts by Heads of Service and the strategic lead Directors to ensure any excess vacant posts were released for the period 2019/20 to 2021/23.
- A review of the costs associated with support services and robust estimates of savings realised from new systems. There were particular opportunities available from automating certain services.
- A detailed review of the Council's Capital Programme to assess the need for any expenditure on projects and

Audit, Governance & Standards Committee

Thursday, 26 September 2019

vehicles (including the replacement period for Council vehicles).

- A requirement for robust business cases to be presented where additional spend would be needed in order to meet strategic priorities.
- Maximisation of asset sales to enable the Council to receive capital receipts that could balance revenue streams within the Council.
- In addition, maximisation of rental income from remaining Council assets.
- Consideration by the Budget Scrutiny Working Group of proposed actions and progress in delivering these actions to enable proper challenge of the savings that had been proposed.
- Working with the external auditors, Grant Thornton, and other Councils to identify best practice in the identification and monitoring of savings.
- Undertaking a realistic assessment of income that could be received by the Council as a result of participating in more commercial activity.

- 2) 2018/19 in year decisions with financial impacts: Last year there was a decision to delay the implementation of the creation of a 'Council owned leisure company', subsequently called Rubicon Leisure. This delay cost the Council £74,000, as the expected savings could not therefore be made. Could you explain how this decision was arrived at and what was your advice regarding the financial impact?

Officers explained that a decision had been taken to review the position in relation to the establishment of the new Leisure Company to enable the new political administration elected in May 2018 to be made aware of the detailed aims and objectives of the company. This led to a four month delay in the company being launched. There were costs associated with this delay and they were reported to Members.

Over the course of 2018/19 the likely redundancy costs arising from the introduction of Rubicon Leisure had become clearer. This revealed that those costs were higher than had originally been anticipated.

Audit, Governance & Standards Committee

Thursday, 26 September 2019

2b) Were these increasing costs known at the time of the decision to delay the 'Leisure Co' and was their impact on the viability of the 'Leisure Co' plan understood and taken into account?

The Committee was advised that the severance costs, including pension strain figures, were estimated and not confirmed until the restructure had been implemented. This did not occur until February 2019. Therefore the costs were not known when the decision was taken to delay.

3) 2018/19 overspends and change in the level of General Fund Balances: At the close of the 2017/18 municipal year, General Fund balances stood at £1.79 million, with £250,000 additionally being added to Reserves. A year later, General Fund balances stood at £1.2 million when the amount was projected to be £1.7 million. This is a significant deterioration in the Council's financial resilience as noted by Grant Thornton. Could you please explain how this position was arrived at over a single financial year, and whether you believe there are lessons to be learnt in terms of budget monitoring?

Members were informed that there were a number of costs, totalling £560,000 that were funded from balances during 2018/19 which had not been previously anticipated. This included releasing from balances:

- £39,000 arising following the return of Property Services to Council control from the Place Partnership.
- £150,000 for the Public Sector Services Hub.
- £74,000 for general costs associated with Leisure Services.
- £89,000 to cover the general budget shortfall.
- A significant figure to cover the redundancy costs arising from the introduction of Rubicon Leisure.

3b) Were the Council's actions over the course of 2018/19 sufficient, timely and effective? For example in terms of dealing with any projected overspends / new pressures / savings shortfalls.

Officers confirmed that they accepted that decisions relating to new budget pressures could have been outlined more clearly for the consideration of Members in

Audit, Governance & Standards Committee

Thursday, 26 September 2019

respect of the impact on balances and the future financial position of the Council. This would be addressed in future reports.

Members were asked to note that additional income and savings had been achieved in 2018/19 and regular discussions held by CMT in relation to the ongoing financial monitoring position. However, given the level of unidentified savings that had been included in the budget it had been difficult to deliver these when a number of services had unexpected overspends and shortfalls in income which could not be controlled.

- 4) 2019/20 budget decisions: In the 2019/20 budget there was a decision to increase Council Tax by 2.2% when previous financial plans assumed a 2.99% increase. This decision will cost the council £218K over 4 years. What were the S151 officer recommendations in relation to this, and how was this decision taken in view of the fact that it was effectively unfunded?

The Committee was informed that the MTFP had included a 2.99% increase every year across the four years of the plan. Members had been advised that any reduction in Council Tax would have a very small impact on individual Council Tax increases for the public but a significantly adverse impact on the financial position of the Council across the years. However, a decision had been made at Council in February 2019 to increase Council Tax by 2.2% in 2019/20.

- 4b) In the face of the projected future deficits, highlighted by Grant Thornton, were the implications for the future council tax base and the impact on these future deficits clearly put before members to decide upon?

Officers confirmed that it was accepted that the full implications for the Council's budget had not been clear to Members when the decision had been taken at Council. This would be addressed in future through implementing the proposed changes to the authority's budget reports.

Audit, Governance & Standards Committee

Thursday, 26 September 2019

- 4c) In December 2015 the Council agreed to invest in the Crematorium facilities and for this to be funded by increases in charges over future years of approximately 8% pa. In February last, the 2019/20 Fees and Charges report proposed an increase in charges of 3.2% instead of the previously budgeted 8%. This was approved and the decision will cost the council approximately £160K over 4 years. What were the officer recommendations in relation to this and how was this decision taken in view of the fact that it was effectively unfunded?

The Committee was advised that Officers had included an assumption that fees would increase by 8% in the budget forecast and Members had been advised of this. However, a decision had been made at a meeting of Council to increase Bereavement Services' fees by 3.2%. Officers had reduced the additional income that was expected from Bereavement Services by approximately £43,000 to reflect the loss of income.

- 4d) In the face of the projected future deficits, highlighted by Grant Thornton, were the implications of the loss of income and its impact on these future deficits clearly put before members to decide upon?

Officers noted that this information had been recorded in the MTFP report, though only in an appendix. Therefore, Officers accepted that the financial implications may not have been clear to Members. Planned changes to budget reports would be designed to ensure greater clarity for Members in future.

- 4e) Regarding Member Allowances, in the 2018/19 budget over four years, inflation only increases were assumed over those upcoming years. In February 2019 Members voted to increase allowances by £60,000 per annum starting in the 2019/20 municipal year, costing the Council £240,000 over four years. What were officer recommendations in relation to this and how was this decision taken in view of the fact that it was effectively unfunded with the predicted funding deficits?

Officers explained that a report had been presented for Members' consideration on behalf of the Independent Remuneration Panel (IRP) on 5th February 2019. In the

Audit, Governance & Standards Committee

Thursday, 26 September 2019

report it had been stated that if the Council was to accept the Panel's recommendations in full, the budget for Members' basic and special responsibility allowances for 2019 to 2020 would be approximately £200,000. The report had acknowledged that this would be an increase of £51,000 on the budgets for Members' allowances. Therefore, Members had been advised that a financial pressure would have to be included within the budget projections to support this additional funding.

- 4f) Were the financial implications, the unfunded nature of this increase, and the Section 151 Officer's advice on this matter, clearly spelt out to Members in the relevant reports before the proposals were voted on?

The Committee was informed that a budget pressure was included in the final MTFP to enable Members to agree the additional cost. However, Officers confirmed that it was accepted that this could have been made clearer.

- 5) Council's future position regarding the deficit and financial sustainability: When Council approved the four year plan starting with the 2018/19 municipal year, the projected deficit for 2020/21 was £448,000, which assumed that Redditch Borough Council would need to pay £330,000 to central government as a negative grant. The 2020/21 funding deficit is now projected to be £1.2 million, despite the negative grant being removed from all budget forecasts. Can you explain why this is now the position?

Members were informed that there were a number of additional pressures and changes to Government funding that were projected for the future. From the initial estimate of £448,000 the additional £719,000 changes comprised salary adjustments and funding for a new national pay model, price inflation in areas such as utilities costs, unavoidable costs, revenue bids and changes to specific grant funding. Whilst the Council had achieved over £800,000 in savings this could not offset all of those additional costs.

Audit, Governance & Standards Committee

Thursday, 26 September 2019

- 5b) The Efficiency Plan published in September 2016, contained a figure of £2.82 million of savings to be delivered in the year 2019/20. Can you say how much of this we now expect to achieve in the current financial year?

The Committee was informed that the Efficiency Plan was published in 2016 to enable the Council to secure a four year financial settlement from Government. Whilst this plan provided some certainty, it did not include NHB or business rates. The expectation was that the Efficiency Plan would be superseded by future budget reviews and therefore for 2019/20 savings had been identified of £1.4 million to ensure the budget was balanced for the financial year.

Following the presentation of the report and the letter from the Chair of the Committee Members discussed a number of areas in further detail:

- The work of the Financial Services team and the Section 151 Officer. The Committee noted that the Officers' professionalism had not been questioned and they had not been criticised in the Section 24 notice.
- The response of the external auditors to date to the action that had already been taken to address the points raised in the Section 24 Notice as well as to the Council's plans. The external auditors appeared to be satisfied with the direction of travel at the Council and had been sharing information about best practice within local government.
- The reasons for the delays with the launch of Rubicon Leisure. The Committee was advised that following the local elections in May 2018 a decision had been taken to postpone in order to provide the new political administration with time to learn more about the TECKAL company and the implications for the Council.
- The savings that had been anticipated as a result of introducing Rubicon Leisure. Officers explained that the Council had forecast £420,000 of savings over a 12 month period arising from the introduction of Rubicon Leisure.
- The extent to which the Council continued to use agency staff and the reasons why agency staff might be employed. Members were informed that agency staff continued to be utilised by the Environmental and Housing Departments for the delivery of frontline services. Agency staff were also used

Audit, Governance & Standards Committee

Thursday, 26 September 2019

in cases where there were vacancies that needed to be filled in the interim period before a restructure took place which helped to protect permanent members of staff.

- The costs of agency staff. Members were advised that there were financial costs attached but Matrix matched the Council's expenditure on posts which helped to keep the costs at a reasonable level.
- The freeze on capital spending and the impact that this had on the Council's cash flow. Officers explained that this would have a beneficial impact on the budget for future years in relation to the Council's minimum revenue position.
- The level of balances that were considered to be financially sustainable for the Council and who determined this level. Members were informed that the Council's Section 151 Officer had identified that there needed to be £750,000 as a minimum in the Council's balances, though in the current financial circumstances the authority aimed to secure balances at a minimum of £1 million.
- The external auditor's view of the Section 151's determination in respect of the minimum level of balances that should be permitted. The Committee was informed that the external auditor's had signalled that they agreed.
- The potential for Members to vary the minimum level of balances. Officers explained that at Bromsgrove District Council Members had agreed that the minimum level of balances should be set at a higher level than that which had been identified by the Section 151 Officer.
- The savings that could be accrued from vacant posts. Members were advised that there would be salary savings for the period which would be returned to the General Fund balances rather than retained in departmental budgets.
- The asset sales which would need to take place and the rules for local authorities in respect of using capital receipts for revenue purposes. The Committee was advised that when assets were sold they could help to release money for revenue which helped to lower borrowing costs. Some capital receipts could be used for revenue as long as this was on an invest to save basis.
- The location of remaining Council assets. Members were advised that there were some small pockets of land owned by the Council, including at Far Moor Lane and the former Upper Norgrove House site.

Audit, Governance & Standards Committee

Thursday, 26 September 2019

- The potential for the Council to provide estimates of the likely costs arising from vacant posts. Officers explained that this was included in the MTFP on a departmental basis.
- The financial returns from Housing Benefits. The Committee was informed that the Council had not been able to recover as much of the ineligible part of Housing Benefits as anticipated as there had been a number of errors due to pressures on the team. The team had since been turned around and the response times to new applications had fallen from an average of 72 days to 22.
- The use of reserves and the impact that this could have on the Council's balances. Officers explained that reserves were allocated to specific projects and staff were being encouraged to use this funding where appropriate rather than to just rely on revenue expenditure.
- The changing position of the Council's balance sheet and the need to make an assessment at the end of the financial year. Members were advised that at some stages in the year the figures could be misleading, particularly after an influx of Council Tax payments as the majority of these funds needed to be paid over to Worcestershire County Council.
- The potential for reserves to be moved into balances. The Committee was advised that where reserves were not used or no longer considered to be needed they would be moved into balances.
- The Council's arrangements for financial monitoring and the effectiveness of these arrangements. Members were advised that the external auditors had highlighted that the Council had good financial monitoring arrangements in place.
- The extent to which target points were included as part of the Council's financial monitoring arrangements. Officers explained that the monthly meetings between Heads of Service and Finance Officers and consideration of financial data at meetings of CMT would help to identify where any savings targets might not be on track.
- The role of the Budget Scrutiny Working Group in scrutinising the Council's budget position and plans to address this in detail. The Chair explained that he also sat on that group and it had recently concluded that it would be helpful for commentary to be provided in the financial monitoring reports to help build a picture over the year.
- The role of the Audit, Governance and Standards Committee in taking a more strategic overview of the budget position.

Audit, Governance & Standards Committee

Thursday, 26 September 2019

- The impact of the Council's decision to increase Council Tax by 2.2% in 2019/20 on the budget over the four years of the MTFP. Members were advised that this represented a loss of £43,000 each year over the period of the plan.
- Capital expenditure on vehicles and whether the Council owned its vehicles. Members were advised that the Council owned all of its vehicles, though the Head of Environmental Services was in the process of undertaking a review of this.
- The standard arrangements in the private sector whereby vehicles tended to be leased. Officers advised that the difficulty could be in terms of returning vehicles in an appropriate condition at the end of a lease arrangement as there could be significant wear and tear, particularly for waste collection vehicles.
- The financial position of the Council should the authority not secure savings in 2019/20 and 2020/21. Members were advised that if savings were not achieved then by 2020/21 the Council would be spending £30,000 more per week than it would be receiving in income. This financial position was not sustainable.
- The potential that cuts would need to be made to services in order to achieve a balanced budget. Members were advised that there were a range of options available to the Council including savings, generating additional income, introducing charges for services or increasing charges to cover the costs of service delivery, changing services and ceasing to provide services. The Council did, however, need to do more than just achieve efficiency savings.
- The Council's support costs and the need to protect frontline services. The Committee was informed that overheads from support service costs needed to be reduced from 14% to closer to 10 %.
- The need for the Council to effectively achieve savings in relation to 10% of the existing budget.
- The potential for Members to make decisions about the budget based on an assessment of which services were statutory and which were discretionary. However, Officers explained that this was difficult to achieve as Councils interpreted how to deliver statutory services in different ways and the scale of that service was partly determined by need within the community. Removal of discretionary services could also have knock on implications for other services as well as the general wellbeing of local communities.

Audit, Governance & Standards Committee

Thursday, 26 September 2019

- The influence of the Council's strategic purposes and service transformation on spending. Officers confirmed that these were both still being implemented at the Council.
- The difficult decisions that would need to be taken by Members and the issues that would be coming forward for the consideration of the Executive Committee over the next few months.
- The services that Redditch Borough Council provided which were not delivered by Bromsgrove District Council. Officers advised that there were a number of differences including the following:
 - Bromsgrove District Council did not provide grant funding to local Voluntary and Community Sector (VCS) groups like Redditch and did not have a Councillor grant scheme. The only community grant that Bromsgrove did provide was to the Citizens Advice Bureau (CAB).
 - Bromsgrove did not have an equivalent service to Dial A Ride. In Bromsgrove the BURT community transport service was managed by Age UK.
 - Bromsgrove District Council had sold the Council's housing stock in the early 2000s. Bromsgrove District Housing Trust (BDHT) had taken on responsibility for much of the social housing in the district and the Council did not have an HRA.
 - Bromsgrove District Council had chosen to outsource the Council's Leisure Services many years ago.

RESOLVED that

the responses to the Section 24 recommendations as detailed at 3.6.4, 3.6.5 and 3.6.6 of the report be approved.

(During consideration of this item there was a brief comfort break from 19.30 to 19.35 pm).

22. WORK PROGRAMME

Members were advised that the following meeting of the Committee was scheduled to take place on 31st October 2019.

**Audit,
Governance &
Standards
Committee**

Thursday, 26 September 2019

This page is intentionally left blank

APPENDIX 1

Dear Jayne,

Following the decision by Grant Thornton to issue a Section 24 notice to Redditch Borough Council, I am writing to you as Chair of the Audit, Governance and Standards Committee.

This is an extremely serious position for the council to find itself in, and it is almost unprecedented for Grant Thornton to take such action. It is clear from this notice and from their annual report, that there has been a significant deterioration in their confidence in the council's ability to take the decisions necessary to be financially sustainable.

They have stated that this is a very rare occurrence, and they specifically cite 'member decisions' as a major reason for the deterioration in confidence since the same report last year.

The AG&S committee has a duty 'to ensure good stewardship of the Council's resources and assist the Council to achieve value for money in the provision of its services'. We have a duty therefore to ensure that the council responds appropriately to the Section 24 notice, and deals with the causes of any lack of confidence expressed by Grant Thornton which motivated it to be issued.

With this in mind and acknowledging the need for transparency, I would like to ask you as Section 151 Officer the following questions, which I have categorised to help in structuring the issues appropriately

1/ 2018/19 delivery of promised savings

The Efficiency Plan published in September 2016 contained various commitments in terms of finding budget savings through transformation and service reviews. The 2018/19 budget then committed to delivering £777K worth of savings over the course of that year, but I understand only £594K of these were subsequently delivered, leaving a variance of £168K.

Could you please explain the reasons for this variance and give your views on the council's ability to deliver future savings?

2/ 2018/19 in year decisions with financial impacts

Last year there was a decision to delay the implementation of the creation of a 'council owned leisure company', subsequently called Rubicon Leisure. This delay cost the council £74K, as the expected savings could not therefore be made.

Could you explain how this decision was arrived at and what was your advice regarding the financial impact?

Additionally, I understand that the likely redundancy costs associated with the 'Leisure Co' policy became clearer over the course of last year and were seen to be increasing.

Were these increasing costs known at the time of the decision to delay the 'Leisure Co' and was their impact on the viability of the 'Leisure Co' plan understood and taken into account?

3/ 2018/19 overspends and change in level of General Fund Balances

At the close of the 2017/18 municipal year, General Fund balances stood at £1.79M, with £250K additionally being added to Reserves. A year later, General Fund balances stood at £1.2M when the amount was projected to be £1.7M. This is a significant deterioration in the council's financial resilience as noted by Grant Thornton.

Could you please explain how this position was arrived at over a single financial year, and whether you believe there are lessons to be learnt in terms of budget monitoring?

Were the council's actions over the course of 2018/19 sufficient, timely and effective? For example in terms of dealing with any projected overspends / new pressures / savings shortfalls.

4/ 2019/20 budget decisions

In the 2019/20 budget there was a decision to increase Council Tax by 2.2% when previous financial plans assumed a 2.99% increase. This decision will cost the council £218K over 4 years.

What were the S151 officer recommendations in relation to this, and how was this decision taken in view of the fact that it was effectively unfunded?

In the face of the projected future deficits, highlighted by Grant Thornton, were the implications for the future council tax base and the impact on these future deficits clearly put before members to decide upon?

In December 2015 the council agreed to invest in the Crematorium facilities and for this to be funded by increases in charges over future years of approximately 8% pa. In February last, the 2019/20 Fees and Charges report proposed an increase in charges of 3.2% instead of the previously budgeted 8%. This was approved and the decision will cost the council approximately £160K over 4 years.

What were the officer recommendations in relation to this and how was this decision taken in view of the fact that it was effectively unfunded?

In the face of the projected future deficits, highlighted by Grant Thornton, were the implications of the loss of income and its impact on these future deficits clearly put before members to decide upon?

Regarding Member Allowances, in the 2018/19 budget over 4years, inflation only increases were assumed over those upcoming years. In February 2019 members voted to increase allowances by £60K pa starting in the 2019/20 municipal year, costing the council £240K over 4 years.

What were officer recommendations in relation to this and how was this decision taken in view of the fact that it was effectively unfunded with the predicted funding deficits?

Were the financial implications, the unfunded nature of this increase, and the Section 151 Officer's advice on this matter, clearly spelt out to members in the relevant reports before the proposals were voted on?

5/ Council's future position regarding the deficit and financial sustainability

When council approved the 4 year plan starting with the 2018/19 municipal year, the projected deficit for 2020/21 was £448k, which assumed that RBC would need to pay £330k to central government as a negative grant. The 2020/21 funding deficit is now projected to be £1.2m, despite the negative grant being removed from all budget forecasts.

Can you explain why this is now the position?

The Efficiency Plan published in September 2016, contained a figure of £2.82M of savings to be delivered in the year 2019/20.

Can you say how much of this we now expect to achieve in the current financial year?

6/ Summary

I apologise for the number of questions, but I feel that they are appropriate and responsible given the serious nature of the position that Redditch Borough Council finds itself in. The Audit Governance & Standards Committee is responsible for approving the council's response to the Section 24 notice, and crucially for ensuring that any lessons are learnt and addressed going forward.

Therefore, I would request that these questions are considered and then discussed by the Audit, Governance & Standards committee at our meeting on Thursday September 26th.

Yours sincerely

Councillor John Fisher

Chair of Audit, Governance & Standards Committee.

This page is intentionally left blank

REDDITCH BOROUGH COUNCIL**AUDIT, GOVERNANCE AND
STANDARDS COMMITTEE**31st October 2019**MONITORING OFFICER'S REPORT – STANDARDS REGIME**

Relevant Portfolio Holder	Councillor David Thain, Portfolio holder for Corporate Management
Portfolio Holder consulted	
Relevant Head of Service	Claire Felton, Head of Legal, Equalities and Democratic Services and Monitoring Officer
Wards affected	All Wards
Ward Councillor consulted	N/A
Non-Key Decision	

1. SUMMARY OF PROPOSALS

- 1.1 This report sets out the position in relation to key standards regime matters which are of relevance to the Audit, Governance and Standards Committee since July 2019.
- 1.2 It is proposed that a report of this nature be presented to each meeting of the Committee to ensure that Members are kept updated with any relevant standards matters.
- 1.3 Any further updates arising after publication of this report, including any standards issues raised by the Feckenham Parish Council Representative(s), will be reported by the Monitoring Officer (MO) at the meeting.

2. RECOMMENDATIONS

The Committee is asked to RESOLVE that, subject to Members' comments, the report be noted.

3. KEY ISSUES**Financial Implications**

- 3.1 There are no financial implications arising out of this report.

**AUDIT, GOVERNANCE AND
STANDARDS COMMITTEE**31st October 2019

Legal Implications

- 3.2 The Localism Act became law on 15th November 2011. Chapter 7 of Part 1 of the Localism Act 2011 introduced a standards regime effective from 1st July 2012. The Act places a requirement on authorities to promote and maintain high standards of conduct by Members and co-opted (with voting rights) Members of an authority. The Act also requires the authority to have in place arrangements under which allegations that either a district or parish councillor has breached his or her Code of Conduct can be investigated, together with arrangements under which decisions on such allegations can be made. The Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012 were laid before Parliament on 8th June 2012 and came into force on 1st July 2012

Service / Operational Implications**Member Complaints**

- 3.3 Members are advised that the outstanding complaint has now been investigated and resolved locally. Members are advised that there was a finding of no breach. No further complaints have been received since the last meeting of the committee.

Member Training

- 3.4 There has been no further training provided to Members since the previous meeting of the Audit, Governance and Standards Committee.
- 3.5 At a meeting of the Member Support Steering Group held on 8th October 2019 the Members Induction Programme for 2020/21 was discussed. The group was keen to ensure that a comprehensive training schedule is provided to both new Members and returning Councillors. The induction programme will be circulated amongst Members prior to the local elections in May to ensure that all Members are aware of the training dates.
- 3.6 Officers and Members continue to explore ways in which to both reduce the amount of paper used for agendas and to enhance the use of Member IT equipment. Since the local elections in May 2019 eight Councillors have opted to go paperless for Committee meetings. Democratic Services can offer assistance to any other councillors who would like to go paperless for Committee meetings.

**AUDIT, GOVERNANCE AND
STANDARDS COMMITTEE**31st October 2019

Constitution Review Working Party

- 3.7 The Constitution Review Working Party has been working very effectively in enabling constructive changes to the constitution to be made and in keeping all Members informed.

Customer / Equalities and Diversity Implications

- 3.8 There are no direct implications arising out of this report. Any process for managing standards of behaviour for elected and co-opted councillors must be accessible to the public. Details of the Member complaints process are available on the Council's website and from the Monitoring Officer on request.

4. RISK MANAGEMENT

The main risks associated with the details included in this report are:

- Risk of challenge to Council decisions; and
- Risk of complaints about elected Members.

5. APPENDICES

None

6. BACKGROUND PAPERS

Chapter 7 of the Localism Act 2011.
Confidential complaint papers (where applicable).

AUTHOR OF REPORT

Name: Jess Bayley, Senior Democratic Services Officer (Redditch)
Email: jess.bayley@bromsgroveandredditch.gov.uk
Tel: 01527 64252 Ext: 3268

This page is intentionally left blank

AUDIT, GOVERNANCE AND STANDARDS

31st October 2019

LOCAL GOVERNMENT ETHICAL STANDARDS

Relevant Portfolio Holder	Councillor David Thain
Portfolio Holder Consulted	YES
Relevant Head of Service	Claire Felton, Head of Legal, Equalities and Democratic Services
Ward(s) Affected	n/a
Ward Councillor(s) Consulted	n/a
Key Decision / Non-Key Decision	Non-Key Decision

1. SUMMARY OF PROPOSALS

The purpose of this report is to consider a Review by the Committee on Standards in Public Life (CSPL) into Local Government Ethical Standards.

2. RECOMMENDATIONS

The Committee is asked consider and review the changes to the Code of Conduct to reflect the CSPL Best Practice Recommendations and to RECOMMEND to Council that the changes be approved and that authority be delegated to the Head of Legal and Democratic Services to update the constitution accordingly.

3. KEY ISSUESBackground

- 3.1 In January 2019 Authorities received the Review by the Committee on Standards in Public Life (CSPL) into Local Government Ethical Standards.
- 3.2 The CSPL concluded that high standards of conduct in local government are needed to protect the integrity of decision-making, maintain public confidence, and safeguard local democracy.
- 3.3 Their evidence supports the view that the vast majority of councillors and officers maintain high standards of conduct. There is, however, clear evidence of misconduct by some councillors. The majority of these cases relate to bullying or harassment, or other disruptive behaviour. There is also evidence of persistent or repeated misconduct by a minority of councillors.
- 3.4 The committee were also concerned about a risk to standards under the current arrangements, as a result of the current rules around declaring interests, gifts and hospitality, and the increased complexity of local government decision-making.

AUDIT, GOVERNANCE AND STANDARDS

31st October 2019

- 3.5 The CSPL best practice recommendations for local authorities should be considered a benchmark of good ethical practice, which they expect that all local authorities can and should implement. CSPL will review the implementation of best practice in 2020. An updated draft Code of Conduct with 'track changes' is attached at appendix 1 of this report. A clean copy of the updated draft Code of Conduct with the 'track changes' accepted is attached at appendix 2 of this report.

Codes of Conduct

- 3.6 Local authorities are currently required to have in place a code of conduct of their choosing which outlines the behaviour required of councillors. There is considerable variation in the length, quality and clarity of codes of conduct. This creates confusion among members of the public, and among councillors who represent more than one tier of local government. The CSPL report records that many codes of conduct fail to address adequately important areas of behaviour such as social media use and bullying and harassment.
- 3.7 There are, however, benefits to local authorities being able to amend and have ownership of their own codes of conduct. The committee recommends that the updated model code that they intend to propose should therefore be voluntary and able to be adapted by local authorities. The committee also recommend that the scope of the code of conduct should also be widened, with a rebuttable presumption that a councillor's public behaviour, including comments made on publicly accessible social media, is in their official capacity.
- 3.8 The Worcestershire Councils to date had already taken the decision to agree a Code of Conduct that is used by all such Councils, for consistency and to assist those Councillors that due to multiple roles are subject to the Code of Conduct at more than one authority. It is that Code of Conduct previously agreed by all Worcestershire Councils that has been updated in Appendixes 1 and 2 to reflect the recommendations of the CSPL report.

List of Recommendations

Number	Recommendation	Responsible body
1	The Local Government Association should create an updated model code of conduct, in consultation with representative bodies of councillors and officers of all tiers of local government.	Local Government Association
2	The government should ensure that candidates standing for or accepting public offices are not required publicly to disclose their home address. The Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012 should be amended	Government

REDDITCH BOROUGH COUNCIL**AUDIT, GOVERNANCE AND STANDARDS**

31st October 2019

	to clarify that a councillor does not need to register their home address on an authority's register of interests.	
3	Councillors should be presumed to be acting in an official capacity in their public conduct, including statements on publicly-accessible social media. Section 27(2) of the Localism Act 2011 should be amended to permit local authorities to presume so when deciding upon code of conduct breaches.	Government
4	Section 27(2) of the Localism Act 2011 should be amended to state that a local authority's code of conduct applies to a member when they claim to act, or give the impression they are acting, in their capacity as a member or as a representative of the local authority.	Government
5	The Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012 should be amended to include: unpaid directorships; trusteeships; management roles in a charity or a body of a public nature; and membership of any organisations that seek to influence opinion or public policy.	Government
6	Local authorities should be required to establish a register of gifts and hospitality, with councillors required to record any gifts and hospitality received over a value of £50, or totalling £100 over a year from a single source. This requirement should be included in an updated model code of conduct.	Government
7	Section 31 of the Localism Act 2011 should be repealed, and replaced with a requirement that councils include in their code of conduct that a councillor must not participate in a discussion or vote in a matter to be considered at a meeting if they have any interest, whether registered or not, "if a member of the public, with knowledge of the relevant facts, would reasonably regard the interest as so significant that it is likely to prejudice your consideration or decision-making in relation to that matter".	Government
8	The Localism Act 2011 should be amended to require that Independent Persons are appointed for a fixed term of two years, renewable once.	Government
9	The Local Government Transparency Code should be updated to provide that the view of the Independent Person in relation to a decision on which they are consulted should be formally recorded in any decision notice or minutes.	Government
10	A local authority should only be able to suspend a councillor where the authority's Independent Person agrees both with the finding of a breach and that suspending the councillor would be a	Government

REDDITCH BOROUGH COUNCIL**AUDIT, GOVERNANCE AND STANDARDS**

31st October 2019

	proportionate sanction.	
11	Local authorities should provide legal indemnity to Independent Persons if their views or advice are disclosed. The government should require this through secondary legislation if needed.	Government / all local authorities
12	Local authorities should be given the discretionary power to establish a decision-making standards committee with voting independent members and voting members from dependent parishes, to decide on allegations and impose sanctions.	Government
13	Councillors should be given the right to appeal to the Local Government Ombudsman if their local authority imposes a period of suspension for breaching the code of conduct.	Government
14	The Local Government Ombudsman should be given the power to investigate and decide upon an allegation of a code of conduct breach by a councillor, and the appropriate sanction, on appeal by a councillor who has had a suspension imposed. The Ombudsman's decision should be binding on the local authority.	Government
15	The Local Government Transparency Code should be updated to require councils to publish annually: the number of code of conduct complaints they receive; what the complaints broadly relate to (e.g. bullying; conflict of interest); the outcome of those complaints, including if they are rejected as trivial or vexatious; and any sanctions applied.	Government
16	Local authorities should be given the power to suspend councillors, without allowances, for up to six months.	Government
17	The government should clarify if councils may lawfully bar councillors from council premises or withdraw facilities as sanctions. These powers should be put beyond doubt in legislation if necessary.	Government
18	The criminal offences in the Localism Act 2011 relating to Disclosable Pecuniary Interests should be abolished.	Government
19	Parish council clerks should hold an appropriate qualification, such as those provided by the Society of Local Council Clerks.	Parish councils
20	Section 27(3) of the Localism Act 2011 should be amended to state that parish councils must adopt the code of conduct of their principal authority, with the necessary amendments, or the new model code.	Government
21	Section 28(11) of the Localism Act 2011 should be amended to state that any sanction imposed on a parish councillor following the finding of a breach is to be determined by the relevant	Government

REDDITCH BOROUGH COUNCILAUDIT, GOVERNANCE AND STANDARDS

31st October 2019

	principal authority.	
22	The Local Authorities (Standing Orders) (England) (Amendment) Regulations 2015 should be amended to provide that disciplinary protections for statutory officers extend to all disciplinary action, not just dismissal.	Government
23	The Local Government Transparency Code should be updated to provide that local authorities must ensure that their whistleblowing policy specifies a named contact for the external auditor alongside their contact details, which should be available on the authority's website.	Government
24	Councillors should be listed as 'prescribed persons' for the purposes of the Public Interest Disclosure Act 1988.	Government
25	Councillors should be required to attend formal induction training by their political groups. National parties should add such a requirement to their model group rules.	Political groups National political parties
26	Local Government Association corporate peer reviews should also include consideration of a local authority's processes for maintaining ethical standards.	Local Government Association

List of Best Practice

Best practice 1: Local authorities should include prohibitions on bullying and harassment in codes of conduct. These should include a definition of bullying and harassment, supplemented with a list of examples of the sort of behaviour covered by such a definition.

Best practice 2: Councils should include provisions in their code of conduct requiring councillors to comply with any formal standards investigation, and prohibiting trivial or malicious allegations by councillors.

Best practice 3: Principal authorities should review their code of conduct each year and regularly seek, where possible, the views of the public, community organisations and neighbouring authorities.

Best practice 4: An authority's code should be readily accessible to both councillors and the public, in a prominent position on a council's website and available in council premises.

Best practice 5: Local authorities should update their gifts and hospitality register at least once per quarter, and publish it in an accessible format, such as CSV.

Best practice 6: Councils should publish a clear and straightforward public interest test against which allegations are filtered.

Best practice 7: Local authorities should have access to at least two Independent Persons.

Best practice 8: An Independent Person should be consulted as to whether to undertake a formal investigation on an allegation, and should be given the option to review and comment on allegations which the responsible officer is minded to dismiss as being without merit, vexatious, or trivial.

Best practice 9: Where a local authority makes a decision on an allegation of misconduct following a formal investigation, a decision notice should be published as soon as possible on its website, including a brief statement of facts, the provisions of the code engaged by the allegations, the view of the Independent Person, the reasoning of the decision-maker, and any sanction applied.

Best practice 10: A local authority should have straightforward and accessible guidance on its website on how to make a complaint under the code of conduct, the process for handling complaints, and estimated timescales for investigations and outcomes.

Best practice 11: Formal standards complaints about the conduct of a parish councillor towards a clerk should be made by the chair or by the parish council as a whole, rather than the clerk in all but exceptional circumstances.

Best practice 12: Monitoring Officers' roles should include providing advice, support and management of investigations and adjudications on alleged breaches to parish councils within the remit of the principal authority. They should be provided with adequate training, corporate support and resources to undertake this work.

Best practice 13: A local authority should have procedures in place to address any conflicts of interest when undertaking a standards investigation. Possible steps should include asking the Monitoring Officer from a different authority to undertake the investigation.

Best practice 14: Councils should report on separate bodies they have set up or which they own as part of their annual governance statement, and give a full picture of their relationship with those bodies. Separate bodies created by local authorities should abide by the Nolan principle of openness, and publish their board agendas and minutes and annual reports in an accessible place.

AUDIT, GOVERNANCE AND STANDARDS

31st October 2019

Best practice 15: Senior officers should meet regularly with political group leaders or group whips to discuss standards issues.

The full report is attached electronically using this link;

<https://www.gov.uk/government/publications/local-government-ethical-standards-report>

Financial Implications

- 3.9 It is not anticipated that amending the Code of Conduct in line with the recommendations will have any financial implications.
- 3.10 Failure to comply adopt the recommendations into our Code of Conduct, may leave us more vulnerable to an appeal against any decision made, this may have cost implications should any appeals be successful.

Legal Implications

- 3.11 CSPL have made a number of recommendations and identified best practice to improve ethical standards in local government. Their recommendations are made to government and to specific groups of public officeholders. They recommend a number of changes to primary legislation, which would be subject to Parliamentary timetabling; but also to secondary legislation and the Local Government Transparency Code, which could be implemented more swiftly.
- 3.12 In the meantime Councils are expected to consider the findings and recommendations and compliance with them or failure to comply with them would be a consideration upon any process involving the code such as a review or an appeal.

Service / Operational Implications

- 3.13 None.

Customer / Equalities and Diversity Implications

- 3.14 No Equality Impact Needs Assessment has been undertaken.

AUDIT, GOVERNANCE AND STANDARDS31st October 2019

4. RISK MANAGEMENT

None.

5. APPENDICES

Appendix 1 - Proposed draft Code of Conduct with 'track changes' to show amendments to the current Code of Conduct.

Appendix 2 - Proposed draft Code of Conduct with 'track changes' accepted.

6. KEY

Non-key.

AUTHOR OF REPORT

Name: Claire Felton

email: c.felton@bromsgroveandredditch.gov.uk

Tel.: 01527 881488

PART 20(Draft for adoption September 2019)**BROMSGROVE DISTRICT COUNCIL****CODE OF CONDUCT****Part 1**General provisions**Introduction and interpretation**

1. (1) This Code applies to **you** as a member or co-opted member of Bromsgrove District Council.
- (2) You should read this Code together with the Ten Principles of Public Life (also known as the Nolan Principles) which are set out in Appendix 1
- (3) It is your responsibility to comply with the provisions of this Code.
- (4) In this Code—

"meeting" means any meeting of

(a) the authority (Bromsgrove District Council);

(b) any of the authority's, committees, sub-committees, joint committees, joint sub-committees, or area committees;

(c) the executive (Cabinet) of the authority or its committees

~~(e)~~(d) an external body upon which the member sits as a representative of the authority;

"Monitoring Officer" means the Monitoring Officer for the principal Council which is Bromsgrove District Council;

"bullying and harassment includes;

oppressive behaviour or the abuse of power, which makes the recipient feel threatened, humiliated or vulnerable, and which may undermine his/her self confidence and cause him/her to suffer stress."

Examples are set out at Appendix 3 to this Code.

June 2012

PART 20

(Draft for adoption September 2019)

Scope

2. (1) This Code applies to you as a member of this authority when you act in your role as a Member or as a representative of the authority in the circumstances described in para 2 (b) below.
- (2) Where you act as a representative of the authority:
- (a) on another relevant authority, you must, when acting for that other authority, comply with that other authority's code of conduct; or
- (b) on any other body, you must, when acting for that other body, comply with the authority's code of conduct, except and insofar as it conflicts with any other lawful obligations to which that other body may be subject.

General obligations

3. (1) You must treat others with respect in accordance with the Nolan principles.

(2) You must co-operate with any standards investigations.

(3) You must not:

(a) do anything which may cause your authority to breach any of the equality enactments;

(b) bully or harass any person;

(c) intimidate or attempt to intimidate any person who is or is likely to be:

- (i) a complainant,
- (ii) a witness, or
- (iii) involved in the administration of any investigation or proceedings,

in relation to an allegation that a member (including yourself) has failed to comply with the authority's Code of Conduct;

(d) do anything which compromises or is likely to compromise the impartiality of those who work for, or on behalf of, the authority.

4. You must not:

PART 20

(Draft for adoption September 2019)

(a) do anything that is likely to cause your authority to breach Data Protection law;

(b) disclose information given to you in confidence by anyone, or information acquired by you which you believe, or ought reasonably to be aware, is of a confidential nature, except where:

- (i) you have the consent of a person authorised to give it;
- (ii) you are required by law to do so;
- (iii) the disclosure is made to a third party for the purpose of obtaining professional advice provided that the third party agrees not to disclose the information to any other person; or
- (iv) the disclosure is:
 - (aa) reasonable and in the public interest; and
 - (bb) made in good faith and in compliance with the reasonable requirements of the authority; or

(c) prevent another person from gaining access to information to which that person is entitled by law.

5. You must not conduct yourself in a manner which could reasonably be regarded as bringing your office or authority into disrepute.

6. You:

(a) must not use or attempt to use your position as a member improperly to confer on or secure for yourself or any other person, an advantage or disadvantage; and

(b) must, when using or authorising the use by others of the resources of, or under the control of, the authority:

- (i) act in accordance with the authority's reasonable requirements including in relation to the use of authority stationery and official logos and branding;
- (ii) ensure that such resources are not used improperly for political purposes (including party political purposes); and

PART 20**(Draft for adoption September 2019)**

(c) must have regard to any applicable Local Authority Code of Publicity.

7. You must:

- (a) when reaching decisions on any matter have regard to any relevant advice provided to you by the authority's officers and in particular by the authority's Monitoring Officer and Section 151 Officer; and
- (b) give reasons for all decisions in accordance with any statutory requirements and any reasonable additional requirements imposed by the authority

8. You must not place yourself under any financial or other obligation to outside individuals or organisations that might seek to influence you in the performance of your official duties, and must comply with the authority's guidance on gifts and hospitality (attached as Appendix 4).

Part 2**Interests****Disclosable Pecuniary Interests ("DPI")**

9. (1) You will have a Disclosable Pecuniary Interest ("DPI") under this Code if:-

(a) such interest meets the definition prescribed by The Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012 regulations as amended from time to time and set out in Appendix 2 to this Code; and

(b) it is either an interest of yourself; or it is an interest of :-

- (i) your spouse or civil partner; or
- (ii) a person with whom you are living as husband and wife: or
- (iii) a person with whom you are living as if you were civil partners;

And you are aware that the other person has the interest.

June 2012

PART 20**(Draft for adoption September 2019)****Registration of DPIs**

10. (1) You must within 28 days of becoming a member of the authority or being re-elected notify the Monitoring Officer in writing of any DPI which you hold at the time notification is given
- (2) You must within 28 days of becoming aware of any new DPI, or changes to existing DPIs notify the Monitoring Officer in writing of the detail.

Other Disclosable Interests (ODI)

11. (1) You will have a Disclosable Interest in any matter if you are aware that you or a member of your family or person or organisation with whom you are associated have a:-
- a pecuniary interest in the matter under discussion; or
 - b a close connection with the matter under discussion.
- (2) If you are a member of another local authority, or public body, or you have been appointed as the Council's representative on an outside body, you do not have a Disclosable Interest unless a member of the public knowing the circumstances would reasonably regard membership of the body concerned as being likely to prejudice your judgment of what is in the public interest.

Disclosure of Interests

- 12.(1) ~~FDPs: formal M~~meetings

Disclosable Pecuniary Interest (DPI)

If you are present at a meeting of the Council and you have a DPI then you must:

- a Disclose the nature and existence of the interest; and
- b Leave the meeting (including the meeting room and public gallery) and take no part in the discussion ; and

Formatted: Font: Bold

PART 20(Draft for adoption September 2019)

- c If the interest has not already been recorded notify the Monitoring Officer of the interest within 28 days beginning with the date of the meeting.

Other Disclosable Interest (ODI)

If you are present at a Meeting and you have an ODI then you must:

- a disclose the nature and existence of the interest; and
- b if the interest;
- i affects your pecuniary interests or relates to the
determination of a planning or regulatory matter; and
- ii is one which a member of the public knowing the
circumstances would reasonably regard as being likely to
prejudice your judgment of what is in the public interest
- then you must leave the Meeting (including the meeting room and
public gallery) and take no part in the discussion.

- (2) ~~DPIs:~~ informal ~~m~~Meetings and Correspondence

Disclosable Pecuniary Interest (DPI)

Formatted: Font: Bold

If you have a DPI in the matter you must not participate in informal meetings, briefings or site visits, and must disclose the DPI in any correspondence with the authority.

Other Disclosable Interest (ODI)

If you have an ODI in the matter, then you must disclose the existence and nature of that interest at informal meetings, briefings or site visits, and must disclose the ODI in any correspondence with the authority.

If the ODI is such that you would be required to leave a formal Meeting as above, then you must not participate in the informal meeting.

- (3) Single Member Decisions

Disclosable Pecuniary Interest (DPI)

Formatted: Font: Bold

PART 20

(Draft for adoption September 2019)

If when participating in single member decision making you have a DPI in affecting the matter being decided then you may take no steps in relation to the decision other than asking for the matter to be decided in some other manner.

Other Disclosable Interest (ODI)

If you have an ODI in the matter being decided, then you must disclose the existence and nature and record it on the record of decision.

If the ODI is such that you would be required to leave a formal Meeting as set out above, then you must take no steps in relation to the decision other than asking for the matter to be decided in some other manner.

(45) Dispensations

You may take part in the discussion of and any decision or vote on a matter in which you have ~~a~~ been granted a formal dispensation.

Sensitive Information

13. (1)–An interest will be a sensitive interest if the two following conditions apply:

- (a) That you have an interest (whether or not a DPI); and
 - (b) the nature of the interest is such that you and the Monitoring Officer consider that disclosure of the details of the interest could lead to you or a person connected to you being subject to violence or intimidation.
- (2) Where it is decided that an interest is a “sensitive interest ” it will be excluded from published versions of the register. The Monitoring Officer may state on the register that the member has an interest the details of which are excluded under this section.
- (3) Where the sensitive interest is a DPI the usual rules relating to disclosure will apply save that the member will only be required to disclose that they hold a DPI in the matter concerned.

PART 20

(Draft for adoption September 2019)

APPENDIX 1

The Ten General Principles of Public Life

APPENDIX 2

The Localism Act Definition of Disclosable Pecuniary Interests Regulations

APPENDIX 3

Examples of bullying and harassment

Appendix 4

Gifts and hospitality

PART 20

(Draft for adoption September 2019)

APPENDIX 1**THE TEN GENERAL PRINCIPLES OF PUBLIC LIFE**

Selflessness – members should serve only the public interest and should never improperly confer an advantage or disadvantage on any person.

Honesty and integrity – members should not place themselves in situations where their honesty and integrity may be questioned, should not behave improperly, and should on all occasions avoid the appearance of such behaviour.

Objectivity – members should make decisions on merit, including when making appointments, awarding contracts, or recommending individuals for rewards or benefits.

Accountability – members should be accountable to the public for their actions and the manner in which they carry out their responsibilities, and should co-operate fully and honestly with any scrutiny appropriate to their particular office.

Openness – members should be as open as possible about their actions and those of their authority, and should be prepared to give reasons for those actions.

Personal judgment – members may take account of the views of others, including their political groups, but should reach their own conclusions on the issues before them and act in accordance with those conclusions.

Respect for others – members should promote equality by not discriminating unlawfully against any person, and by treating people with respect, regardless of their race, age, religion, gender, sexual orientation or disability. They should respect the impartiality and integrity of the authority's statutory officers and its other employees.

Duty to uphold the law – members should uphold the law and, on all occasions, act in accordance with the trust that the public is entitled to place in them.

Stewardship – members should do whatever they are able to do to ensure that their authorities use their resources prudently, and in accordance with the law.

Leadership – members should promote and support these principles by leadership, and by example, and should act in a way that secures or preserves public confidence.

June 2012

PART 20**(Draft for adoption September 2019)****APPENDIX 2****DISCLOSABLE PECUNIARY INTERESTS**

This note explains the requirements of the Localism Act 2011 (Ss 29-34) in relation to disclosable pecuniary interests.

These provisions are enforced by criminal sanction.

They come into force on 1 July.

1 Notification of disclosable pecuniary interests

Within 28 days of becoming a member or co-opted member, you must notify the Monitoring Officer of any 'disclosable pecuniary interests'.

A 'disclosable pecuniary interest' is an interest of yourself or your partner (which means spouse or civil partner, a person with whom you are living as husband or wife, or a person with whom you are living as if you are civil partners) within the following descriptions:

<i>Interest</i>	<i>description</i>
Employment, office, trade, profession or vacation	Any employment, office, trade, profession or vocation carried on for profit or gain.
Sponsorship	Any payment or provision of any other financial benefit (other than from the relevant authority) made or provided within the relevant period in respect of any expenses incurred by M in carrying out duties as a member, or towards the election expenses of M. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.
Contracts	Any contract which is made between the relevant person (or a body in which the relevant person has a beneficial interest) and the relevant authority— (a) under which goods or services are to be provided or works are to be executed; and (b) which has not been fully discharged.
Land	Any beneficial interest in land which is within the area of the relevant authority.
Licences	Any licence (alone or jointly with others) to

June 2012

PART 20**(Draft for adoption September 2019)**

occupy land in the area of the relevant authority for a month or longer.

Corporate tenancies

Any tenancy where (to M's knowledge)—
 (a) the landlord is the relevant authority;
 and
 (b) the tenant is a body in which the relevant person has a beneficial interest.

Securities

Any beneficial interest in securities of a body where—
 (a) that body (to M's knowledge) has a place of business or land in the area of the relevant authority; and
 (b) either—
 (i) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or
 (ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the relevant person has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

These descriptions on interests are subject to the following definitions;

“the Act” means the Localism Act 2011;

“body in which the relevant person has a beneficial interest” means a firm in which the relevant person is a partner or a body corporate of which the relevant person is a director, or in the securities of which the relevant person has a beneficial interest;

“director” includes a member of the committee of management of an industrial and provident society;

“land” includes an easement, servitude, interest or right in or over land which does not carry with it a right for the relevant person (alone or jointly with another) to occupy the land or to receive income;

“M” means the person M referred to in section 30 of the Act;

“member” includes a co-opted member;

“relevant authority” means the authority of which M is a member;

“relevant period” means the period of 12 months ending with the day on which M gives a notification for the purposes of section 30(1) of the Act;

“relevant person” means M or any other person referred to in section 30(3)(b) of the Act;

“securities” means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000() and other securities of any description, other than money deposited with a building society.

June 2012

PART 20(Draft for adoption September 2019)**APPENDIX 3****EXAMPLES OF BULLYING AND HARRASSMENT**

Bullying and harassment may include:

- physical contact ranging from touching to assault
- verbal and written comments through jokes, offensive language, personal comments about appearance, size, clothing etc
- innuendo, gossip and letters etc.
- malicious rumours and allegations, including fabricating complaints from clients and other members of staff.
- open aggression, threats, shouting, abuse and obscenities, persistent negative attacks.
- constant humiliation, criticism and ridicule, belittling efforts and undervaluing contribution.
- Trolling behaviour

Formatted

Harassment is unwanted conduct on the grounds of any protected characteristic as defined by the Equality Act 2010, political or Trade Union affiliation, or take the form of victimisation, that:

- has the purpose of violating a person's dignity or creating an intimidating, hostile, degrading, humiliating or offensive environment for that person; or
- is reasonably considered by that person to have the effect of violating his/her dignity or of creating an intimidating, hostile, degrading, humiliating or offensive environment for him/her, even if this effect was not intended by the person responsible for the conduct.

This is not exhaustive.

PART 20

(Draft for adoption September 2019)

APPENDIX 4**GIFTS AND HOSPITALITY**

1. Minor gifts and hospitality are sometimes part of the normal courtesies of life: a resident may offer a modest gift as a token of appreciation and sometimes simple items such as diaries and pens are distributed as advertising matter. In dealing with a matter in your division you may be offered a cup of tea or light refreshments.
2. As a guideline, any gift or hospitality with a value of £125 or more is highly unlikely to be viewed as a 'token'. You must consider whether it is appropriate to accept even token gifts, especially where you are dealing with regulatory or procurement matters when it would usually be inappropriate to receive any gift from involved parties. In case of doubt you should consult the Monitoring Officer.
3. Offers of hospitality, even if seemingly minor in nature, must be treated with particular caution as they can leave individuals and the Council open to allegations of impropriety. The timing of offers of hospitality, for example in relation to the award of contracts, granting of applications or other decisions, should be considered equally to the generosity of the hospitality offered. Accepting hospitality must be justified in the public interest, for example when there is a genuine need to represent the Council.
4. All offers and receipt of gifts and hospitality with a value of £215 or higher must be reported to the Monitoring Officer who will ensure it is recorded in the Council's register of gifts and hospitality, which will be published.

This page is intentionally left blank

BROMSGROVE DISTRICT COUNCIL**CODE OF CONDUCT****Part 1****General provisions****Introduction and interpretation**

1. (1) This Code applies to **you** as a member or co-opted member of Bromsgrove District Council.
- (2) You should read this Code together with the Ten Principles of Public Life (also known as the Nolan Principles) which are set out in Appendix 1
- (3) It is your responsibility to comply with the provisions of this Code.
- (4) In this Code—
 - "meeting" means any meeting of
 - (a) the authority (Bromsgrove District Council);
 - (b) any of the authority's, committees, sub-committees, joint committees, joint sub-committees, or area committees;
 - (c) the executive (Cabinet) of the authority or its committees
 - (d) an external body upon which the member sits as a representative of the authority;
 - "Monitoring Officer" means the Monitoring Officer for the principal Council which is Bromsgrove District Council;
 - "bullying and harassment includes;
 - oppressive behaviour or the abuse of power, which makes the recipient feel threatened, humiliated or vulnerable, and which may undermine his/her self confidence and cause him/her to suffer stress."

Examples are set out at Appendix 3 to this Code.

Scope

2. (1) This Code applies to you as a member of this authority when you act in your role as a Member or as a representative of the authority in the circumstances described in para 2 (b) below.
- (2) Where you act as a representative of the authority:
 - (a) on another relevant authority, you must, when acting for that other authority, comply with that other authority's code of conduct; or
 - (b) on any other body, you must, when acting for that other body, comply with the authority's code of conduct, except and insofar as it conflicts with any other lawful obligations to which that other body may be subject.

General obligations

3. (1) You must treat others with respect in accordance with the Nolan principles).
- (2) You must co-operate with any standards investigations.
- (3) You must not:
 - (a) do anything which may cause your authority to breach any of the equality enactments;
 - (b) bully or harass any person;
 - (c) intimidate or attempt to intimidate any person who is or is likely to be:
 - (i) a complainant,
 - (ii) a witness, or
 - (iii) involved in the administration of any investigation or proceedings,in relation to an allegation that a member (including yourself) has failed to comply with the authority's Code of Conduct;
 - (d) do anything which compromises or is likely to compromise the impartiality of those who work for, or on behalf of, the authority.
4. You must not:

PART 20**(Draft for adoption November 2019)**

- (a) do anything that is likely to cause your authority to breach Data Protection law;
 - (b) disclose information given to you in confidence by anyone, or information acquired by you which you believe, or ought reasonably to be aware, is of a confidential nature, except where:
 - (i) you have the consent of a person authorised to give it;
 - (ii) you are required by law to do so;
 - (iii) the disclosure is made to a third party for the purpose of obtaining professional advice provided that the third party agrees not to disclose the information to any other person; or
 - (iv) the disclosure is:
 - (aa) reasonable and in the public interest; and
 - (bb) made in good faith and in compliance with the reasonable requirements of the authority; or
 - (c) prevent another person from gaining access to information to which that person is entitled by law.
- 5.** You must not conduct yourself in a manner which could reasonably be regarded as bringing your office or authority into disrepute.
- 6.** You:
- (a) must not use or attempt to use your position as a member improperly to confer on or secure for yourself or any other person, an advantage or disadvantage; and
 - (b) must, when using or authorising the use by others of the resources of, or under the control of, the authority:
 - (i) act in accordance with the authority's reasonable requirements including in relation to the use of authority stationery and official logos and branding;
 - (ii) ensure that such resources are not used improperly for political purposes (including party political purposes); and

PART 20**(Draft for adoption November 2019)**

(c) must have regard to any applicable Local Authority Code of Publicity.

7. You must:

(a) when reaching decisions on any matter have regard to any relevant advice provided to you by the authority's officers and in particular by the authority's Monitoring Officer and Section 151 Officer; and

(b) give reasons for all decisions in accordance with any statutory requirements and any reasonable additional requirements imposed by the authority

8. You must not place yourself under any financial or other obligation to outside individuals or organisations that might seek to influence you in the performance of your official duties, and must comply with the authority's guidance on gifts and hospitality (attached as Appendix 4).

Part 2**Interests****Disclosable Pecuniary Interests ("DPI")**

9. (1) You will have a Disclosable Pecuniary Interest ("DPI") under this Code if:-

(a) such interest meets the definition prescribed by The Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012 regulations as amended from time to time and set out in Appendix 2 to this Code; and

(b) it is either an interest of yourself; or it is an interest of :-

(i) your spouse or civil partner; or

(ii) a person with whom you are living as husband and wife: or

(iii) a person with whom you are living as if you were civil partners;

And you are aware that the other person has the interest.

Registration of DPIs

10. (1) You must within 28 days of becoming a member of the authority or being re-elected notify the Monitoring Officer in writing of any DPI which you hold at the time notification is given
- (2) You must within 28 days of becoming aware of any new DPI, or changes to existing DPIs notify the Monitoring Officer in writing of the detail.

Other Disclosable Interests (ODI)

- 11.(1) You will have a Disclosable Interest in any matter if you are aware that you or a member of your family or person or organisation with whom you are associated have a:-
 - a pecuniary interest in the matter under discussion; or
 - b a close connection with the matter under discussion.
- (2) If you are a member of another local authority, or public body, or you have been appointed as the Council's representative on an outside body, you do not have a Disclosable Interest unless a member of the public knowing the circumstances would reasonably regard membership of the body concerned as being likely to prejudice your judgment of what is in the public interest.

Disclosure of Interests**12.(1) Formal Meetings****Disclosable Pecuniary Interest (DPI)**

If you are present at a meeting of the Council and you have a DPI then you must:

- a Disclose the nature and existence of the interest; and
- b Leave the meeting (including the meeting room and public gallery) and take no part in the discussion ; and

PART 20**(Draft for adoption November 2019)**

- c If the interest has not already been recorded notify the Monitoring Officer of the interest within 28 days beginning with the date of the meeting.

Other Disclosable Interest (ODI)

If you are present at a Meeting and you have an ODI then you must:

- a disclose the nature and existence of the interest; and
- b if the interest;
 - i affects your pecuniary interests or relates to the determination of a planning or regulatory matter; and
 - ii is one which a member of the public knowing the circumstances would reasonably regard as being likely to prejudice your judgment of what is in the public interest

then you must leave the Meeting (including the meeting room and public gallery) and take no part in the discussion.

(2) Informal Meetings and Correspondence**Disclosable Pecuniary Interest (DPI)**

If you have a DPI in the matter you must not participate in informal meetings, briefings or site visits, and must disclose the DPI in any correspondence with the authority.

Other Disclosable Interest (ODI)

If you have an ODI in the matter, then you must disclose the existence and nature of that interest at informal meetings, briefings or site visits, and must disclose the ODI in any correspondence with the authority.

If the ODI is such that you would be required to leave a formal Meeting as above, then you must not participate in the informal meeting.

(3) Single Member Decisions**Disclosable Pecuniary Interest (DPI)**

If when participating in single member decision making you have a DPI in the matter being decided then you may take no steps in relation to the decision other than asking for the matter to be decided in some other manner.

Other Disclosable Interest (ODI)

If you have an ODI in the matter being decided, then you must disclose the existence and nature and record it on the record of decision.

If the ODI is such that you would be required to leave a formal Meeting as set out above, then you must take no steps in relation to the decision other than asking for the matter to be decided in some other manner.

(4) Dispensations

You may take part in the discussion of and any decision or vote on a matter in which you have been granted a formal dispensation.

Sensitive Information

13. (1) An interest will be a sensitive interest if the two following conditions apply:

- (a) That you have an interest (whether or not a DPI); and
 - (b) the nature of the interest is such that you and the Monitoring Officer consider that disclosure of the details of the interest could lead to you or a person connected to you being subject to violence or intimidation.
- (2) Where it is decided that an interest is a “sensitive interest” it will be excluded from published versions of the register. The Monitoring Officer may state on the register that the member has an interest the details of which are excluded under this section.
- (3) Where the sensitive interest is a DPI the usual rules relating to disclosure will apply save that the member will only be required to disclose that they hold a DPI in the matter concerned.

APPENDIX 1

The Ten General Principles of Public Life

APPENDIX 2

The Localism Act Definition of Disclosable Pecuniary Interests Regulations

APPENDIX 3

Examples of bullying and harassment

Appendix 4

Gifts and hospitality

APPENDIX 1**THE TEN GENERAL PRINCIPLES OF PUBLIC LIFE**

Selflessness – members should serve only the public interest and should never improperly confer an advantage or disadvantage on any person.

Honesty and integrity – members should not place themselves in situations where their honesty and integrity may be questioned, should not behave improperly, and should on all occasions avoid the appearance of such behaviour.

Objectivity – members should make decisions on merit, including when making appointments, awarding contracts, or recommending individuals for rewards or benefits.

Accountability – members should be accountable to the public for their actions and the manner in which they carry out their responsibilities, and should co-operate fully and honestly with any scrutiny appropriate to their particular office.

Openness – members should be as open as possible about their actions and those of their authority, and should be prepared to give reasons for those actions.

Personal judgment – members may take account of the views of others, including their political groups, but should reach their own conclusions on the issues before them and act in accordance with those conclusions.

Respect for others – members should promote equality by not discriminating unlawfully against any person, and by treating people with respect, regardless of their race, age, religion, gender, sexual orientation or disability. They should respect the impartiality and integrity of the authority's statutory officers and its other employees.

Duty to uphold the law – members should uphold the law and, on all occasions, act in accordance with the trust that the public is entitled to place in them.

Stewardship – members should do whatever they are able to do to ensure that their authorities use their resources prudently, and in accordance with the law.

Leadership – members should promote and support these principles by leadership, and by example, and should act in a way that secures or preserves public confidence.

APPENDIX 2**DISCLOSABLE PECUNIARY INTERESTS**

This note explains the requirements of the Localism Act 2011 (Ss 29-34) in relation to disclosable pecuniary interests.

These provisions are enforced by criminal sanction.

They come into force on 1 July.

1 Notification of disclosable pecuniary interests

Within 28 days of becoming a member or co-opted member, you must notify the Monitoring Officer of any 'disclosable pecuniary interests'.

A 'disclosable pecuniary interest' is an interest of yourself or your partner (which means spouse or civil partner, a person with whom you are living as husband or wife, or a person with whom you are living as if you are civil partners) within the following descriptions:

<i>Interest</i>	<i>description</i>
Employment, office, trade, profession or vacation	Any employment, office, trade, profession or vocation carried on for profit or gain.
Sponsorship	Any payment or provision of any other financial benefit (other than from the relevant authority) made or provided within the relevant period in respect of any expenses incurred by M in carrying out duties as a member, or towards the election expenses of M. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.
Contracts	Any contract which is made between the relevant person (or a body in which the relevant person has a beneficial interest) and the relevant authority— (a) under which goods or services are to be provided or works are to be executed; and (b) which has not been fully discharged.
Land	Any beneficial interest in land which is within the area of the relevant authority.
Licences	Any licence (alone or jointly with others) to

PART 20**(Draft for adoption November 2019)**

occupy land in the area of the relevant authority for a month or longer.

Corporate tenancies

Any tenancy where (to M's knowledge)—
 (a) the landlord is the relevant authority;
 and
 (b) the tenant is a body in which the relevant person has a beneficial interest.

Securities

Any beneficial interest in securities of a body where—
 (a) that body (to M's knowledge) has a place of business or land in the area of the relevant authority; and
 (b) either—
 (i) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or
 (ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the relevant person has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

These descriptions on interests are subject to the following definitions;

“the Act” means the Localism Act 2011;

“body in which the relevant person has a beneficial interest” means a firm in which the relevant person is a partner or a body corporate of which the relevant person is a director, or in the securities of which the relevant person has a beneficial interest;

“director” includes a member of the committee of management of an industrial and provident society;

“land” includes an easement, servitude, interest or right in or over land which does not carry with it a right for the relevant person (alone or jointly with another) to occupy the land or to receive income;

“M” means the person M referred to in section 30 of the Act;

“member” includes a co-opted member;

“relevant authority” means the authority of which M is a member;

“relevant period” means the period of 12 months ending with the day on which M gives a notification for the purposes of section 30(1) of the Act;

“relevant person” means M or any other person referred to in section 30(3)(b) of the Act;

“securities” means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000() and other securities of any description, other than money deposited with a building society.

APPENDIX 3**EXAMPLES OF BULLYING AND HARRASSMENT**

Bullying and harassment may include:

- physical contact ranging from touching to assault
- verbal and written comments through jokes, offensive language, personal comments about appearance, size, clothing etc
- innuendo, gossip and letters etc.
- malicious rumours and allegations, including fabricating complaints from clients and other members of staff.
- open aggression, threats, shouting, abuse and obscenities, persistent negative attacks.
- constant humiliation, criticism and ridicule, belittling efforts and undervaluing contribution.
- Trolling behaviour

Harassment is unwanted conduct on the grounds of any protected characteristic as defined by the Equality Act 2010, political or Trade Union affiliation, or take the form of victimisation, that:

- has the purpose of violating a person's dignity or creating an intimidating, hostile, degrading, humiliating or offensive environment for that person; or
- is reasonably considered by that person to have the effect of violating his/her dignity or of creating an intimidating, hostile, degrading, humiliating or offensive environment for him/her, even if this effect was not intended by the person responsible for the conduct.

This is not exhaustive.

APPENDIX 4**GIFTS AND HOSPITALITY**

1. Minor gifts and hospitality are sometimes part of the normal courtesies of life: a resident may offer a modest gift as a token of appreciation and sometimes simple items such as diaries and pens are distributed as advertising matter. In dealing with a matter in your division you may be offered a cup of tea or light refreshments.
2. As a guideline, any gift or hospitality with a value of £15 or more is highly unlikely to be viewed as a 'token'. You must consider whether it is appropriate to accept even token gifts, especially where you are dealing with regulatory or procurement matters when it would usually be inappropriate to receive any gift from involved parties. In case of doubt you should consult the Monitoring Officer.
3. Offers of hospitality, even if seemingly minor in nature, must be treated with particular caution as they can leave individuals and the Council open to allegations of impropriety. The timing of offers of hospitality, for example in relation to the award of contracts, granting of applications or other decisions, should be considered equally to the generosity of the hospitality offered. Accepting hospitality must be justified in the public interest, for example when there is a genuine need to represent the Council.
4. All offers and receipt of gifts and hospitality with a value of £15 higher must be reported to the Monitoring Officer who will ensure it is recorded in the Council's register of gifts and hospitality, which will be published.

This page is intentionally left blank

REDDITCH BOROUGH COUNCIL**AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

31 October 2019

Grant Thornton Progress Update Report October 2019

Relevant Portfolio Holder	Councillor David Thain
Portfolio Holder Consulted	Yes
Relevant Head of Service	Jayne Pickering – Exec Director Finance and Resources
Ward(s) Affected	All Wards
Ward Councillor(s) Consulted	No
Key Decision / Non-Key Decision	Non–Key Decision

1. SUMMARY OF PROPOSALS

- 1.1 To update members on Grant Thornton progress on the Audit and on general issues and developments that may impact on the Council in the future

2. RECOMMENDATIONS

- 2.1 **The Committee is asked to note updates as included in Appendix 1.**

3. KEY ISSUES**Financial Implications**

- 3.1 There are no financial implications arising out of this report.

Legal Implications

- 3.2 The Council has a statutory responsibility to comply with financial regulations.

Service / Operational Implications

- 3.3 The report attached at Appendix 1 updates Members on the progress on work undertaken by Grant Thornton since the last Committee meeting. In addition the appendix includes updates and links to National Issues and Grant Thornton Publications in relation to issues that are relevant to Local Government at the current time.

AUDIT, GOVERNANCE & STANDARDS COMMITTEE31 October 2019

- 3.4 Officers are continuing to work with the auditors to ensure the Council meets its statutory financial obligations

Customer / Equalities and Diversity Implications

- 3.5 There are no implications arising out of this report.

4. RISK MANAGEMENT

- 4.1 As part of all audit work the auditors undertake a risk assessment to ensure that adequate controls are in place within the Council so reliance can be placed on internal systems.

5. APPENDICES

Appendix 1 - Grant Thornton Report

6. BACKGROUND PAPERS

None

7. KEY

N/A

AUTHOR OF REPORT

Name: Chris Forrester

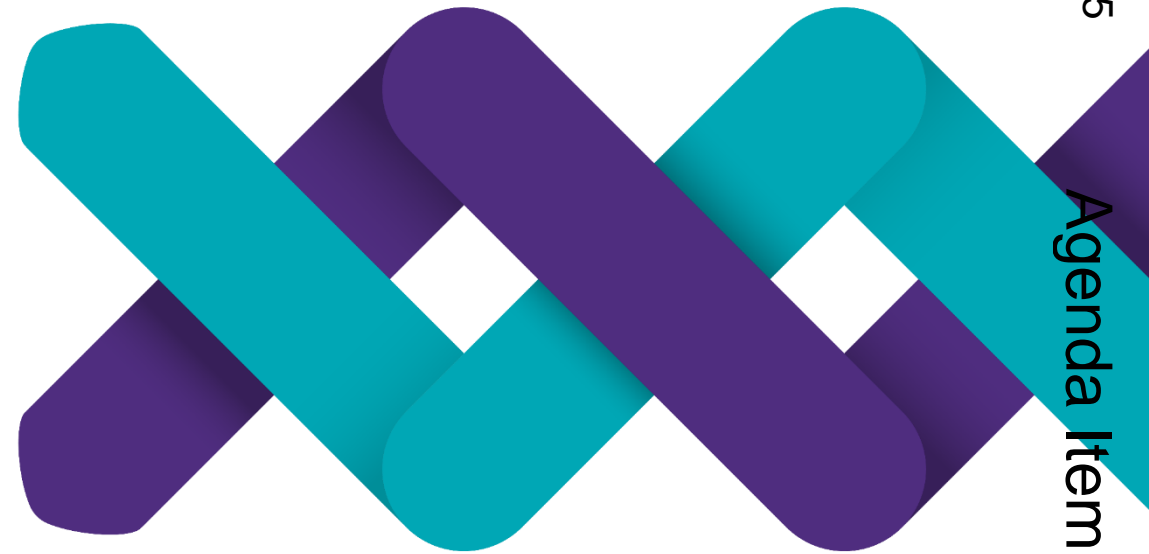
E Mail: chris.forrester@bromsgroveandredditch.gov.uk

Tel: 01527 54252

Audit Progress Report and Sector Update

Redditch Borough Council
Year ending 31 March 2020

31 October 2019



Contents

Section	Page
Introduction	3
Progress at October 2019	4
Audit Deliverables	5
Sector Update	6

Introduction



Richard Percival
Engagement Lead

T: 0121 232 5434

E: richard.d.percival@uk.gt.com



Neil Preece
Manager

T: 0121 232 5292

E: neil.a.preece@uk.gt.com

This paper provides the Audit, Governance and Standards Committee with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you as a local authority; and
- a number of challenge questions in respect of these emerging issues which the Committee may wish to consider (these are a tool to use, if helpful, rather than formal questions requiring responses for audit purposes)

Members of the Audit, Governance and Standards Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications www.grantthornton.co.uk.

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

PSAA Contract Monitoring

Redditch Borough Council opted into the Public Sector Audit Appointments (PSAA) Appointing Person scheme which starts with the 2018/19 audit. PSAA appointed Grant Thornton as auditors. PSAA is responsible under the Local Audit (Appointing Person) Regulations 2015 for monitoring compliance with the contract and is committed to ensuring good quality audit services are provided by its suppliers. Details of PSAA's audit quality monitoring arrangements are available from its website, www.psaa.co.uk.

Our contract with PSAA contains a method statement which sets out the firm's commitment to deliver quality audit services, our audit approach and what clients can expect from us. We have set out commitment to deliver a high quality audit service in the document at Appendix A. We hope this is helpful. It will also be a benchmark for you to provide feedback on our performance to PSAA via its survey in Autumn 2019.

Progress at October 2019

Financial Statements Audit

We issued our opinion on your 2018/19 Statement of Accounts on 2 August 2019.

We will begin our planning for the 2019/20 audit in November and will issue a detailed audit plan, setting out our proposed approach to the audit of the Council's 2019/20 financial statements.

We will begin our interim audit in January 2020. Our interim fieldwork includes:

- Updated review of the Council's control environment
- Updated understanding of financial systems
- Review of Internal Audit reports on core financial systems
- Early work on emerging accounting issues
- Early substantive testing

We will report our work in the Audit Findings Report and aim to give our opinion on the Statement of Accounts by the statutory accounts publication date of 31 July 2020. However, this date was missed in 2018/19 and significant improvements will be required in order to meet this date in 2020. We reported the issues relating to our 2018/19 audit in our Audit Findings Report on 29 July.

Value for Money

The scope of our work is set out in the guidance issued by the National Audit Office. The Code requires auditors to satisfy themselves that; "the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources".

The guidance confirmed the overall criterion as: "in all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people".

The three sub criteria for assessment to be able to give a conclusion overall are:

- Informed decision making
- Sustainable resource deployment
- Working with partners and other third parties

Details of our initial risk assessment to determine our approach will be included in our Audit Plan.

We will report our work in the Audit Findings Report and aim to give our Value For Money Conclusion by the statutory accounts publication date of 31 July 2020.

Other areas

Statutory Recommendation

Following our Statutory Recommendation issued on 29 July, the Council's Audit, Governance and Standards Committee met on 26 September in order to discharge its duty, as required by the Act, to hold a public meeting to consider such recommendations and publicly respond to them. We note the report and detailed response. We will consider progress as part of our Value for Money Conclusion work in 2019/20.

Certification of claims and returns

We certify the Council's annual Housing Benefit Subsidy claim in accordance with procedures agreed with the Department for Work and Pensions. The certification work for the 2018/19 is in progress and will be completed by the 30 November deadline. We will report our findings to the Audit, Governance and Standards Committee in our Certification Letter in January 2020.

Meetings

We met with Finance Officers in September as part of our quarterly liaison meetings and continue to be in discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective. We also met with your Chief Executive in September to discuss the Council's strategic priorities and plans, and response to our Statutory Recommendation.

Events

We provide a range of workshops, along with network events for members and publications to support the Council.

Further details of the publications that may be of interest to the Council are set out in our Sector Update section of this report.

Audit Deliverables

2018/19 Deliverables	Planned Date	Status
<p>Audit Findings Report</p> <p>The Audit Findings Report was reported to the July Audit, Governance and Standards Committee.</p>	July 2019	Complete
<p>Auditors Report</p> <p>This is the opinion on your financial statement, annual governance statement and value for money conclusion.</p>	July 2019	Complete
<p>Annual Audit Letter</p> <p>This letter communicates the key issues arising from our work.</p>	August 2019	Complete
2019/20 Deliverables	Planned Date	Status
<p>Fee Letter</p> <p>Confirming audit fee for 2018/19.</p>	April 2019	Complete
<p>Accounts Audit Plan</p> <p>We are required to issue a detailed accounts audit plan to the Audit, Governance and Standards Committee setting out our proposed approach in order to give an opinion on the Council's 2019-20 financial statements.</p>	January 2020	Not yet due
<p>Interim Audit Findings</p> <p>We will report to you the findings from our interim audit and our initial value for money risk assessment within our Progress Report.</p>	March 2020	Not yet due
<p>Audit Findings Report</p> <p>The Audit Findings Report will be reported to the July Audit, Governance and Standards Committee.</p>	July 2020	Not yet due
<p>Auditors Report</p> <p>This is the opinion on your financial statement, annual governance statement and value for money conclusion.</p>	July 2020	Not yet due
<p>Annual Audit Letter</p> <p>This letter communicates the key issues arising from our work.</p>	August 2020	Not yet due

Sector Update

Councils are tackling a continuing drive to achieve greater efficiency in the delivery of public services, whilst facing the challenges to address rising demand, ongoing budget pressures and social inequality.

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, the wider NHS and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with audit committee members, as well as any accounting and regulatory updates.

- **Grant Thornton Publications**
- **Insights from local government sector specialists**
- **Reports of interest**
- **Accounting and regulatory updates**

More information can be found on our dedicated public sector and local government sections on the Grant Thornton website by clicking on the logos below:

Public Sector

Local
government

CIPFA – CFO confidence survey

In July, the Chartered Institute of Public Finance and Accountancy (CIPFA) reported the results of their annual confidence survey.

The survey found that the majority of local government finance officers have lost confidence in their future financial positions over the last year.

Seventy per cent of respondents said they were either slightly less or much less confident in their financial position this year compared to 2018-19.

The survey also found that 68% said they were either slightly less or much less confident in their ability to deliver services in 2020-21. Sixty-two per cent expressed equal confidence in their financial position for 2019-20 as they had last year.

CIPFA found that the area of greatest pressure for top tier authorities was children's social care, with the number of authorities rating it as the biggest pressure rising by six percentage points.

For districts the greatest pressures were housing, cultural services and environmental services.

Rob Whiteman, CIPFA chief executive, said: "Local government is facing greater demand pressures than ever before, with particularly pressures in adults' and children's social care and housing. Local authorities also lack certainty about their future financial positions, so it's unsurprising to see confidence on the decline.

"We have repeatedly pointed out that local government is in need of a sustainable funding solution, but meeting this demand requires more than pennies and pounds. The sector as a whole must come together to address the challenges of effective service delivery."

CIPFA's survey received a total of 119 responses from authorities in the UK - 56 top tier authorities, 47 English districts, 12 Scottish authorities, and 4 Welsh authorities.



On the same theme, a Local Government Association (LGA) survey, also reported in July, found that almost two-thirds of councils believe cash for services like adult social care, child protection and preventing homelessness will dry up by 2024-25.

The survey got responses from 141 of the 339 LGA member councils in England and Wales.

It also found that 17% of councils were not confident of realising all of the savings they had identified this year (2019-20).

The LGA said that councils needed a guarantee they will have enough money to meet growing demand pressures in particular in adult social care, children's services, special educational needs, homelessness support and public health.



Financial confidence



Challenge question:

How confident over its' financial position is your Authority? Has this changed from previous years?

MHCLG – Independent probe into local government audit

In July, the then Communities secretary, James Brokenshire, announced the government is to examine local authority financial reporting and auditing.

At the CIPFA conference he told delegates the independent review will be headed up by Sir Tony Redmond, a former CIPFA president.

The government was “working towards improving its approach to local government oversight and support”, Brokenshire promised.

“A robust local audit system is absolutely pivotal to work on oversight, not just because it reinforces confidence in financial reporting but because it reinforces service delivery and, ultimately, our faith in local democracy,” he said.

“There are potentially far-reaching consequences when audits aren’t carried out properly and fail to detect significant problems.”

The review will look at the quality of local authority audits and whether they are highlighting when an organisation is in financial trouble early enough.

It will also look at whether the public has lost faith in auditors and whether the current audit arrangements for councils are still “fit for purpose”.

On the appointment of Redmond, CIPFA chief executive Rob Whiteman said: “Tony Redmond is uniquely placed to lead this vital review, which will be critical for determining future regulatory requirements.

“Local audit is crucial in providing assurance and accountability to the public, while helping to prevent financial and governance failure.”

He added: “This work will allow us to identify what is needed to make local audit as robust as possible, and how the audit function can meet the assurance needs, both now and in the future, of the sector as a whole.”

In the question and answer session following his speech, Brokenshire said he was not looking to bring back the Audit Commission, which appointed auditors to local bodies and was abolished in 2015. MHCLG note that auditing of local authorities was then taken over by the private, voluntary and not-for-profit sectors.

He explained he was “open minded”, but believed the Audit Commission was “of its time”.

Local authorities in England are responsible for 22% of total UK public sector expenditure so their accounts “must be of the highest level of transparency and quality”, the Ministry of Housing, Local Government and Communities said. The review will also look at how local authorities publish their annual accounts and if the financial reporting system is robust enough.

Redmond, who has also been a local authority treasurer and chief executive, is expected to report to the communities secretary with his initial recommendations in December 2019, with a final report published in March 2020. Redmond has also worked as a local government boundary commissioner and held the post of local government ombudsman.



National Audit Office – Code of Audit Practice

The Code of Audit Practice sets out what local auditors of relevant local public bodies are required to do to fulfill their statutory responsibilities under the Local Audit and Accountability Act 2014. 'Relevant authorities' are set out in Schedule 2 of the Act and include local councils, fire authorities, police and NHS bodies.

Local auditors must comply with the Code of Audit Practice.

Consultation – New Code of Audit Practice from 2020

Schedule 6 of the Act requires that the Code be reviewed, and revisions considered at least every five years. The current Code came into force on 1 April 2015, and the maximum five-year lifespan of the Code means it now needs to be reviewed and a new Code laid in Parliament in time for it to come in to force no later than 1 April 2020.

In order to determine what changes might be appropriate, the NAO is consulting on potential changes to the Code in two stages:

Stage 1 involves engagement with key stakeholders and public consultation on the issues that are considered to be relevant to the development of the Code.

This stage of the consultation is now closed. The NAO received a total of 41 responses to the consultation which included positive feedback on the two-stage approach to developing the Code that has been adopted. The NAO state that they have considered carefully the views of respondents in respect of the points drawn out from the [Issues paper](#) and this will inform the development of the draft Code. A summary of the responses received to the questions set out in the [Issues paper](#) can be found below.

[Local audit in England Code of Audit Practice – Consultation Response \(pdf – 256KB\)](#)

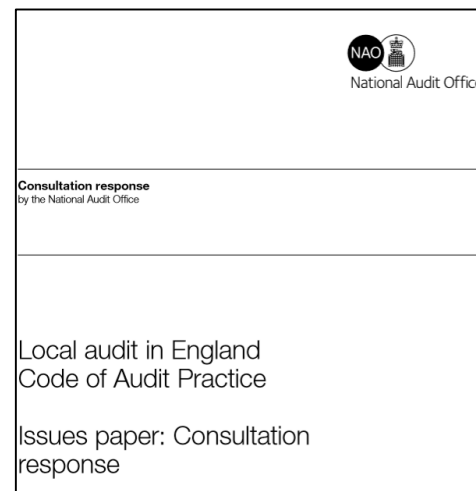
Stage 2 of the consultation involves consulting on the draft text of the new Code. To support stage 2, the NAO has published a consultation document, which highlights the key changes to each chapter of the draft Code. The most significant changes are in relation to the Value for Money arrangements. Rather than require auditors to focus on delivering an overall, binary, conclusion about whether or not proper arrangements were in place during the previous financial year, the draft Code requires auditors to issue a commentary on each of the criteria. This will allow auditors to tailor their commentaries to local circumstances. The Code proposes three specific criteria:

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

The consultation document and a copy of the draft Code can be found on the NAO website. The consultation is open until 22 November 2019. The new Code will apply from audits of local bodies' 2020-21 financial statements onwards.

Link to NAO webpage for the Code consultation:

<https://www.nao.org.uk/code-audit-practice/code-of-audit-practice-consultation/>



Local Government Association – Profit with a purpose – delivering social value through commercial activity

The Local Government Association (LGA) report 'Profit with a purpose' focuses on some of the practicalities of how councils can deliver social value through their commercial activity.

Through 'key questions' to ask, the guidance supports councils to face the challenge of how to undertake commercial activity and achieve greater value for the public purse in ways that better meet society's needs and outcomes for people and communities.

In addition, the publication features a number of short case studies highlighting some of the innovative commercial practice already achieving results for communities.

The LGA comments that the best approaches ensure the generation of social value is the primary factor driving commercial activity; from the initial decision to develop a commercial vision to how the approach is developed, and implemented, councils which are pulling ahead ensure social value is placed centre stage.

The guidance starts with an overview of what the LGA understands by 'profit with a purpose', the guidance explores different types of social value and the role of councils in driving social value alongside their commercial ambition.

The guidance then looks at how consideration and delivery of social value should be practically considered when deciding on whether to embark on commercial activity, the need for social value to be prioritised alongside financial return and the key questions councils should consider when embarking on a commercial initiative.

Following on from this, there are specific chapters on; embedding social value in governance of alternative service delivery vehicles, the role of procurement in contracting services that deliver social value and finally how to contract and performance manage social value through your service providers.

Each chapter outlines the factors that need to be considered and the 'key questions' councils should be asking themselves.

In addition, a number of short case studies are provided to highlight some of the innovative commercial practice already achieving results for communities.

The report can be downloaded from the LGA website:

<https://www.local.gov.uk/profit-purpose-delivering-social-value-through-commercial-activity>



Profit with a purpose



Challenge question:

If your Authority is looking at commercial activity, have you considered the LGA report?

Profit with a purpose

Delivering social value through commercial activity

MHCLG – Brexit preparations

Councils should be fully prepared to leave the European Union by the end of October, the Communities and Local Government Secretary announced on 3 August as he ramped up preparations.

Mr Jenrick thanked councils for all the work they have already done, but said they must step up vital preparations and committed £20 million for councils across England to prepare for delivering Brexit on 31 October, whatever the circumstances.

He has asked each council to designate a Brexit lead to work with central government and oversee teams in every community who will work with stakeholders in their area to plan intensively for Brexit.

The new funding comes in recognition of the central role councils will play to make sure their residents are ready for Brexit, and is expected to support a range of activity including communications, training and the recruitment of staff.



The Secretary of State said:

“From Whitehall to town halls – everyone needs to be ready to fulfil our democratic mandate to leave the European Union by the end of October.

Local government has a vital role in helping to make Brexit a success and it is absolutely right that together we intensify preparations in every community.

And to do this successfully I have asked every council to appoint a Brexit lead to work with government. We’ll be providing £20 million for councils to support the major step up in preparations.

I want all of us – central and local government – to be fully prepared for leaving the EU on 31 October whatever the circumstances. I know that we can achieve this, by continuing to work side by side with renewed national focus and intensity.”

Brexit preparations



Challenge question:

Who is your Brexit lead and how is your authority supporting Brexit preparations?

Public Accounts Committee – Local Government Governance and Accountability

The Public Accounts Committee has found that the Government has not done enough to ensure that, at a time when local authority budgets are under extreme pressure, governance systems are improved.

The Ministry of Housing, Communities & Local Government (the Department) is responsible for: ensuring that this framework contains the right checks and balances, and changing the system if necessary. The Secretary of State also has powers to intervene in cases of perceived governance failure. The framework includes: officers with statutory powers and responsibilities; internal checks and balances such as audit committees and internal audit; and external checks and balances such as external audit and sector-led improvement overseen by the Local Government Association. These arrangements represent a significant reduction in the level of central oversight in recent years following the government's decision to abolish the Audit Commission and the Standards Board for England as part of a broader reform of local audit, inspection and reporting.

The Public Accounts Committee report summary notes “Local authorities have a good overall track record with governance arrangements generally robust across the sector, and there is evidence that local authority governance compares favourably to that of the health sector. However, this is not universal and in some authorities governance is under strain, as funding reduces and responsibilities and exposure to commercial pressures change. We are worried to hear about audit committees that do not provide sufficient assurance, ineffective internal audit, weak arrangements for the management of risk in local authorities’ commercial investments, and inadequate oversight and scrutiny. This is not acceptable in the more risky, complex and fast-moving environment in which local authorities now operate.

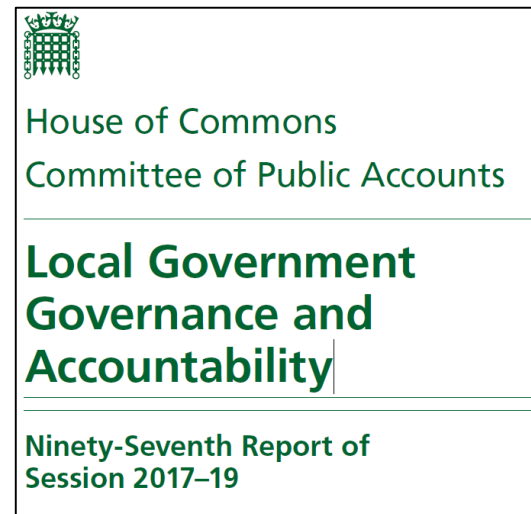
The Department has been reactive and ill-informed in its approach to oversight of the local governance system. However, the Department has now recognised that the network of bodies with responsibility for the local governance framework is fragmented and lacking the leadership needed to drive change. Encouragingly, the Department has now committed to enhancing its oversight role and producing a proactive work programme to deliver this change. We urge the Department to ensure that this activity leads to concrete actions and outcomes on a timely basis. When a local authority fails this has a significant impact on local people and the Department has a responsibility to work with local government to ensure that problems are caught early and that it can pinpoint at-risk councils. Since the abolition of the Audit Commission and other changes culminating in the Local Audit and Accountability Act 2014 there is no central assessment of value for the money, which means the Department's work is fundamental.”

The report makes five conclusions, with associated recommendations:

- 1) The Department is not yet providing effective leadership of the local governance system.
- 2) The Department does not know why some local authorities are raising concerns that external audit is not meeting their needs.
- 3) The Department lacks reliable information on key governance risks, or relies on weak sources of information, meaning it has no way of pinpointing the at-risk councils.
- 4) The Department's monitoring is not focused on long-term risks to council finances and therefore to services.
- 5) There is a complete lack of transparency over both the Department's informal interventions in local authorities with financial or governance problems and the results of its formal interventions.

The Government response is available on the website below:

<https://www.parliament.uk/documents/commons-committees/public-accounts/Gov-response-to-Public-Accounts-on-the-93-98-reports.pdf>



© 2019 Grant Thornton UK LLP. Confidential and information only.

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions. This proposal is made by Grant Thornton UK LLP and is in all respects subject to the negotiation, agreement and signing of a specific contract/letter of engagement. The client names quoted within this proposal are disclosed on a confidential basis. All information in this proposal is released strictly for the purpose of this process and must not be disclosed to any other parties without express consent from Grant Thornton UK LLP.

This page is intentionally left blank

AUDIT, STANDARDS & GOVERNANCE COMMITTEE

31 October 2019

GRANT THORNTON ANNUAL AUDIT LETTER 2018/19

Relevant Portfolio Holder	Councillor David Thain
Portfolio Holder Consulted	Yes
Relevant Head of Service	Jayne Pickering
Wards Affected	All
Ward Councillor Consulted	None specific
Non-Key Decision	

1. SUMMARY OF PROPOSALS

- 1.1 To present to Members the Grant Thornton Annual Audit Letter which summarises the key findings arising from the work carried out at the Council for the year ended 31 March 2019.

2. RECOMMENDATIONS

- 2.1 **The Committee is asked to NOTE the Audit Letter as included in Appendix 1.**

3. KEY ISSUES

Financial Implications

- 3.1 The Grant Thornton fee for the 2018/19 statutory audit fee was £57,629. This variation from original fee was driven by audit variations as per the letter.

Legal Implications

- 3.2 The statutory audit was completed in accordance with the National Audit Office Code of Audit Practice which reflects the requirements of the Local audit and Accountability Act 2014.

Service/Operational Issues

- 3.3 The Council received an unqualified opinion on the Financial Statements for 2018/19.

AUDIT, STANDARDS & GOVERNANCE COMMITTEE

31 October 2019

- 3.4 The Audit Letter refers details Grant Thornton's findings as a result of the work undertaken as part of the final accounts for 2018/19 and reflects the Audit opinion reported to this committee.
- 3.5 In terms of the value for money conclusion the Auditors issued a Section 24 notice. This reflects the findings that the council is likely to exhaust its reserves by the end of March 2021. Further information is detailed in the audit letter. Officers continue to work to address the Councils financial challenges.

Customer/ Equalities and Diversity

- 3.6 None as a direct result of this report.

4. RISK MANAGEMENT

- 4.1 As part of all audit work, auditors undertake a risk assessment to ensure that adequate controls are in place within the Council so reliance can be placed on internal systems.

AUTHOR OF REPORT

Name: Chris Forrester, Financial Services Manager
Email: chris.forrester@bromsgroveandredditch.gov.uk
Tel: (01527) 881207

The Annual Audit Letter for Redditch Borough Council

Year ended 31 March 2019

August 2019



Contents



Your key Grant Thornton
team members are:

Richard Percival
Engagement Lead

T: 0121 232 5434

E: richard.d.percival@uk.gt.com

Neil Preece
Manager

T: 0121 232 5292

E: neil.a.preece@uk.gt.com

Denise Mills
Audit Executive

T: 0121 232 5306

E: Denise.F.Mills@uk.gt.com

Section

	Page
1. Executive Summary	3
2. Statutory Recommendation	5
3. Audit of the Financial Statements	6
4. Value for Money conclusion	13

Appendices

A Reports issued and fees	20
---------------------------	----

Executive Summary

Purpose

Our Annual Audit Letter (Letter) summarises the key findings arising from the work that we have carried out at Redditch Borough Council (the Council) and its subsidiaries (the group) for the year ended 31 March 2019.

This Letter is intended to provide a commentary on the results of our work to the Council and group and external stakeholders, and to highlight issues that we wish to draw to the attention of the public. In preparing this Letter, we have followed the National Audit Office (NAO)'s Code of Audit Practice and Auditor Guidance Note (AGN) 07 – 'Auditor Reporting'. We reported the detailed findings from our audit work to the Council's Audit, Governance and Standards Committee as those charged with governance in our Audit Findings Report on 29 July.

Respective responsibilities

We have carried out our audit in accordance with the NAO's Code of Audit Practice, which reflects the requirements of the Local Audit and Accountability Act 2014 (the Act). Our key responsibilities are to:

- give an opinion on the Council and group's financial statements (section two)
- assess the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources (the value for money conclusion) (section three).

In our audit of the Council and group's financial statements, we comply with International Standards on Auditing (UK) (ISAs) and other guidance issued by the NAO.

Executive Summary

Our work

Materiality	We determined materiality for the audit of the Council's financial statements to be £1.3m, which equates to 2% of your prior year gross expenditure.
Financial Statements opinion	We gave an unqualified opinion on the Council and group's financial statements on 2 August 2019.
Whole of Government Accounts (WGA)	We completed work on the Council's consolidation return following guidance issued by the NAO. As the Council is below the threshold no work was required.
Use of statutory powers	Our powers and duties under the Act include making written recommendations to the Council under section 24 of the Act. The Council is required by the Act to hold a public meeting to consider such recommendations and publicly respond to them. We concluded that it was appropriate for us to use our powers to make a recommendation under section 24 of the Act due to the Council's current and forecast financial position. Section two details our recommendation, the reasons why we are making the recommendation and what the Council needs to do to respond to the recommendation.
Value for Money arrangements	We were not satisfied that the Council put in place proper arrangements to ensure economy, efficiency and effectiveness in its use of resources because of weaknesses in financial sustainability. We therefore issued an adverse value for money conclusion in our audit report to the Council 2 August 2019.
Certification of Grants	We also carry out work to certify the Council's Housing Benefit subsidy claim on behalf of the Department for Work and Pensions and Pooling of Housing Capital Receipts return on behalf of the Ministry of Housing, Communities and Local Government. Our work on these claims is not yet complete and will be finalised by the relevant deadline. We will report the results of this work to the Audit, Governance and Standards Committee separately.
Certificate	We certified that we have completed the audit of the financial statements of Redditch Borough Council in accordance with the requirements of the Code of Audit Practice on 2 August 2019.

Statutory recommendation

Our responsibilities

As well as our responsibilities to give an opinion on the financial statements and assess the arrangements for securing economy, efficiency and effectiveness in the Council's use of resources, we have additional powers and duties under the Act. These include powers to issue a public interest report, make written recommendations, apply to the Court for a declaration that an item of account is contrary to law, and to give electors the opportunity to raise questions about the Council's accounts and to raise objections received in relation to the accounts.

We concluded that it was appropriate for us to use our powers to make a recommendation under section 24 of the Act due to the Council's current and forecast financial position.

The following recommendation was made to the Council on the 30 July 2019.

Recommendation made under section 24 of the Local Audit and Accountability Act 2014

The Council needs to take urgent action to prevent both its General Fund and HRA balances being exhausted by the end of 2020/21. Failure to take effective action will put the Council at risk of breaching its statutory duty to set a balanced budget.

It must agree and implement an achievable financial strategy that ensures a sustainable level of General Fund and HRA balances is maintained in the medium term (at least the next three years up to and including 2021/22), taking into account the current uncertainties about future local authority funding.

This must include the following.

- A full assessment of the deliverability of the £1.13 million savings challenge for 2019/20 and the agreement and monitoring of actions by the Executive that either prevent or minimise the further use of both General Fund and HRA balances in 2019/20.
- A financial plan for 2020/21 that includes the identification of further deliverable savings and income generation schemes, cost base reductions and Council Tax increases that eliminates the planned £1.17 million use of General Fund balances and ensures there are no further calls on HRA balances. This will require Members to take difficult decisions about sustainable levels of service and increases in Council Tax.
- Agreement of a realistic financial plan for 2021/22 that has deliverable savings and seeks to ensure that there are no further planned uses of General Fund and HRA balances that would put them below a financial sustainable level.

Audit of the Financial Statements

Our audit approach

Materiality

In our audit of the Council and group's financial statements, we use the concept of materiality to determine the nature, timing and extent of our work, and in evaluating the results of our work. We define materiality as the size of the misstatement in the financial statements that would lead a reasonably knowledgeable person to change or influence their economic decisions.

We determined materiality for the audit of the Council and group financial statements to be £1.3m, which equates to 2% of your prior year gross expenditure. We used this benchmark as, in our view, users of the group and Council's financial statements are most interested in where the group and Council has spent its revenue in the year.

We also set a lower level of specific materiality of £100,000 for the disclosure note on senior manager's remuneration, in view of the sensitivity of this note to the reader of the accounts .

We set a lower threshold of £66,000, above which we reported errors to the Audit, Governance and Standards Committee in our Audit Findings Report.

The scope of our audit

Our audit involves obtaining sufficient evidence about the amounts and disclosures in the financial statements to give reasonable assurance that they are free from material misstatement, whether caused by fraud or error. This includes assessing whether:

- the accounting policies are appropriate, have been consistently applied and adequately disclosed;
- the significant accounting estimates made by management are reasonable; and
- the overall presentation of the financial statements gives a true and fair view.

We also read the remainder of the financial statements and the narrative report and annual governance statement to check they are consistent with our understanding of the Council and with the financial statements included in the Annual Report on which we gave our opinion.

We carry out our audit in accordance with ISAs (UK) and the NAO Code of Audit Practice. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach was based on a thorough understanding of the Council's business and is risk based.

We identified key risks and set out overleaf the work we performed in response to these risks and the results of this work.

Audit of the Financial Statements

Significant Audit Risks

These are the significant risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Valuation of land and buildings The Authority re-values its land and buildings on a rolling five-yearly basis. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions. Additionally, management will need to ensure the carrying value in the Authority and group financial statements is not materially different from the current value or the fair value (for surplus assets) at the financial statements date, where a rolling programme is used.</p> <p>We therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>As part of our audit work we:</p> <ul style="list-style-type: none"> evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work evaluated the competence, capabilities and objectivity of the valuation expert wrote to the valuer to confirm the basis on which the valuation was carried out challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding tested revaluations made during the year to see if they had been input correctly into the Authority's asset register evaluated the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end 	<p>We experienced significant difficulties in completing our work in this area. In particular:</p> <ul style="list-style-type: none"> It was unclear how in-year depreciation had been calculated. When challenged, officers did not understand the workings and it took some time to resolve. A number of properties that the Council asked the Valuer to revalue in year were missed, and Officers did not ensure these valuations were obtained. It transpired that these properties were included in both the General Fund and HRA asset register, and some were shown as being sold. Resolving this issue took a lot of auditor and officer time. We challenged officers and the valuer on the valuation of Council Dwellings. A full valuation is conducted every five years. In line with MHCLG guidance interim reviews are undertaken annually on a desktop basis to avoid major fluctuations between full valuations dates. We compared the values used during the interim review with similar properties recently sold on the open market to obtain assurance that the interim valuation process prevents material misstatement in the balance sheet. We identified three free to use car parks which were incorrectly valued using the Fair Value Existing Use basis. The valuation should have been based on Depreciated Replacement Cost as there is no income, and it is amenity land. <p>Our audit work did not identify any other issues in respect of valuation of land and buildings.</p>

Audit of the Financial Statements

Significant Audit Risks - continued

These are the significant risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Valuation of net pension liability The Council's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements. The pension fund net liability is considered a significant estimate due to the size of the numbers involved and the sensitivity of the estimate to changes in key assumptions.</p> <p>We therefore identified valuation of the Council's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>As part of our audit work we:</p> <ul style="list-style-type: none"> • updated our understanding of the processes and controls put in place by management to ensure that the Authority's pension fund net liability is not materially misstated and evaluate the design of the associated controls • evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work • assessed the competence, capabilities and objectivity of the actuary who carried out the Authority's pension fund valuation • assessed the accuracy and completeness of the information provided by the Authority to the actuary to estimate the liability • tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary • undertook procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report • obtained assurances from the auditor of Worcestershire Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements. 	<p>Our audit identified one issue in relation to accounting for the impact of the McCloud Court of Appeal judgement. This is considered under section "Significant findings – other issues" on page 10.</p> <p>Our audit work did not identify any other issues in respect of valuation of the valuation of the pension fund liability.</p>

Audit of the Financial Statements

Significant Audit Risks - continued

These are the significant risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Management override of internal controls</p> <p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities.</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>As part of our audit work we:</p> <ul style="list-style-type: none"> evaluated the design effectiveness of management controls over journals analysed the journals listing and determined the criteria for selecting high risk unusual journals tested unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration gained an understanding of the accounting estimates and critical judgements applied made by management and considered their reasonableness with regard to corroborative evidence evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions. 	<p>Obtaining a journals listing which was complete and reconciled back to the financial statements took longer than planned and required officers to run a number of different reports. Our audit work did not identify any issues in respect of management override of controls.</p>

Significant findings - other issues

This section provides commentary on new issues and risks which were identified during the course of the audit that were not previously communicated in the Audit Plan and a summary of any significant control deficiencies identified during the year.

Issue	Commentary	Auditor view
<p>Impact of the McCloud judgement</p> <p>The Court of Appeal ruled that there was age discrimination in the judges and firefighters pension schemes where transitional protections were given to scheme members.</p> <p>Our Grant Thornton view was that this gave rise to a past service cost and liability within the scope of IAS 19 as the ruling created a new obligation.</p> <p>The Government applied to the Supreme Court for leave to appeal this ruling, but this was rejected in late June 2019. The case will now be remitted back to employment tribunal for remedy.</p> <p>The legal ruling has implications for pension schemes where transitional arrangements have been implemented, including the Local Government Pension Scheme (LGPS).</p> <p>This was confirmed on 15 July 2019 in a statement released by The Chief Secretary to the Treasury. The quote below confirms that remedies will need to be applied to the LGPS and hence supports the Authority's stance in the recognition of increased liabilities:</p> <p><i>“As ‘transitional protection’ was offered to members of all the main public service pension schemes, the government believes that the difference in treatment will need to be remedied across all those schemes. This includes schemes for the NHS, civil service, local government, teachers, police, armed forces, judiciary and fire and rescue workers. Continuing to resist the full implications of the judgment in Court would only add to the uncertainty experienced by members.”</i></p>	<p>The decision as to the appropriate accounting treatment is one for the Council. At the Council's request the actuary re-ran the valuation report with their best estimate of the impact re-McCloud.</p> <p>We agreed with Officers that the financial statements would be amended to reflect the estimated decrease in the net deficit in the scheme for the Council from £73,337k to £72,930k. This is a function of an increase in the deficit due to the additional past service costs of £974k, and a decrease in the deficit of £1,381k due to the increase in asset values arising from better information since the earlier actuarial report.</p>	<p>We reviewed the analysis performed by the actuary, and considered that the approach that has been taken to arrive at this estimate is reasonable.</p> <p>Our audit procedures confirmed the relevant adjustments were made to the financial statements in regard to the LGPS.</p>

Audit of the Financial Statements

Audit opinion

We gave an unqualified opinion on the Council and group's financial statements on 2 August 2019.

Preparation of the financial statements

The Council presented us with draft financial statements in accordance with the national deadline. However, as reported last year, our audit identified a higher number of amendments than we would expect. Some of the working papers initially supplied did not provide the requisite assurance or could not be agreed to the financial statements. In many instances the initial response was inadequate and necessitated additional audit time in raising further questions. We discussed this with the Deputy and Executive Director, and the quality of responses improved towards the end of our audit.

As we reported last year, the Finance Team needs to ensure that next year enough time is allowed for a robust and thorough quality review of the accounts and working papers before they are presented for audit. The Finance Team also needs to quality review proposed responses to the audit team before they are sent to the audit team – a “right first time” approach.

Many of the changes we identified were repeated from last year. It is disappointing and time consuming to have to raise the same issues in successive years. The Finance Team needs to ensure that the template Statement of Accounts for 2019/20 start with the final audited 2018/19 Statement.

Issues arising from the audit of the financial statements

We reported the key issues from our audit to the Council's Audit Governance and Standards Committee on 29 July 2019.

The other key messages arising from our audit of the Council's financial statements are as follows.

- there was one unadjusted misstatement relating to depreciation on buildings;
- there was one adjustment to your primary statements, in relation to the McCloud case impacting on the Net Cost of Services and LGPS deficit;
- there was one adjustment to your primary statements, in relation to updated pension fund asset values impacting on the Net Cost of Services and LGPS deficit; and
- there were two adjustments arising from incorrect accounting for asset valuations.

As a result of the significant difficulties we faced, we have agreed with the Executive Director of Finance and the Council's Audit Governance and Standards Committee additional fees as below:

- the extra work required arising from the McCloud case (£2,000);
- the additional work required to form a conclusion on the valuation of council dwellings (£1,000);
- the additional work required to form a conclusion on the valuation of other land and buildings (£1,500); and
- the additional work required to resolve the very high number of questions we raised, inadequate explanations to our questions, and the number of amendments required to the Statement of Accounts (£4,500).

Audit of the Financial Statements

Annual Governance Statement and Narrative Report

We are required to review the Council's Annual Governance Statement and Narrative Report. It published them on its website in the Statement of Accounts in line with the national deadlines.

We requested:

- Enhancements to the Narrative Report, including to properly reflect the significant financial challenge the Council faces; and
- Changes to the Annual Governance Statement in order to comply with requirements and also to properly reflect the issues in the Housing Department (these were also reported last year).

After these amendments we were satisfied that both documents were prepared in line with the CIPFA Code and relevant supporting guidance. We confirmed that both documents were consistent with the financial statements prepared by the Council and with our knowledge of the Council.

Whole of Government Accounts (WGA)

We carried out work on the Council's Data Collection Tool in line with instructions provided by the NAO . We issued an assurance statement which confirmed the Council was below the audit threshold.

Other statutory powers

We also have additional powers and duties under the Act, including powers to issue a public interest report, make written recommendations, apply to the Court for a declaration that an item of account is contrary to law, and to give electors the opportunity to raise questions about the Council's accounts and to raise objections received in relation to the accounts.

As highlighted on page 4, we have concluded that it was appropriate for us to use our powers to make a recommendation under section 24 of the Act due to the Council's current and forecast financial position.

Certificate of closure of the audit

We certified that we have completed the audit of the financial statements of Redditch Borough Council in accordance with the requirements of the Code of Audit Practice of 2 August 2019.

Value for Money conclusion

Background

We carried out our review in accordance with the NAO Code of Audit Practice, following the guidance issued by the NAO in November 2017 which specified the criterion for auditors to evaluate:

In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.

Key findings

Our first step in carrying out our work was to perform a risk assessment and identify the risks where we concentrated our work.

The risks we identified and the work we performed are set out overleaf.

As part of our Audit Findings report agreed with the Council in July 2019, we agreed recommendations to address our findings.

As a result of the significant extra work required to reach a Value For Money Conclusion and issue a Statutory Recommendation we have agreed additional fees of £4,000 with the Executive Director of Finance and the Council's Audit Governance and Standards Committee.

Overall Value for Money conclusion

Due to the significance of the matters we identified in our work, we were not satisfied that the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2019.

Owing to weaknesses in financial sustainability we have issued an "Except for" Value for Money Conclusion in previous years. In 2017/18 we reported "the Council is not in a financially sustainable long term position, and does not have sufficiently developed plans to address this. If the current MTFP is delivered the Council will have insufficient balances to be able to support spending at the proposed level beyond 2020/21."

One year on and the Council finds itself in an even more challenging financial position. Short term decision making and an inability or unwillingness to take difficult decisions now means that the Council is likely to exhaust its available reserves by the end of March 2021, even if the extremely challenging savings targets are met in full.

In 2018/19 the Council had intended to use £85k of balances in year, but actually used £565k, an increase of £480k, in order to fund other pressures identified during the year. Savings of around £1.1m were delivered which included £700k as identified as part of the budget process and a further £400k towards the unidentified savings during the year. The General Fund balance has now decreased to £1,225k at 31 March 2019.

Value for Money conclusion

Value for Money Risks

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Financial sustainability</p> <p>How robust is the MTFP and how well developed are savings plans?</p> <p>We have previously identified that improvement is needed to planning finances effectively to support the sustainable delivery of strategic purposes and maintain statutory functions.</p> <p>1) We will review the February 2019 MTFP and select a number of new savings or income generation schemes to test.</p> <p>2) We will assess the progress being made to put the Council on a long term financially viable footing.</p> <p>3) We will monitor implementation of the Leisure LATC and the savings arising from it.</p> <p>4) We will review the impact of the Commercialisation Programme Board.</p> <p>5) We will monitor progress on the management restructure.</p>	<p>1) We tested a number of schemes, and found the majority of them to be based on reasonable assumptions. For example, a total of £120k additional income a year from the Lifeline contract with Cannock Chase District Council. Although at the time of our work the contract had not been signed. Also, £54k a year savings from a new printing contract.</p> <p>The robustness of unallocated savings of £181k a year is much less clear. This is comprised:</p> <ul style="list-style-type: none"> • £95k Part year potential management restructure • £25k Investment income • £61k transformational service redesign <p>The management restructure has been planned for several years, and progress has been slow. However, savings are being delivered from three vacant CMT posts and a part time interim arrangement in place for leisure services. Investment income and transformational service redesign savings are dependent on other factors - including purchasing property and service redesign. These savings are "at high risk" of delivery.</p> <p>2) There is little evidence of members taking difficult decisions to secure the long term financial sustainability of the Council. For example, the S.151 Officer planned a council tax increase of 2.99%, but an increase of 2.2% was approved by Council. The council tax setting report shows a base number of properties of 26,096. Reducing the council tax increase has saved each property less than £2 a year, but cost the council £200k over the four years of the MTFP. Further, there is little evidence of services being re-designed in a way that will address the financial pressures. From April 2021 the Council will, even if all of the forecast savings are achieved, be spending £30k a week more than it receives, with no balances left.</p>	<p>Auditor view</p> <p>The Council is rapidly approaching an extremely serious financial situation. Urgent action is needed to ensure that the Council lives within its financial means and is financially viable. As things stand it is highly likely that in 18 months the Council will have exhausted its balances and still be spending £30k a week more than it receives.</p> <p>Short term decision making and the failure to take difficult decisions has left the Council finances in a precarious state.</p> <p>While most of the schemes we looked at were soundly based and should achieve the income generation or savings anticipated, they are not sufficient to address the financial challenge. The Council's primary source of income is Council Tax and the Council needs to ensure that it raises sufficient revenues to sustain its financial viability.</p> <p>It is noted that officers are fully aware of this situation and have recommended numerous ways to address the situation – including recommending the maximum council tax increase for 2019/20. Members now need to address the situation with some urgency.</p>

Value for Money conclusion

Value for Money Risks

Risks identified in our audit plan	Findings and conclusions
<p>Financial sustainability</p> <p>How robust is the MTFP and how well developed are savings plans?</p> <p>We have previously identified that improvement is needed to planning finances effectively to support the sustainable delivery of strategic purposes and maintain statutory functions.</p> <p>1) We will review the February 2019 MTFP and select a number of new savings or income generation schemes to test.</p> <p>2) We will assess the progress being made to put the Council on a long term financially viable footing.</p> <p>3) We will monitor implementation of the Leisure LATC and the savings arising from it.</p> <p>4) We will review the impact of the Commercialisation Programme Board.</p> <p>5) We will monitor progress on the management restructure.</p>	<p>Management response</p> <p>Officers and Members are fully committed to ensuring that robust plans for making savings and increasing income are put in place.. Whilst significant savings have been made over the last 5 years and the commercialisation agenda has commenced, it is appreciated that urgent reviews of costs and income need to be undertaken to give assurance that clear options can be provided to ensure financial stability</p> <p>There are a number of actions that have been put in place to address the projected financial position including:</p> <ul style="list-style-type: none"> • Portfolio Holder and CMT workshop arranged to consider future direction (priorities and non-priorities) against the backdrop of the financial position to enable robust and deliverable saving proposals to be made • Present to members from September options for savings and additional income generation to be proposed for medium term financial plan • Delivery of financial strategy for October Executive to address concerns on financial sustainability • Detailed review of 2018/19 actual v 2019/20 budget to enable any additional budget allocated to be released for the period 2019/20-2021/23 • Immediate freeze on non essential spend to ensure the protection of the balances position for 2019/20 • Immediate recruitment freeze to all posts other than business critical posts. Consideration of all vacant posts by Head of Service and Strategic Lead to ensure any excess vacant posts are released for the period 2019/20-2021/23 • Review of costs associated with support services and robust estimates of savings realised from new systems and automation to be made • Full and detailed review of the Capital Programme to assess need of spend against projects and vehicles (including replacement period of vehicles) • Maximise asset sales to receive capital receipts where appropriate to balance revenue streams within the Council • Maximise rental income from assets • Consideration by budget scrutiny to enable challenge of savings proposed • Work with Grant Thornton and other Councils to identify best practice in the identification and monitoring of savings • Further review of use of agency staff to reduce spend

Value for Money conclusion

Value for Money Risks

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Financial sustainability</p> <p>How robust is the MTFP and how well developed are savings plans?</p> <p>We have previously identified that improvement is needed to planning finances effectively to support the sustainable delivery of strategic purposes and maintain statutory functions.</p> <p>1) We will review the February 2019 MTFP and select a number of new savings or income generation schemes to test.</p> <p>2) We will assess the progress being made to put the Council on a long term financially viable footing.</p> <p>3) We will monitor implementation of the Leisure LATC and the savings arising from it.</p> <p>4) We will review the impact of the Commercialisation Programme Board.</p> <p>5) We will monitor progress on the management restructure.</p>	<p>3) A permanent Managing Director, the former Head of Leisure Services, started in post on 18 February, and another Countryside Centre has moved into Rubicon Leisure.</p> <p>Evidence presented to us indicates that savings of £346k will be achieved directly by the outsourcing, which is as expected.</p> <p>4) Review of the Commercialisation Programme Board minutes shows that the core membership is all of the senior officers we would expect, plus a few others, with particular officers brought in when their areas are being discussed. The meetings cover a range of topics, including investment in commercial premises, possible new crematorium, fees & charges, working with other councils.</p> <p>The Board has recognised that, in some areas, for example marketing, external support may be required.</p> <p>Currently, there is little in the way of tangible outputs or changes arising from the work of the Board.</p> <p>5) The Management Restructure is still in progress. One Head of Service has moved to Rubicon and two have left the Council.</p>	<p>Auditor view</p> <p>Rubicon is expected to deliver the savings forecast, but the Commercialisation Programme Board has so far had very little impact. Progress on the Management Restructure has been delayed due to a number of HR related issues which have now been resolved. Implementation now needs to be completed as a matter of urgency.</p>

Value for Money conclusion

Value for Money Risks

Risks identified in our audit plan	Findings and conclusions
<p>Financial sustainability</p> <p>How robust is the MTFP and how well developed are savings plans?</p> <p>We have previously identified that improvement is needed to planning finances effectively to support the sustainable delivery of strategic purposes and maintain statutory functions.</p> <p>1) We will review the February 2019 MTFP and select a number of new savings or income generation schemes to test.</p> <p>2) We will assess the progress being made to put the Council on a long term financially viable footing.</p> <p>3) We will monitor implementation of the Leisure LATC and the savings arising from it.</p> <p>4) We will review the impact of the Commercialisation Programme Board.</p> <p>5) We will monitor progress on the management restructure.</p>	<p>Management response</p> <p>The commercialisation programme board has only been in place for just over 18 months and it is clear that significant commercial opportunities have a longer lead in period to deliver savings. The Board has considered a number of key areas to include:</p> <ul style="list-style-type: none"> • Income – full review of fees and charges to include cost recovery and how chargeable service meets the strategic priorities of the Council. This has led to better information in relation to setting of fees and charges to both budget scrutiny and Council • Assets & Investments – considered a number of investment opportunities including one that has recently secured a successful bid (subject to member decision and due diligence). In addition the Board has considered the development on housing land and the sale of land should this be of best value for the Council • Contracts – consideration of training to improve efficiency of managers letting contracts which in turn leads to further savings. Agreement on changes to the use of agency staff to reduce costs and to protect staff employed by the Council • Savings achieved through improved procurement and better contracts • Improving the branding and marketing of Council income opportunities • Consideration of further solar panel installations on council buildings to generate income • Procured support via the LGA Productivity Expert Programme • Procured Aylesbury Vale DC to carry out commercialism training with all managers • Procured external support to look at business opportunities in Our Bereavement Services including Redditch Crematorium • Successfully bid to deliver lifeline and out of hours service for another Local Authority • Procured external commercialism support on a 1 plus 1 contract which will start in August 2019

Value for Money conclusion

Value for Money Risks

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Procurement and contract management in the housing department</p> <p>Are planned changes to the housing department being made?</p> <p>1) We will review progress against the Strategic Improvement / Action Plan.</p> <p>2) We will review progress to deliver savings and ensure the HRA is not reporting a deficit each year.</p>	<p>The Council is making adequate progress in turning around the housing department.</p> <p>1) The HRA Progress report was presented to Executive in February 2019. It sets out the significant improvement in reducing the number of void properties, and provides an update on progress against the action plan. A Stock Condition survey is in progress in order to allow a fully developed capital programme to be developed.</p> <p>The Council has identified 10 surplus sites, and work is beginning on obtaining planning permission for two of these for new homes.</p> <p>Internal service staffing structures have been developed and are being costed.</p> <p>2) The HRA balance is now approaching the £600k minimum level having decreased from £1,475k at 31 March 2018 to £770k at 31 March 2019. The budget set for 2019/20 anticipates the use of £400k reserves in order to achieve balance. This will reduce the HRA balance to £370k – well below the minimum amount the Council has set. From 2020/21 rent will start increasing again at CPI plus 1% which will help bring the account back into balance without the reliance on the use of balances.</p> <p>Progress is being made to turn void properties around sooner.</p>	<p>Auditor view</p> <p>The Council has made reasonable progress in addressing the challenges presented by the housing department. The sheer scale of those challenges means that it will take time for the reforms and improvements to embed and have an impact.</p> <p>HRA balances are now very low, and anticipated to fall below the Council's own recommended minimum balance by 31 March 2020. There is a low level of financial resilience in the HRA in the short-term. The Council needs to manage HRA budgets effectively to ensure the minimum level of balances is maintained.</p>

Value for Money conclusion

Value for Money Risks

Risks identified in our audit plan	Findings and conclusions
<p>Procurement and contract management in the housing department</p> <p>Are planned changes to the housing department being made?</p> <p>1) We will review progress against the Strategic Improvement / Action Plan.</p> <p>2) We will review progress to deliver savings and ensure the HRA is not reporting a deficit each year.</p>	<p>Management response</p> <p>The Council is committed to ensuring that the HRA is financially resilient to address the costs that have been associated with the many challenges the service has been addressing over the last few years. The Housing Strategic Improvement / Action Plan was originally endorsed by Members in September 2018 and included a number of actions aimed at addressing the financial position of the HRA. The current position on the actions includes:</p> <ul style="list-style-type: none"> • All budgets are reviewed on a monthly basis with the departmental management team to ensure that overspends are captured quickly and actions put in place to address • The senior service structures have been completed to enable a robust structure for the future delivery of the services • A short to medium term budget has been created incorporating feedback from CMT, removing budgets no longer required. Agreement by Executive to charge affordable rents on acquisition and new build given the primary focus is revenue. The capital programme has been scaled back pending outcomes from the stock condition survey. Future modelling around repairs & maintenance will also then be undertaken • Officers reviewing & updating recharges and tenant service charges to ensure income is generated where relevant and appropriate • A full review of the repairs and maintenance service is scheduled to look at how the efficiency of the in house work force can be improved alongside the use of contractors therefore reducing overall spend significantly • A new Housing Management System is being procured that will in the longer term achieve efficiency savings • Maximise asset sales to receive capital receipts where appropriate to balance revenue streams within the Council • A refresh of the 30 year HRA Business Plan

A. Reports issued and fees

We confirm below our final reports issued and fees charged for the audit and provision of non-audit services.

Reports issued

Report	Date issued
Audit Plan	January 2019
Audit Findings Report	July 2019
Annual Audit Letter	August 2019

Audit fee variation

As outlined in our audit plan, the 2018-19 scale fee published by PSAA of £44,629 assumes that the scope of the audit does not significantly change. There are a number of areas where the scope of the audit has changed, which has led to additional work. These are set out in the attached table.

Fee variations are subject to PSAA approval.

Fees

	Planned £	Actual £	2017/18 £
Statutory audit	44,629	57,629	62,460
Total fees	44,629	57,629	62,460

Audit fee variation

Area	Reason	Fee £
Assessing the impact of the McCloud ruling	The Government's transitional arrangements for pensions were ruled discriminatory by the Court of Appeal last December. The Supreme Court refused the Government's application for permission to appeal this ruling. As part of our audit we have reviewed the revised actuarial assessment of the impact on the financial statements along with any audit reporting requirements.	2,000
PPE Valuation – work of experts	The Financial Reporting Council has highlighted that auditors need to improve the quality of work on PPE valuations across the sector. We have increased the volume and scope of our audit work to reflect this.	2,500
Value for Money and Statutory Recommendation	Reaching a Value for Money Conclusion and then issuing a Statutory Recommendation has resulted in significant additional work.	4,000
Financial Statements audit challenges	As set out in our Audit Findings Report and this Annual Audit Letter, we have incurred significant additional work in resolving the very high number of questions we raised, inadequate explanations to our questions, and the number of amendments required to the Statement of Accounts	4,500
Total		13,000

A. Reports issued and fees (continued)

Fees for non-audit services

Service	Fees £
Audit related services	
- Certification of Housing capital receipts grant	2,250
- Certification of 2018/19 Housing Benefit subsidy claim	24,000
Non-Audit related services	
- None	Nil
Total non audit fees (excluding VAT)	26,250

Non-audit services

- For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council. The table above summarises all non-audit services which were identified.
- We have considered whether non-audit services might be perceived as a threat to our independence as the Council's auditor and have ensured that appropriate safeguards are put in place.



© 2019 Grant Thornton UK LLP. All rights reserved.

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires.

Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

REDDITCH BOROUGH COUNCIL**Audit, Standards and Governance Committee**31st October 2019**BENEFITS AND COMPLIANCE UPDATE – 2018/19**

Relevant Portfolio Holder	
Portfolio Holder Consulted	Yes
Relevant Head of Service	Jayne Pickering, Executive Director Finance and Resources
Wards Affected	All Wards
Ward Councillor Consulted	N/A

1. SUMMARY OF PROPOSALS

This report provides an update on the work of the council's compliance team which was created following the transfer of Housing Benefit (HB) Investigations to the Department of Work and Pensions (DWP) Single Fraud Investigation Service in February 2016.

2. RECOMMENDATIONS

The Committee is asked to RESOLVE that subject to any comments, the report be noted.

3. KEY ISSUES**Financial Implications**

3.1 In February 2016 responsibility for HB fraud investigations transferred to DWP. Following the transfer of responsibility to DWP some duties carried out by the existing Investigations Officers remained with the authority. These duties included:

- Investigation of Council Tax Support claims
- Verification of HB claims
- Processing of Housing Benefit Matching Service (HBMS) referrals
- National Fraud Initiative (NFI) data matching
- Police requests for information / liaison
- Support to DWP in respect of Housing Benefit fraud cases.

3.2 The authority has maintained a compliance team to enable the remaining duties to be performed. The role of the compliance team has developed to include; verification of on-going entitlement to Council Tax discounts, exemptions and reductions; and the use of data and intelligence to identify missing and undervalued business premises.

REDDITCH BOROUGH COUNCIL**Audit, Standards and Governance Committee**31st October 2019

- 3.3 The compliance team's role is to maximise revenues to the authority by identifying fraud and error, and maximising the Council Tax and Non-Domestic Rate tax-base. The team is intended to be self-funding with income generated exceeding the salary costs of the service. The direct cost of the team to Redditch Borough Council for the year ending 31st March 2019 was £78,255
- 3.4 The table at 3.6 details the income generated by the work carried out by the compliance team in the year ended 31st March 2019:

3.5

Work Stream	Additional Income (£000's)
Council Tax un-banded properties	20
HBMS Referrals HB Overpayments	66
HMBS Referrals CTS Overpayments	13
NFI Referrals	8
Non-Domestic Rate unrated and underrated property	409
Verification of Earnings and Pensions (VEPs)	174
Total	690

- 3.6 The total income comprises additional Council Tax, Non-Domestic rates, and Invoiced Housing Benefit overpayments.
- 3.7 The Council Tax income is shared across preceptors within the Worcestershire Area, approximately 13% of the additional income is retained by Redditch Borough Council.
- 3.8 Non-Domestic Rates income is shared between Local and Central Government.
- 3.9 HBMS and NFI referrals result in additional Council Tax being debited, and the creation of Housing Benefit overpayments. Council Tax is retained as detailed at 3.8. Housing Benefit Subsidy allows the council to claim an additional 40% or 100% on Housing Benefit overpayments collected meaning income of £1.40 or £2 is generated for the authority per pound of recovered overpayment.
- 3.10 Council Tax exemption compliance, whilst not completed in 2019, has been historically been carried out through targeted reviews of cases where customers have failed to disclose changes to their entitlement to Council Tax exemptions or discount.

REDDITCH BOROUGH COUNCIL**Audit, Standards and Governance Committee**31st October 2019

- 3.11 Customers have a legal duty to inform the authority that they are no longer entitled to exemption. Customers must provide this notification within 21 days of the entitlement to exemption ending, where they fail to do so the council may impose an administration penalty of £70.00. The administration penalties are retained by the billing authority.
- 3.12 A review of Council Tax Discounts undertaken by The Audit Commission estimated that in 4% of cases there is no entitlement to discount. Presently 12,971 dwellings within Redditch are subject to a Council Tax discount, reduction or exemption.
- 3.13 A targeted review of discounts, reductions and exemptions with the imposition of financial penalties in appropriate cases has the potential to realise income to the council of up to £36,330.

Legal Implications

- 3.14 There are no specific legal implications.

Service/Operational Implications

- 3.15 The work of the compliance team is supported through the effective use of internal data and data supplied by DWP; during 2018/19 work relating to compliance has been completed in the following areas.

Non-Domestic Rates

The compliance team pro-actively search for business premises which are unreported or undervalued. This work is carried out through the examination of internal and external data sets, including cross referencing NDR database with Local Land and Property Gazeteer, examining current and historic planning applications, and proactively analysing external data sources to identify missing business premises. The work carried out during 2018/19 resulted in additional NDR liabilities of £409,629

Council Tax missing properties

Council Tax property records are cross referenced to the Local Land and Property Gazeteer, Internal Planning and Building Control data, and Environmental Services records to identify missing or newly completed domestic premises. 80 dwellings were identified from the work completed by the compliance team in 2018/19

Audit, Standards and Governance Committee31st October 2019HBMS/VEPs

Data is provided by DWP which indicates that the information used for the assessment of Housing Benefit has changed, or was inaccurate when a claim was made. This information is compared to the information held within Housing Benefit and where permitted Council Tax reduction claims and entitlement is adjusted.

Customer / Equalities and Diversity Implications

- 3.17 Identification of overpayments, or incorrectly claimed discounts and exemptions and the subsequent work to recover these debts can result in financial hardship; therefore consideration is given to a customer's financial position when considering how to recover monies owed to the authority.
- 3.18 When action to recover a debt is required consideration will be made as to whether additional support, such as money management advice, is required and a referral to appropriate advisors will be made.

4. RISK MANAGEMENT

The work of the compliance team is to reduce the risk of lost income to the authority. The results show that this work is both necessary and financially rewarding.

5. APPENDICES

None

6. BACKGROUND PAPERS

None

AUTHOR OF REPORT

Name: David Riley

E Mail: david.riley@bromsgroveandredditch.gov.uk

Tel: (01527) 548418

REDDITCH BOROUGH COUNCILAUDIT, GOVERNANCE AND STANDARDS COMMITTEE 31st OCTOBER 2019CORPORATE GOVERNANCE - RISK MANAGEMENT REVIEW

Relevant Portfolio Holder	Councillor David Thain
Portfolio Holder Consulted	No
Relevant Head of Service	Jayne Pickering – Executive Director Finance and Resources
Ward(s) Affected	All Wards
Ward Councillor(s) Consulted	No

1. SUMMARY OF PROPOSALS

- 1.1 For Members to consider the recommendations from Zurich Municipal in relation to the recent risk management review and to note the actions in place to strengthen current arrangements

2. RECOMMENDATIONS

- 2.1 **The Committee is asked to RESOLVE that the report be noted.**

3. KEY ISSUES**Financial Implications**

- 3.1 Whilst there are no direct financial implications of implementing the recommendations from the review it is important to note that by having a robust and consistent risk management regime the financial implications of any issues that may arise from the impact of a risk is mitigated by the controls in place.

Legal Implications

- 3.2 The Council operates within a number of statutory Governance regulations and has obligations to deliver services within a compliant framework. The management of risk ensures that the Council works within a legal environment when supporting its residents.

Service / Operational Implications

- 3.3 Risk Management is a vital part of the controls in place within the Council to ensure that services are being delivered in a compliant and quality way to our residents. The identification and management of risks is key to the stability of our operational and financial structure. Effective risk management should be undertaken on a regular basis as shown below:

AUDIT, GOVERNANCE AND STANDARDS COMMITTEE 31st OCTOBER 2019

As part of the contract we hold with Zurich Municipal in relation to our insurance arrangements we also have support in managing risks and developing a robust framework of procedures and processes to identify and mitigate risk.

- 3.4 Following a recent Internal Audit which identified improvements that could be put in place a review was requested and undertaken by Zurich to enable officers to further understand how the current arrangements can be improved and strengthened.
- 3.5 The review considered the following areas:

Risk Culture & Leadership

Exploring the attitude that Senior Officers and Members take towards the role and priority of risk management

Risk Appetite & Strategy

Reviewing the extent to which the policies for risk management support the organisation and how the appetite for risk is considered and utilised

Governance

Establishing how assurance is provided to stakeholders, the effectiveness of reporting arrangements and how risk is managed within departmental areas.

Methodology

Assessing whether effective risk processes and tools are in place in order to support the organisation

People & Training

Evaluating the level of risk management skills, knowledge and capacity across the organisation

Projects, Partnerships & Supply Chain

Determining whether there are effective arrangements for managing risks within projects and with partners and suppliers

In considering the areas above a judgement was made as to the current position of the Council in relation to the maturity of risk management across the areas above. In all but

REDDITCH BOROUGH COUNCIL**AUDIT, GOVERNANCE AND STANDARDS COMMITTEE 31st OCTOBER 2019**

People and Training the risk management approach was seen to be “in development” with training being more inconsistent and fragmented so clearly an action that requires more structure and support.

- 3.6 The review found that there is evidence that the Council takes the management of risk to its objectives seriously and some key stakeholders recognise the value that the risk management framework brings to the organisation. Focus is given to understanding the key strategic risks facing the Council’s and there is also evidence that areas of the organisation are doing a considerable amount of work on an ongoing basis.
- 3.7 However, the review found that there is not a consistent approach to robust risk management processes. This has the potential to impact on the performance of service delivery, may result in key risks to the organisation not being identified or managed sufficiently and could result in a loss of stakeholder confidence should risks materialise which haven’t been identified or mitigated appropriately.
- 3.8 Despite this there is evidence that improvements are relatively easy to implement and Zurich recognised that there is a momentum for change which they found encouraging.
- 3.9 Three priority areas were identified as outlined below which are underpinned by several separate actions which will embed a robust risk management process.
- Improve the link between performance and risk by developing the role of the Executive and Portfolio Holders within the Risk Management framework to include consideration of, and input into, Strategic and Service Level Risk whilst being conscious of releasing such information into the public domain.
 - Provide greater direct support to Departmental management teams to build a robust risk profile and support the embedding of effective risk management practices.
 - Improve the level of risk management capability and awareness across Member and Officer groups, tailored to needs. Possibly supported by the establishment of a Risk Management Group

Next Steps

- 3.10 A session with the Corporate Management team has been undertaken recently to go through the recommendations and a further session has been set up to understand risk appetite. The risk management group has been re-established and an action plan to address the recommendations is being developed and will be presented to future meetings. Training has been agreed with Zurich and will be rolled out to managers and risk champions over the next year.

AUDIT, GOVERNANCE AND STANDARDS COMMITTEE 31st OCTOBER 2019**Customer / Equalities and Diversity Implications**

- 3.11 By promoting good governance the Council ensures that all of its residents and communities have a consistent standard of service and opportunities.

4. RISK MANAGEMENT

- 4.1 Effective Risk Management provides a framework for risks to be addressed and mitigated in relation to the delivery of the Councils Strategic Purposes. The action plan to improve risk management will be presented to future meetings of this committee.

5. APPENDICES

None

6. BACKGROUND PAPERS

Departmental risk registers.

AUTHOR OF REPORT

Name: Jayne Pickering
E Mail: j.pickering@bromsgroveandredditch.gov.uk
Tel: 01527-881207

AUDIT, GOVERNANCE AND STANDARDS COMMITTEE

31ST OCTOBER 2019

SECTION 24 UPDATE

Relevant Portfolio Holder	Councillor David Thain, Portfolio Holder for Corporate Management
Portfolio Holder Consulted	Yes
Relevant Head of Service	Jayne Pickering, Executive Director Finance and Resources
Wards Affected	All Wards

1. SUMMARY OF PROPOSALS

This report details the actions in relation to the Section 24 Notice as approved by Committee on 26th September 2019.

2. RECOMMENDATIONS

The Committee is asked to RESOLVE that the report be noted.

3. KEY ISSUES

- 3.1 As Members are aware, in July 2019, Grant Thornton, the Councils External Auditor issued a number of Statutory Recommendations under Section 24 of the Local Audit and Accountability Act 2014. These recommendations are included in this report at 3.5, 3.6 and 3.7.
- 3.2 The responses to the Section 24 notice were approved by this Committee on 26th September and members requested regular updates in relation to the actions undertaken.
- 3.3 Officers continue to work through the financial management and position of the Council to enable a balanced financial position to be presented to Council in February 2020.
- 3.4 The formal Section 24 recommendations are detailed below with an update from officers as to the actions undertaken to date:
- 3.5 **Recommendation 1 (from Grant Thornton S24 Notice)**

A full assessment of the deliverability of the £1.13 million savings challenge for 2019/20 and the agreement and monitoring of actions by the Executive that either prevent or minimise the further use of both General Fund and HRA balances in 2019/20.

AUDIT, GOVERNANCE AND STANDARDS COMMITTEE

31ST OCTOBER 2019

3.5.1 Redditch Borough Council Actions & Update:

- All savings are monitored on a monthly basis with Heads of Service and budget holders during finance meetings with individual finance representatives
- Quarterly reports to Executive and Audit, Governance and Standards Committee are presented to include detailed savings schedules showing delivery of savings or areas of concern where additional income or cost reductions are not being achieved. Action plans to be in place from Quarter 2 2019/20 to identify how any shortfalls will be met
- Quarterly identification of further additional income and savings detailed on separate schedule to ensure vacancy management savings and non allocated savings of £181k are being met
- Budgets to be adjusted to draw down additional savings to increase general fund balances where appropriate
- HRA – plans in place to mitigate spend on Repairs and Maintenance to ensure savings made to protect HRA balances
- Vacancy and non essential spend freeze in place with the aim to delivery additional savings to support the balances position for both HRA and General Fund
- Override on budgets no longer available and list of orders considered by the HOS on a monthly basis

3.5.2 Update to October 2019:

Quarter 2 budget monitoring reports for General Fund revenue and capital and HRA are currently being prepared and officers have reviewed the expenditure and income levels to manage the budget and deliver savings to maintain and improve the balances position. Whilst the final position is not finalised it is anticipated that savings and additional income have been realised and the unidentified savings of £181k will be met by the end of 2019/20.

3.6 Recommendation 2 (from Grant Thornton S24 Notice)

A financial plan for 2020/21 that includes the identification of further deliverable savings and income generation schemes, cost base reductions and Council Tax increases that eliminates the planned £1.17 million use of General Fund balances and ensures there are no further calls on HRA balances. This will require Members to take difficult decisions about sustainable levels of service and increases in Council Tax.

AUDIT, GOVERNANCE AND STANDARDS COMMITTEE

31ST OCTOBER 2019

3.6.1 Redditch Borough Council Actions & Update :

For future years the Council will adopt a financial framework and strategy that focuses on the following aims:

- To ensure resources are directed to the council's strategic purposes and priorities
- To set financially sustainable budgets over the 4 year period for General Fund and HRA
- To increase balances to £1.5m in the General Revenue Fund and £1m in the HRA
- To maximise income opportunities whilst supporting the vulnerable
- Identify and disinvest in non priority areas
- To ensure all savings are achievable and developed with robust data
- To reduce overheads & direct costs over the 4 year period
- To maximise use of assets and disinvest surplus or non performing assets
- To further develop the commercial culture within the Council
- To consider and adapt to the uncertain future financial climate
- To work with the public, members and staff to engage and inform partners on the impact of the financial pressures of the Council

3.6.2 Actions agreed to meet budget shortfalls

- Portfolio Holder and CMT workshop arranged to consider future direction (priorities and non-priorities) against the backdrop of the financial position to enable robust and deliverable saving proposals to be made
- Present to members from September onwards options for savings and additional income generation to be proposed for medium term financial plan
- Delivery of financial strategy for October Executive to address concerns on financial sustainability
- Detailed review of 2018/19 actual v 2019/20 budget to enable any additional budget allocated to be released for the period 2019/20-2021/23

AUDIT, GOVERNANCE AND STANDARDS COMMITTEE

31ST OCTOBER 2019

- Consideration of all vacant posts by Head of Service and Strategic Lead to ensure any excess vacant posts are released for the period 2019/20-2021/23
- Review of costs associated with support services and robust estimates of savings realised from new systems and automation to be made
- Full and detailed review of the Capital Programme to assess need of spend against projects and vehicles (including replacement period of vehicles).
- Robust business cases to be presented where additional spend is required to meet strategic priorities
- Maximise asset sales to receive capital receipts where appropriate to balance revenue streams within the Council.
- Maximise rental income from assets
- Consideration by budget scrutiny to enable challenge of savings proposed
- Work with Grant Thornton and other Councils to identify best practice in the identification and monitoring of savings
- Further review of use of agency staff to reduce spend
- Staff briefings in September to explain the current financial issues
- Consideration of further efficiencies that can be achieved by digitisation / automation of services
- Realistic assessment of income that can be achieved by more commercial activity

3.6.3 Update to October 2019

- Executive considered and agreed the overarching framework to enable the budget to be developed to ensure financial sustainability to be delivered over the medium term financial plan.
- Officers identified reserves that can be released to support the financial position (appreciating one year benefit)

AUDIT, GOVERNANCE AND STANDARDS COMMITTEE

31ST OCTOBER 2019

- Fees and charges for 2020/21 being prepared for consideration by members in December. To include a review of potential commercial opportunities that may be available and in consideration of fee levels for services provided
- Full review of the Capital Programme has been undertaken to reduce impact of borrowing on the general fund and HRA
- Full review of staffing establishment by management team in early November to consider vacant posts for deletion
- Projections of savings to be realised from new system to be made for 2021/22 onwards

3.7 Recommendation 3 (from Grant Thornton S24 Notice)

Agreement of a realistic financial plan for 2021/22 that has deliverable savings and seeks to ensure that there are no further planned uses of General Fund and HRA balances that would put them below a financial sustainable level.

3.7.1 Redditch Borough Council Actions & Update:

- The current level of savings or additional income are most significant in 2020/21 at £1.2m, this rises to £1.5m over the following 3 year period as currently defined in the Medium Term Financial Plan.
- As detailed above one of the aims of the financial strategy is to have a balanced position for the 4 year period when the budget is agreed for 2020/21. Therefore the updates as detailed in Recommendation 2 will cover the 4 year period to enable the delivery of a financially sustainable plan and mitigate the risk of any further reduction in General Fund or HRA balances.

4 Financial Implications

- 4.1 As detailed above the financial position of the Council needs urgent review and consideration in order to meet the projected future budget shortfall.

5 Legal Implications

- 5.1 Following the Audit for 2018/19 Grant Thornton have issued the Council with a Statutory recommendation made under section 24 of the Local Audit and Accountability Act 2014. Grant Thornton has powers and duties under this Act to include making written recommendations to the Council and the Council is required by the Act to hold a public meeting to consider such recommendations and publicly respond to them.

**AUDIT, GOVERNANCE AND STANDARDS
COMMITTEE**31ST OCTOBER 2019

6 Service/Operational Implications

- 6.1 The future financial position of the Council and the ongoing uncertainties for Local Government funding will require significant savings and additional income. It is clear that there will have to be changes to service delivery to meet the required level of savings and officers will be working with members to ensure any impact on service delivery is considered in full with all impacts understood.

7 Customer / Equalities and Diversity Implications

- 7.1 Should any service delivery be revised or reduced then full impact assessments will be undertaken to ensure the impact on members of our community is understood and assessed.

8 RISK MANAGEMENT

- 8.1 The Section 24 recommendation will be included on the Corporate Risk Register to ensure it is given the highest priority for resolve over the next few months.
- 8.2 The financial sustainability of the Council is a risk that will be managed and reported to members on a regular basis.

9 APPENDICES

None

10 BACKGROUND PAPERS

None

AUTHOR OF REPORT

Name: Jayne Pickering
E Mail: j.pickering@bromsgroveandredditch.gov.uk
Tel: 01527 881207

REDDITCH BOROUGH COUNCILAUDIT GOVERNANCE AND STANDARDS COMMITTEE 31st October 2019APRIL – JUNE 2019/20 FINANCIAL SAVINGS MONITORING REPORT

Relevant Portfolio Holder	Councillor David Thain
Portfolio Holder Consulted	-
Relevant Head of Service	Jayne Pickering – Exec Director Finance and Resources
Ward(s) Affected	All Wards
Ward Councillor(s) Consulted	No
Key Decision / Non-Key Decision	Non–Key Decision

1. SUMMARY OF PROPOSALS

To report to the Committee the monitoring of the savings for April – June 2019/20 against those identified in the medium term financial plan (MTFP)

2. RECOMMENDATIONS

- 2.1 That the Committee note the final financial position for savings as presented in the report and at Appendix 1.

3. KEY ISSUES

- 3.1 This report provides a statement to show the savings for April – June 2019/20 as detailed in the MTFP and approved by Council in February 2019.
- 3.2 The External Auditors, Grant Thornton, made a recommendation within their Section 24 Notice in relation to the monitoring of savings for 2019/20.
- 3.3 The recommendation stated that :
- A full assessment of the deliverability of the £1.13 million savings challenge for 2019/20 and the agreement and monitoring of actions by the Executive that either prevent or minimise the further use of both General Fund and HRA balances in 2019/20.
- 3.4 **Actions to meet the recommendation include:**
- All savings are monitored on a monthly basis with Heads of Service and budget holders during finance meetings with individual finance representatives
 - Quarterly reports to Executive and Audit and Governance Committee are presented to include detailed savings schedules showing delivery of savings

REDDITCH BOROUGH COUNCIL**AUDIT GOVERNANCE AND STANDARDS COMMITTEE 31st October 2019**

or areas of concern where additional income or cost reductions are not being achieved. Action plans to be in place from Quarter 2 2019/20 to identify how any shortfalls will be met

- Quarterly identification of further additional income and savings detailed on separate schedule to ensure vacancy management savings and non allocated savings of £181k are being met
- Budgets to be adjusted to draw down additional savings to increase general fund balances where appropriate
- HRA – plans in place to mitigate spend on Repairs and Maintenance to ensure savings made to protect HRA balances
- Vacancy and non essential spend freeze in place with the aim to delivery additional savings to support the balances position for both HRA and General Fund
- Override on budgets no longer available and list of orders considered by the HOS on a monthly basis

As members may be aware during the budget process, heads of service propose savings that are to be delivered during future financial years. The budget allocation is then reduced to reflect the proposed saving and officers meet on a monthly basis to ensure that all estimated reductions to budget are being delivered.

- 3.6 The medium term financial plan included £1,127k of savings identified to be delivered during 2019/20 the breakdown of these savings is attached at appendix 1. £206k of these identified savings is in relation to a vacancy factor and £181k saving is in relation to transformational redesign.

To quarter 1 £297k savings and additional income have been realised against the budgeted April to June savings of £282k. It is further anticipated that the actions above will deliver additional savings and income to improve the balances position for the year.

Officers are working through the vacancy savings and the transformational savings to enable these to be shown from quarter 2 in addition to any further savings that can be delivered.

3.7 **Legal Implications**

None as a direct result of this report.

3.8 **Service/Operational Implications**

Timely and accurate financial monitoring ensures that services can be delivered as agreed within the financial budgets of the Council

4. **Customer / Equalities and Diversity Implications**

REDDITCH BOROUGH COUNCIL**AUDIT GOVERNANCE AND STANDARDS COMMITTEE 31st October 2019**

None, as a direct result of this report.

5. RISK MANAGEMENT

Effective financial management is included in the Corporate Risk Register.

6. APPENDICES

Appendix 1 – Saving monitoring April – June 2019/20

7. BACKGROUND PAPERS

Available from Financial Services

AUTHOR OF REPORT

Name: Jayne Pickering – Executive Director Finance and Resources
Email: j.pickering@bromsgroveandredditch.gov.uk
Tel: (01527) 881400

This page is intentionally left blank

Department	Strategic Purpose	Description of saving	2019-20 £'000	April - June 2019/20 £'000	Quarter 1			
					On target Y/N	Additional (add to to in yr savings) £'000	below target Y/N	Pressure £'000
Community Services	Help me live my life independently	Lifeline - Additional Income from Cannock Chase contract	-90	-23	Y			
Community Services	Help me live my life independently	Lifeline - Additional Income from Cannock Chase contract - SI A	-30	-8	Y			
Community Services	Help me live my life independently	Reduction in budget following changes to the Grants to Voluntary Bodies scheme	-20	-5	Y			
Corporate Services	Enabling	Print contract	-54	-14	Y	-10		
Corporate Services	Enabling	Savings realised on supplies and services	-2	-1	Y			
Corporate Services	Enabling	Savings realised on supplies and services	-1	0	Y			
Corporate Services	Enabling	Savings realised on supplies and services	-1	0	Y			
Corporate Services	Enabling	10 year pension liability from 2008 restructure	-84	-21	Y			
Corporate Services	Enabling	Vacancy management	-206	-52	N		Y	17
Corporate Services	Enabling	Transformational service redesign	-181	-45	Y	-32		
Customer Access & Financial Support	Enabling	NNDR budget	-13	-3	Y			
Customer Access & Financial Support	Help me be financially independent	Benefits - HRA Recharge for service	-40	-10	Y			
Customer Access & Financial Support	Help me run a successful business	Property - Additional rental income	-58	-15	Y			
Customer Access & Financial Support	Help me be financially independent	Audit budgets	-4	-1	Y			
Customer Access & Financial Support	Help me be financially independent	Audit budgets	-3	-1	Y			
Customer Access & Financial Support	Help me be financially independent	Audit budgets	-14	-4	Y			
Environmental Services	Keep my place safe and looking good	Additional Income from increased cremation fees	-32	-8	N		Y	10
Environmental Services	Keep my place safe and looking good	Budgets not required	-10	-3	Y			
Legal and Democratic	Help me find somewhere to live in my locality	Land charges	-1	0	Y			
Legal and Democratic	Enabling	Additional Income	-5	-1	Y			
Leisure and Cultural Services	enabling	Reduction in forecast for ongoing systems implementation	-38	-9	Y			
Regulatory Client	Help me run a successful business	Additional Income	-3	-1	Y			
Regulatory Client	Help me run a successful business	Additional Income	-10	-3	Y			
Parenting & Family Support	help me live my life independently (incl health & activity)	Additional Income	-16	-4	Y			
Housing General Fund	Help me to find somewhere to live in my locality	Accumulation of minor reductions in various budget lines	-5	-1	Y			
Housing General Fund	Help me to find somewhere to live in my locality	Reduction in crash pad costs	-11	-3	Y			
Housing General Fund	Help me to find somewhere to live in my locality	Flexible Homelessness Support Grant awarded for 2019/20	-193	-48	Y			
Housing General Fund	Help me to find somewhere to live in my locality	Public liability insurance budget removed as not applicable	-2	-1	Y			
			-1,127	-282		-42		27

Page 121
Agenda Item 12

This page is intentionally left blank

Date: 31st October 2019**AUDIT, GOVERNANCE & STANDARDS COMMITTEE****THE INTERNAL AUDIT PROGRESS REPORT OF THE HEAD OF INTERNAL AUDIT SHARED SERVICE; WORCESTERSHIRE INTERNAL AUDIT SHARED SERVICE.**

Relevant Portfolio Holder	Councillor David Thain
Portfolio Holder Consulted	Yes
Relevant Head of Service	Chris Forrester, Financial Services Manager
Ward(s) Affected	All Wards
Ward Councillor(s) Consulted	No
Key Decision / Non-Key Decision	Non–Key Decision

1. SUMMARY OF PROPOSALS

1.1 To present:

- The progress report of internal audit work with regard to 2019/20 and residual 2018/19 summaries.

2. RECOMMENDATIONS2.1 **The Committee is asked to RESOLVE that the report be noted.****3. KEY ISSUES****Financial Implications**

3.1 There are no direct financial implications arising out of this report.

Legal Implications

3.2 The Council is required under the Accounts and Audit Regulations 2015 to “undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control”.

Date: 31st October 2019**AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

Service / Operational Implications

- 3.3 The involvement of Member's in progress monitoring is considered to be an important facet of good corporate governance, contributing to the internal control assurance given in the Council's Annual Governance Statement.

This section of the report provides commentary on Internal Audit's performance for the period 01st April to 30th September 2019 against the performance indicators agreed for the service and further information on other aspects of the service delivery.

AUDIT REPORTS ISSUED/COMPLETED SINCE THE LAST PROGRESS REPORT (25th April 2019):

2018/19 AUDIT SUMMARY UPDATES:**National Non Domestic Rates**

The review found the following areas of the system were working well:

- Procedures for creating new NNDR accounts in a timely and accurate manner;
- The application of reliefs and exemptions;
- Procedures for identifying new NNDR liable units;
- The receipting and processing of payments;
- Protocols for issuing reminders and monitoring of suppressed accounts;
- Procedures for managing user access.

The review found the following areas of the system where controls could be strengthened:

- Website Pages;
- Forms;
- Formal Reviews of Reliefs / Exemptions;
- Reconciliations.

There were 4 'medium' priority recommendations reported.

Type of Audit: Full System Audit

Assurance: Significant

Final Report Issued: 6th June 2019

Council Tax

The review found the following areas of the system were working well:

- Procedures for managing the Revenues process;
- The debit raising process for producing the annual bills;

REDDITCH BOROUGH COUNCILDate: 31st October 2019**AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

- The suitable application of discounts and exemptions based on customer entitlement;
- The receipt and processing of customer payments into the Civica OpenRevenues system;
- Protocols applied for issuing reminders to customers for delays in payment.

The review found the following areas of the system where controls could be strengthened:

- Discount / Exemption Reviews;
- Customer Account Notes;
- Ledger Reconciliations.

There were 3 'medium' priority recommendations reported.

Type of Audit: Full System Audit
 Assurance: Significant
 Final Report Issued: 6th June 2019

Transport

The review found the following areas of the system were working well:

- Vehicle 'white board' records for '0' vehicle inspection/servicing programming (it is planned to extend this to the 'white' fleet vehicles);
- Vehicle replacement program looks towards ensuring the 'right vehicle for the job' as opposed to like for like replacements;
- Driver (CPC) training was well managed & controlled by the Place Team Co-ordinator.

The review found the following areas of the system where controls could be strengthened:

- Extension of the use of vehicle trackers on the fleet;
- Fuel monitoring to be introduced on an exception basis;
- Inventory records should be accurately maintained and be consistent with the insurance schedule;
- Vehicle service and repair files were not accurately maintained
- Accident records are not accurate;
- Driver "walk round" checks are not consistently carried out;
- Untaxed vehicles in use.

There were 7 'medium' priority recommendations reported.

Type of Audit: Full System Audit
 Assurance: Limited

Date: 31st October 2019**AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

Final Report Issued: 19th June 2019**Universal Credits**

The review found the following areas of the system where controls could be strengthened:

- Processing Times;
- Volume of Correspondence;
- Errors due to lack of Accuracy ;
- Personal Budgeting Support (PBS) and Removal of PBS Funding;
- Universal Credit Impact on Debt Recovery;
- Procedure Document .

There were 3 'high' and 2 'medium' priority recommendations reported.

Type of Audit: Full System Audit
 Assurance: Limited
 Final Report Issued: 17th June 2019

There has been DWP intervention with an agreed action plan to assist the service transformation. Direct DWP intervention has now ceased but an action plan remains in place to assist with transformation.

Housing Benefits

The review found the following areas of the system were working well:

- Quality Assurance processes.

The review found the following areas of the system where controls could be strengthened:

- Claims not being made defective / processing times;
- Subsidy;
- Recovery of Housing Benefit Overpayments;
- Classification;
- Backdated Claims;
- Write Offs.

There were 5 'high' and 1 'medium' priority recommendations reported.

Type of Audit: Fully System Audit
 Assurance: Limited
 Final Report Issued: 14th June 2019

There has been DWP intervention with an agreed action plan to assist the service transformation. Direct DWP intervention has now ceased but an action plan remains in place to assist with transformation.

Date: 31st October 2019**AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

Leisure

The review found the following areas of the system were working well:

- No one that was TUPE'd across to the arm's length company left Rubicon once transferred;
- Members were kept informed and up to the date of developments and 'go live';
- The company was set up in December 2018 and is now running as a live company;
- Key performance indicators have been set up and are in place even though this was after the contract was completed.

The review challenged the following areas:

- TUPE Process;
- Contract Management;
- Timeframes;
- Financial Budgets;
- Members Reporting.

There were no recommendations reported due to the nature of the review.

Type of Audit: Critical Friend Review

Assurance: N/A

Final Report Issued: 31st May 2019

Risk Management

The review found the following areas of the system were working well:

- That high priority risks are able to be added to meeting agendas at last minute to be dealt with;
- The 4risk system is user friendly and fit for purpose.

The review found the following areas of the system where controls could be strengthened:

- Risk Management Meetings;
- Risk Management Training Information Available;
- Risk Management Strategy;
- Portfolio Holder Monitoring;
- Service Risk Register Updates.

There were 3 'high' and 2 'medium' priority recommendations reported.

Type of Audit: Full System Audit

Assurance: Limited

Final Report Issued: 28th June 2019

Date: 31st October 2019**AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

Health and Safety

The review found the following areas of the system were working well:

- That there is a Health and Safety section on the orb to allow users to access policies for Redditch Borough Council;
- The policies are accessible for users;
- The Risk Assessments follow the same uniform approach across all sectors within the council.

The review found the following areas of the system where controls could be strengthened:

- Policies;
- Fire Safety and Fire Evacuations;
- Manager IO SH Training;
- Life Risk Assessment;
- Fuelling Point Assessments at RBC Depot;
- Fire Risk Assessments Action Plans;
- Fire Alarms;
- Evacuation of less able people from RBC Town Hall;
- Active and Re-active Measures of a Terrorist Attack;
- Action Plan Update;
- Financial Analysis and Training Budget;
- Induction Process;
- Bespoke H&S Training;
- Risk Assessments;

There were 9 'high' and 5 'medium' priority recommendations reported.

Type of Audit: Full System Audit
 Assurance: Limited
 Final Report Issued: 30th November 2018

A full and robust action plan was formulated by the Senior Health and Safety Advisor to address all the points. These are reported as satisfied as at October 2019.

2019/20 AUDIT SUMMARY UPDATES:**St David's House**

The review found the following areas of the system where controls could be strengthened:

- Income for additional services being offered and the assistance given to tenants.

Date: 31st October 2019**AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

There was 1 'high' priority recommendations reported.

Type of Audit: Full System Audit
Assurance: No
Final Report Issued: 4th July 2019

A detailed action plan was drawn up by management which addressed several different elements. A follow up was undertaken during September 2019 to ensure that satisfactory progress had been made in regard to it. Progress was found to be ongoing but in the main on track. A further follow up is planned for October to continue to track progress to ensure that newly adopted procedures are embedding.

Bereavement Services

The review included a critical friend approach for certain aspects. The review found the following areas of the system were working well:

- Strong leadership with commercial awareness from the Bereavement Manager;
- An experienced team with a strong customer focus;
- Income generation;
- There is an effective system in place for managing bookings.

The review found the following areas of the system where controls could be strengthened:

- Raising of Invoices
- Holding of Cash
- Charging - Potential emerging risk and efficiencies
- System Access

There were 2 challenges also reported including:

- Maintenance and repairs programme
- Succession planning

There was 1 'medium' and 3 'low' priority recommendations reported along with 2 'challenge' areas for management.

Type of Audit: Full System Audit
Assurance: Significant
Final Report Issued: 24th September 2019

REDDITCH BOROUGH COUNCILDate: 31st October 2019**AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

Summary of assurance levels:

2018/19	
• NNDR	Significant
• Council Tax	Significant
• Transport	Limited
• Universal Credits	Limited
• Housing Benefits	Limited
• Leisure	Critical Friend
• Risk Management	Limited
• Health and Safety	Limited
2019/20	
• St David's House	No
• Bereavement Services	Significant

2019/20 reviews which were at draft stage as at 30th September 2019 included:

- Compliments and Complaints
- Housing Repairs and Maintenance Stocks and Stores
- Treasury Management

2019/20 reviews which were at clearance as at the 30th September 2019 included:

- GDPR Record Retention

2019/20 reviews which are ongoing as at the 6th September 2019 include:

- Housing Computer System
- Planning Application Process
- Safeguarding
- Asbestos Regulation Compliance
- Debtors
- Creditors

The summary outcome of all of the above reviews will be reported to Committee in due course when they have been completed and management have confirmed an action plan.

A rolling testing programme on Debtors and Creditors has been undertaken during quarters 1 & 2 and will continue through quarter 3. Testing results so far do not indicate any new or emerging risks to be brought to the attention of Committee. The rolling testing programme results will be amalgamated as at the end of quarter 3 and formal audit reports issued with any findings during quarter 4.

Date: 31st October 2019**AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

Critical review audits are designed to add value to an evolving Service area. Depending on the transformation that a Service is experiencing at the time of a scheduled review a decision is made in regard to the audit approach. Where there is significant change taking place due to transformation, restructuring, significant legislative updates or a comparison required a critical review approach will be used. In order to assist the service area to move forwards a number of challenge areas will be identified using audit review techniques. The percentage of critical reviews will be confirmed as part of the overall outturn figure for the audit programme. To report this percentage during the year based on outturn will cause the figure to fluctuate throughout the year, however, a final percentage figure will be reported in the annual report. The outturn from the reviews will be reported in summary format as part of the regular reporting as indicated at 3.3 above.

Follow up reviews are an integral part of the audit process. There is a rolling programme of review that is undertaken to ensure that there is progress with the implementation of the agreed action plans. The outcome of the follow up reviews is reported on an exception basis taking into consideration the general direction of travel and the risk exposure. An escalation process continues to be developed involving CMT and SMT to ensure more effective use of resource in regard to follow up and reduce the number of revisits that are currently necessary to confirm the recommendations have been satisfied.

3.4 AUDIT DAYS

Appendix 1 shows the progress made towards delivering the 2019/20 Internal Audit Plan and achieving the targets set for the year. As at 30th September 2019 a total of 189 days had been delivered against an overall target of 400 days for 2019/20.

Appendix 2 shows the performance indicators for the service. Performance and management indicators were agreed by the Committee on the 29th July 2019 for 2019/20.

Appendix 3 shows the tracking of completed audits.

Appendix 4 shows the 'high' and 'medium' priority recommendations for finalised which are reported to the Committee for information.

3.5 OTHER KEY AUDIT WORK

Much internal audit work is carried out "behind the scenes" but is not always the subject of a formal report. Productive audit time is accurately recorded against the service or function as appropriate. Examples include:

- Governance for example assisting with the Annual Government Statement

Date: 31st October 2019**AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

- Risk management
- Transformation review providing support as a 'critical appraisal'
- Dissemination of information regarding potential fraud cases likely to affect the Council
- Drawing managers' attention to specific audit or risk issues
- Audit advice and commentary
- Internal audit recommendations: follow up review to analyse progress
- Day to day audit support and advice for example control implications, etc.
- Networking with audit colleagues in other Councils on professional points of practice
- National Fraud Initiative.
- Investigations

National Fraud Initiative

- 3.6 There has been on going work undertaken in regard to the National Fraud Initiative. This year is the 2 yearly cycle of data extraction and uploading to enable matches to be reported. Worcestershire Internal Audit Shared Service (WIASS) has a coordinating role in regard to this investigative exercise in Redditch Borough Council. The data requirements were uploaded during October and December 2018 with any queries dealt with accordingly. Matches have been returned to the Authority for investigation.

Customer / Equalities and Diversity Implications

- 3.7 There are no implications arising out of this report.
- 3.8 The Worcestershire Internal Audit Shared Service (WIASS) is committed to providing an audit function which conforms to the Public Sector Internal Audit Standards.
- 3.9 We recognise there are other review functions providing other sources of assurance (both internally and externally) over aspects of the Council's operations. Where possible we will seek to place reliance on such work thus reducing the internal audit coverage as required.
- 3.10 WIASS confirms it acts independently in its role and provision of internal audit.
- 3.11 Due to changing circumstances and after consultation a small variation in the plan has been agreed on a risk priority basis with the s151 Officer. Additional days have been used in a couple of review areas to ensure a comprehensive review was completed which has resulted in an increase in certain budgets. A piece of work in connection with Housing which presented very late in the 2018/19 financial year but was commenced due to its nature continued as part of the 2019/20 plan but required additional days due to the extent of the

Date: 31st October 2019**AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

work. With the adjustment to the plan there remains a wide audit coverage during 2019/20.

4. RISK MANAGEMENT

4.1 The main risks associated with the details included in this report are:

- Failure to complete the planned programme of audit work within the financial year; and,
- The continuous provision of an internal audit service is not maintained.

5. APPENDICES

Appendix 1 ~ Internal Audit Plan delivery 2019/20

Appendix 2 ~ Performance indicators 2019/20

Appendix 3 ~ Tracking analysis of previous audits

Appendix 4 ~ 'High' and 'Medium' priority recommendations

6. BACKGROUND PAPERS

Individual internal audit reports which are held in the internal audit service.

7. KEY

N/a

AUTHOR OF REPORT

Name: Andy Bromage
Head of Internal Audit Shared Service
Worcestershire Internal Audit Shared Service
Tel: 01905 722051
E Mail: andy.bromage@worcester.gov.uk

REDDITCH BOROUGH COUNCILDate: 31st October 2019**AUDIT, GOVERNANCE & STANDARDS COMMITTEE****APPENDIX 1****Delivery against Internal Audit Plan for 2019/20**
1st April 2019 to 30th September 2019

Audit Area	2019/20 PLAN DAYS	Forecasted days to the 30th September 2019	Actual Days used to 30th September 2019
Core Financial Systems (see note 1)	62	14	13
Corporate Audits(see note 2)	74	13	17
Other Systems Audits(see note 2 & 3)	210	110	142
SUB TOTAL	346	137	172
Audit Management Meetings	20	10	11
Corporate Meetings / Reading	9	4	3
Annual Plans, Reports and Audit Committee Support	25	12	4
Other chargeable	0	0	0
SUB TOTAL	54	26	18
TOTAL (see note 4)	400	163	190

Note 1

Core Financial Systems are audited predominantly in quarters 3 and 4 in order to maximise the assurance provided for Annual Governance Statement and Statement of Accounts but not interfere with year end. A rolling programme has also been introduced for Debtors and Creditors to maximise coverage and sample size. The results will be reported during Q4.

Note 2

Due to the nature of some of the reviews additional resource was allocated resulting in additional days.

Note 3

A number of the budgets in this section are 'on demand' (e.g. consultancy, investigations) so the requirements can fluctuate throughout the quarters. If there is little demand for certain budgets this is reflected in the overall usage, however, it does not necessarily reduce the coverage of the overall plan.

Note 4

Due to an additional demand against several budgets extra days have been used during the first 2 quarters which has led to a circa 16% increase against forecasted days to actual days used.

REDDITCH BOROUGH COUNCILDate: 31st October 2019**AUDIT, GOVERNANCE & STANDARDS COMMITTEE****Appendix 2****PERFORMANCE INDICATORS 2019/20**

The success or otherwise of the Internal Audit Shared Service will be measured against some of the following key performance indicators for 2019/20. Other key performance indicators link to overall governance requirements of Redditch Borough Council e.g. KPI 4. The position will be reported on a cumulative basis throughout the year.

	KPI	Trend/Target requirement/Direction of Travel	2019/20 Position (as at 30th September 2019)	Frequency of Reporting
Operational				
1	No. of audits achieved during the year	Per target	Target = Minimum 20 Delivered = 2 (plus 3 @ draft report stage)	When Audit Committee convene
2	Percentage of Plan delivered	>90% of agreed annual plan	47%	When Audit Committee convene
3	Service productivity	Positive direction year on year (Annual target 74%)	*57%	When Audit Committee convene
Monitoring & Governance				
4	No. of 'high' priority recommendations	Downward (minimal)	1	When Audit Committee convene
5	No. of moderate or below assurances	Downward (minimal)	1	When Audit Committee convene
6	'Follow Up' results	Management action plan implementation date exceeded (<5%)	Nil to report	When Audit Committee convene
Customer Satisfaction				
7	No. of customers who assess the service as 'excellent'	Upward (increasing)	2	When Audit Committee convene

WIASS delivers the internal audit programme in conformance with international standards for the professional practice of internal auditing.

* Productivity is behind target due to a number of days used for training and sickness absence.

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

APPENDIX 3

Planned Follow Ups:

In order to continue to monitor progress of implementation, 'follow up' in respect of audit reports is logged. The table provides an indication of the action that is planned going forward in regard to the more recent audits providing assurance that a programme of follow up is operating.

To provide the Audit, Governance & Standards Committee with assurance we are following a comprehensive 'follow up' programme to ensure recommendations and risks have been addressed from previous audits. Commentary has been provided on audits as part of the normal reporting process. Previous audit year updates in regard to 'follow ups' will be provided every six months to avoid duplication of information. Any exceptions (i.e. where no action has commenced by the agreed implementation date) will be reported to the Committee.

For some audits undertaken each year 'follow-ups' may not be necessary as these may be undertaken as part of the full audit. Other audits may not be time critical therefore will be prioritised as part of the over all work load and are assessed by the Team Leader.

Follow up in connection with the core financials is undertaken as part of the routine audits that were performed during quarters 3 and 4.

REDDITCH BOROUGH COUNCIL

Date: 31st October 2019

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

<u>Audit</u>	<u>Date Final Audit Report Issued</u>	<u>Service Area</u>	<u>Assurance</u>	<u>Number of High, Medium and Low priority Recommendations</u>	<u>Results of follow Up</u> <u>1st</u>	<u>Results of follow Up</u> <u>2nd</u>	<u>Results of follow Up</u> <u>3rd & 4th</u>
Cash Collection	14th November 2017	Cash Collection	Moderate	The report found four recommendations; 1 high and 3 medium relating to the suspense account, refund checks, over and under investigations and administrative errors.	The follow up in May 2018 found that the three medium recommendations had been implemented and the one high recommendation in relation to the suspense account was in progress.	The follow up in March 2019 found that approval is being sought for the purchase of a new finance system as historical issues with the current system means that there have been difficulties with clearance of suspense accounts. A report is going to Council for approval before the end of the financial year. A follow up will be undertaken in June 19 to see what progress has been made on this in regard to procurement.	A follow up in September 2019 found that a project team is now in place for the implementation of a new financial system and this should hopefully be in place for the start of the new financial year. The use of suspense accounts will be included as an objective on the 2020/21 Main Ledger audit to ensure that this issue has been addressed.
Disabled Facility Grants	28th September 2017	Community Services	Moderate	The report found 1 high priority and 2 medium priority recommendations in relation to Records retention and security, Registration of Land Charges and Private Sector Home Repairs Assistance policy.	The follow up in February 2018 found that the three recommendations are in progress. The amount of work required to fully implement two of the recommendations means that this work although progressing is taking time in order to get it correct. The other recommendation needs to be placed before Members before it is fully implemented. Follow up planned 28 th January 2019.	Follow up undertaken on the 9 th February 2019 confirmed record retention and land charges have been satisfactorily completed but Home Repairs Assistance Policy is still to go before Members therefore remained outstanding. Follow up required June 2019.	Follow up undertaken on the 28 th January 2019 confirmed policy reporting before Members remained outstanding but is due to be reported to Executive June 2019. Follow up September 2019 confirmed reported to Executive June 2019. No further follow up required.
Environmental Waste	27 th November 2017	Environmental Services	Moderate	The report found 1 high and 4 medium priority recommendations in relation to Bulky Waste Receipt Books, Business Waste Charges, Fees and Charges, Bulky Waste quotes and Garden Waste Invoices.	Follow up January 2019 found the 4 medium priority recommendations were satisfied and the high priority recommendation was in progress pending further transformation of the Business Support Team re. reconciliation and controlled stationery. To be followed up in April 2019.	This remaining recommendation will be followed-up as part of the 2019/20 Environmental Services (Bulky Waste) audit, scheduled to take place in Q4.	
2018/19							

REDDITCH BOROUGH COUNCIL

Date: 31st October 2019

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

<u>Audit</u>	<u>Date Final Audit Report Issued</u>	<u>Service Area</u>	<u>Assurance</u>	<u>Number of High, Medium and Low priority Recommendations</u>	<u>Results of follow Up</u> <u>1st</u>	<u>Results of follow Up</u> <u>2nd</u>	<u>Results of follow Up</u> <u>3rd & 4th</u>
Shopmobility	25th January 2019	Community Services	Significant	Reported 3 medium priorities in Conditions of Use – Shopmobility Equipment, Maintenance Contract and User Access. Follow-up to be completed in 6 months	A follow-up completed in September 2019 found that the 2 medium priority recommendations on the Conditions of Use and User Access have been implemented. The 1 medium priority recommendation for re-tendering the Maintenance Contract has not yet been implemented, with an expected completion date of February 2020. A further follow-up will be undertaken in February 2020.		
GDPR	13th March 2019	Corporate	Moderate	Reported 2 high and 2 medium priorities in; Awareness, Data Protection Officer, Individual's Rights (RBC only) and Third Party Data Processes. Follow up to be completed in 3 months	Follow up undertaken in August 2019. Outcome to be reported to CMT in October 2019.		
On Off Street Parking	12th March 2019	Community Services	Moderate	Reported 1 high and 1 medium priority in On Street Parking Cost to the Council and Value for Money. Follow up to be completed in 3 months	Follow up undertaken October 2019. 'High' priority is progressing re. cost to the council. More monitoring is required to ensure fully embedded action. 'Medium' priority recommendation implemented. Further follow April 2020.		
Transport (Fleet)	19th June 2019	Operations	Limited	Reported 7 'medium' priority recommendations in extension of the use of vehicle trackers on the fleet, Fuel monitoring to be introduced on an	Oct-19		

REDDITCH BOROUGH COUNCIL

Date: 31st October 2019

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

<u>Audit</u>	<u>Date Final Audit Report Issued</u>	<u>Service Area</u>	<u>Assurance</u>	<u>Number of High, Medium and Low priority Recommendations</u>	<u>Results of follow Up</u> <u>1st</u>	<u>Results of follow Up</u> <u>2nd</u>	<u>Results of follow Up</u> <u>3rd & 4th</u>
				exception basis, Inventory records should be accurately maintained & be consistent with the insurance schedule, Vehicle service & repair files were not accurately maintained, Accident records are not accurate, Driver 'walk round' checks are not consistently carried out and Untaxed vehicle in used. A follow up will take place in 3 months.			
Risk Management	28th June 2019	Corporate	Limited	Reported 3 'high' and 3 'medium' priority recommendations in Risk Management Meetings, Risk Management Training Information available, Service Risk Register Updates, Risk Management Strategy and Portfolio Holder Monitoring. A follow up will take place in 3 months.	Nov 19 Rescheduled as Zurich have been commissioned during October to assist with corporate risk strategy/register.		
Health and Safety	20th July 2019	Corporate	Limited	Reported 9 'high' and 5 'medium' priority recommendations in Policies, Fire Safety and Evacuations, Manager IOSH training, Lift Risk Assessments, Fuelling Point Assessment at RBC Depot, Fire Risk Assessment Action Plan, Fire Alarms, Evacuation of less able people from RBC Town Hall, Active	Oct-19 Action plan completed by the Health and Safety Officer and a full follow up is scheduled for Q4.		

REDDITCH BOROUGH COUNCIL

Date: 31st October 2019

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

<u>Audit</u>	<u>Date Final Audit Report Issued</u>	<u>Service Area</u>	<u>Assurance</u>	<u>Number of High, Medium and Low priority Recommendations</u>	<u>Results of follow Up</u> <u>1st</u>	<u>Results of follow Up</u> <u>2nd</u>	<u>Results of follow Up</u> <u>3rd & 4th</u>
				and Re-active measures of a terrorist attack, Active and re-active measures of a terrorist attack, Action Plan Update, Financial Analysis and Training Budget, Induction Process and Bespoke H&S training. A follow up will take place in 3 months.			
2019/20							
St David's House	4 th July 2019	Housing	No	Reported 1 high priority in; Income for additional services being offered and the assistance given to tenants. Follow up to be completed in 1 month at request of CMT.	The follow up in August 19 found that they are travelling in the right direction but still need to finish off procedures and evidence the recommendations. A further follow up will carry out in October 19	Follow up Oct-19	
Cemetery & Crematorium	24th September 2019	Bereavement Services	Significant	Reported 1 'medium' priority recommendation in Raising of Invoices. A follow up will take place in 6 months.	Apr-20		
end							

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

APPENDIX 4

Definition of Audit Opinion Levels of Assurance

Opinion	Definition
Full Assurance	<p>The system of internal control meets the organisation's objectives; all of the expected system controls tested are in place and are operating effectively.</p> <p>No specific follow up review will be undertaken; follow up will be undertaken as part of the next planned review of the system.</p>
Significant Assurance	<p>There is a generally sound system of internal control in place designed to meet the organisation's objectives. However isolated weaknesses in the design of controls or inconsistent application of controls in a small number of areas put the achievement of a limited number of system objectives at risk.</p> <p>Follow up of medium priority recommendations only will be undertaken after 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>
Moderate Assurance	<p>The system of control is generally sound however some of the expected controls are not in place and / or are not operating effectively therefore increasing the risk that the system will not meet it's objectives. Assurance can only be given over the effectiveness of controls within some areas of the system.</p> <p>Follow up of high and medium priority recommendations only will be undertaken after 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>
Limited Assurance	<p>Weaknesses in the design and / or inconsistent application of controls put the achievement of the organisation's objectives at risk in many of the areas reviewed. Assurance is limited to the few areas of the system where controls are in place and are operating effectively.</p> <p>Follow up of high and medium priority recommendations only will be undertaken after 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>
No Assurance	<p>No assurance can be given on the system of internal control as significant weaknesses in the design and / or operation of key controls could result or have resulted in failure to achieve the organisation's objectives in the area reviewed.</p> <p>Follow up of high and medium priority recommendations only will be undertaken after 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Priority	Definition
High	<p>Control weakness that has or is likely to have a significant impact upon the achievement of key system, function or process objectives.</p> <p>Immediate implementation of the agreed recommendation is essential in order to provide satisfactory control of the serious risk(s) the system is exposed to.</p>
Medium	<p>Control weakness that has or is likely to have a medium impact upon the achievement of key system, function or process objectives.</p> <p>Implementation of the agreed recommendation within 3 to 6 months is important in order to provide satisfactory control of the risk(s) the system is exposed to.</p>
Low	<p>Control weakness that has a low impact upon the achievement of key system, function or process objectives.</p> <p>Implementation of the agreed recommendation is desirable as it will improve overall control within the system.</p>

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
Audit: NNDR					
Assurance: Significant					
1	Medium (Amber)	<p><u>Website Pages</u></p> <p>There are aspects missing on the webpages to aid the customer with self-service.</p> <p>Redditch has a change of address form with no email address and no dialling code for the telephone number. There is also no link to the self-service online portal.</p> <p>In addition, not all available reliefs and exemptions are available on the Council websites, e.g. pub relief.</p>	<p>Risk of providing out of date information and causing customers to take up resources through staff time when they could self-serve potentially leading to reputation damage.</p>	<p>To update and review the web pages to enable customers to self-serve easily and to ensure that the webpages contain all the relevant information..</p>	<p>Management Response:</p> <p>This will be addressed with the development of the online portal.</p> <p>Responsible Officer: Financial Support Services Manager</p> <p>Implementation Date: April 2019</p>
2	Medium (Amber)	<p><u>Forms</u></p> <p>All forms which request information need to be reviewed to ensure compliance with the General Data Protection Regulations (GDPR), which came into effect May 2018.</p>	<p>Potential risk of not complying with requirements of the data protection legislation.</p>	<p>Review and alter forms to comply with General Data Protection Regulations.</p>	<p>Management Response:</p> <p>All existing forms will be reviewed to ensure compliance with standards as part of the development of the online portal.</p> <p>Responsible Officer: Financial Support Services Manager</p> <p>Implementation Date April 2019</p>
3	Medium (Amber)	<p><u>Formal Reviews of Reliefs/ Exemptions</u></p> <p>There is no formal schedule for reviewing all ongoing reliefs and exemptions to ensure ongoing entitlement.</p>	<p>There is a risk that exemptions, reliefs and discounts are being applied either incorrectly or are continuing past their 'end' date, potentially leading to a financial loss.</p>	<p>To develop and implement a formal plan for reviewing all reliefs and exemptions in accordance with a defined schedule.</p> <p>To ensure there is suitable formal guidance in place for reviewing</p>	<p>Management Response:</p> <p>A review schedule is currently being developed. Implementation is planned for April 2019, with completion of the relief/ exemption reviews expected 31st March 2020.</p> <p>Guidance for applying discretionary charitable</p>

REDDITCH BOROUGH COUNCIL

Date: 31st October 2019

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		In addition there is no formal guidance for defining and documenting the decision making process for awarding discretionary charitable reliefs.		discretionary reliefs.	relief will be developed in conjunction with the review schedule. Responsible Officer: Financial Support Services Manager Implementation Date: Implementation April 2019 and completion of the review process by end March 2020.
4	Medium (Amber)	<u>Reconciliations</u> Monthly reconciliations are being completed for the posting of cash payments to the Civica ledger and OpenRevenues systems. However, historical discrepancies have not yet been amended on the ledger to account for prior year transactions.	Management decisions may be affected by misleading management information, potentially resulting in financial loss or reputational damage for the authority.	To ensure all discrepancies are resolved in a timely manner, so that management information extracted from ledger transactions are accurate.	Management Response: Agreed. All discrepancies identified in a monthly reconciliation to be identified and remedied by the following monthly reconciliation. Responsible Officer: Financial Services Manager Implementation Date: 30/05/19
Audit: Council Tax					
Assurance: Significant					
1	Medium (Amber)	<u>Discount/ Exemption Reviews</u> There have not been any formal reviews of ongoing discounts and exemptions during the financial period. There is currently no formal procedure for periodic reviews of discount/ exemption types in accordance with a defined schedule. Some discounts/exemptions are given on a varying limited time basis, whereby the end date of the discount/ exemption is defined based on available information,	Failure to ensure discounts and exemptions are managed in accordance with defined procedures and legislative requirements, resulting in financial loss for the Councils, and potential reputational damage.	To develop a schedule for reviewing ongoing discounts/ exemptions on a periodic basis, and ensure reductions to customer bills are removed in a timely manner once they are no longer required.	Management Response: A review schedule is currently being developed. Implementation is planned for April 2019, with completion of the discount/ exemption reviews expected 31 st March 2020. Responsible Officer: Financial Support Services Manager Implementation Date: Implementation April 2019 and completion by end March

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		e.g. student disregards during the period of the student's course. However, the Civica OpenRevenues system does not automatically cancel these discounts/ exemptions once the defined period has elapsed. A system report must be generated, and the relief must be cancelled manually by the assessor. Testing indicated that there are issues with this, and one instance of a student disregard continuing when it shouldn't was found during a review of ongoing reductions.			
2	Medium (Amber)	<p><u>Customer Account Notes</u></p> <p>A random sample of 25 accounts with ongoing discounts/ exemptions at the time of the audit identified some issues with the lack of assessor notes to clarify and justify decisions made.</p>	Failure to fully document the decision making process in applying discounts/ exemptions, resulting in a potential lack of clarity, transparency and reputational damage.	Remind staff of the need to ensure all decision making actions are fully documented in the relevant customer account. To consider further officer training for ensuring a full audit trail is documented and easily accessible on the Civica OpenRevenues system.	<p>Management Response: Agreed. Staff to be reminded of the need to ensure that all relevant information is held.</p> <p>Responsible Manager: Financial Support Services Manager</p> <p>Implementation Date: w/c 25/02/19.</p>
Audit: Transport					
Assurance: Limited					
1&2	Medium (Amber)	<p><u>Utilisation of Vehicles</u></p> <p><u>Vehicle Tracking</u> The ability to monitor utilisation of vehicles has improved with the part implementation of vehicle tracking. This system does provide a variety of vehicle management benefits but it is not installed</p>	By not utilising the fleet or gathering key management information in regard to fleet usage there is the potential to make poor management	It is accepted that Tracker technology comes with associated costs. However, if it is to be used to its full capabilities then the level of monitoring would need to be increased and depending upon the success, extended across the fleet.	The existing vehicle tracker operational procedure would need to be reviewed in order to fully utilise the system. The existing procedure restricts the usage of this system. The reviewed procedure would need to reflect the full intent and our expectations by using the system to its full potential. The proposed procedure will need to be reviewed in consultation with all parties and

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		<p>across the fleet. On vehicles where it has been installed the usage is limited e.g. out of area usage, out of hour's usage, investigative work.</p> <p><u>Fuel Monitoring</u></p> <p>The systems used to record fuel issues do provide management reporting facilities e.g. mpg's, fuel issued, mileage covered etc. However reports are not used across the service areas with regularity.</p> <p>Using fuel reports, covering a 9 month period, audit identified vehicles with low mileage (circa 30 miles per week). Further audit testing identified that at RBC 5 of the 10 vehicles were assigned to the Housing service.</p>	<p>decisions in regard to the replacement of vehicles and underutilisation of the available fleet leading to financial implications.</p>	<p>Whilst low mileage does not necessarily confirm poor utilisation, it does provide an indication which may warrant further investigation. This may provide scope for reducing vehicle costs e.g. rationalising vehicles, replacing hire vehicles with underutilised vehicles. For these reasons it is recommended that fuel monitoring is regularised across the services with focus on exceptions e.g. low mileage, low mpg etc.</p>	<p>then communicated to all staff prior to implementation.</p> <p>Responsible manager: Environmental Services Manager</p> <p>Implementation date: Review date set for Sept 2019. Implementation by April 2020.</p> <p>October Update: A revised tracker procedure has been produced and is currently being consulted on with the unions</p> <p>Fuel monitoring via the transport fleet systems will only identify high usage if used in isolation.</p> <p>With the appropriate changes to the existing tracker procedure to enable full utilisation of the systems potential by management team, the fuel usage is expected to reduce.</p> <p>Fuel usage will also be further reduced by reviewing the vehicle replacement programme. The possibility of using alternative fuel powered vehicles, such as electric may be an option to consider for low mileage usage.</p> <p>Managers team leaders to be made aware of information that is available from Chris Beech so that they can assess and monitor their team's fuel usage.</p> <p>Individual reports can be produced for each vehicle</p> <p>A recent audit identified all vehicles being used by the Housing sections. This information has been shared with Finance for accurate costing</p>

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
					<p>and reporting.</p> <p>A full review of vehicle replacements is expected to be carried out by October 2019.</p> <p>Responsible manager: Environmental Services Manager Workshop and Transport Manager</p> <p>Implementation date: October 2019</p> <p>October Update: The Fleet replacement programme has been re profiled and is currently being checked in detail with service managers to ensure that vehicles and plant listed are still required.</p> <p>Work is also being undertaken to look at fuel used by each vehicle to see if fuel usage can be reduced</p>
3	Medium (Amber)	<p><u>Vehicle Inventory</u></p> <p>Audit testing did find inconsistencies between the insurance schedule and the fleet. There is no regular reconciliation of the records other than when the insurance is renewed.</p>	<p>Risk of vehicles not being insured. Assets not properly recorded & controlled.</p>	<p>Records need to be reconciled and then periodically reviewed to ensure consistency and compliance with statutory requirements.</p>	<p>Workshop and Transport Manager now has access to the MID records and this is checked every time a vehicle is purchased or disposed of or under long term hire. Access to this system was only granted in March 2019</p> <p>A recent audit identified all vehicles being used by the Housing sections. This information has been shared with Finance for accurate costing and reporting.</p> <p>Completed in February 2019 and monitored monthly</p> <p>Responsible manager: Workshop and Transport Manager</p>

REDDITCH BOROUGH COUNCIL

Date: 31st October 2019

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
					Implementation date: September 2019
4	Medium (Amber)	<p><u>Vehicle Service & Repair Records</u></p> <p>Audit testing confirmed that some vehicle files were incomplete & did not retain a history of servicing/repairs.</p> <p>In the main this related to 'white fleet vehicles'.</p> <ul style="list-style-type: none"> • In two cases vehicles, VU09OTM, GV62PDZ no files could be found • In one case BF65NR0 the vehicle file contained only November 2018 service & repair history • Vehicle file for LBDCCD showed last service details for 2016 	<p>Potential risk to operator's licence.</p> <p>Reputational damage could occur in the event of an accident and potential for financial implications if the insurance was nullified.</p>	<p>Vehicle repair & maintenance records are in need of review. Clear guidelines should be applied for the standard of record keeping particularly for the 'white fleet.'</p> <p>It may be appropriate to consider a computerised application to manage this area of work.</p>	<p>VU09OTM & GV62PDZ Records would appear to be in the workshop filing cabinet and all up to date as required.</p> <p>Workshops will have new Maintenance Planner Wall Charts with clearly allocated regular inspections for all of our white fleet. Monthly file checks to be undertaken by Workshop and Transport Manager to ensure paperwork is archived correctly - June 2019</p> <p>Vehicles LB12CCD This Dog Warden vehicle is being used by Wyre Forest Council. Since 2016 this vehicle is being maintained by them. The records will be with their Maintenance provider.</p> <p>A suitable computerised fleet management system is to be investigated – March 2020</p> <p>Responsible manager: Environmental Services Manager Workshop and Transport Manager</p> <p>Implementation date: March 2020</p> <p>October Update: Fleet management software is currently being researched and demonstrations arranged.</p>
5	Medium (Amber)	<p><u>Accident Reporting</u></p> <p>A procedure is in place for</p>	<p>There is risk that all accidents</p>	<p>All accidents or near misses must be</p>	<p>If the repair costs are less than £250 then we do not put this through the insurance.</p>

REDDITCH BOROUGH COUNCIL

Date: 31st October 2019

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		<p>accident reporting and electronic records are retained for recoding & monitoring purposes.</p> <p>The records were reviewed against insurance claims & also a list of payments made to car body repairs.</p> <p>The exercise confirmed inconsistencies between all records i.e.</p> <ul style="list-style-type: none"> Insurance claims not recorded in the accident record Repair work carried out (as per creditor payments) not appearing in the accident record or insurance claims records 	<p>are not properly recorded in which case;</p> <ul style="list-style-type: none"> Management are not fully aware of all accidents arising in the fleet Costs of accidents may not be being recovered via insurance claims The service Risk ENV9 is not being effectively managed 	<p>reported in accordance with approved procedures to ensure that poor driving is properly addressed and, insurance claims are properly made.</p>	<p>The procedure for reporting accidents is explained to all Environmental Services and Housing drivers at induction and they are reminded frequently at team meetings. All accidents and near misses are required to be reported to the Workshop.</p> <p>All managers and team Leaders to ensure that their drivers report all accidents and near misses.</p> <p>Workshop and Transport Manager has agreed that there have been some inconsistencies over the last year these have been identified and a closer check of the reporting process is now in place. – June 2019</p> <p>From now on repair costs and details will be added to the accident report sheet.</p> <p>Workshop and Transport Manager to write to all managers with guidance notes on the accident reporting procedure – September 2019</p> <p>Responsible manager: Workshop and Transport Manager</p> <p>Implementation date: September 2019</p> <p>October Update: Completed – in addition the transport manager is attending team meetings and advising all drivers of their responsibilities when driving a Council vehicle</p>
6	Medium (Amber)	<p><u>Driver Inspections</u></p> <p>Driver 'walk round' checks are not consistently carried out across the</p>	<p>Vehicle faults may not be identified leading to possible</p>	<p>Driver 'walk round' checks should be consistently carried out each day with</p>	<p>All Environmental Services staff are frequently told to undertake and record vehicle check sheets twice a day. Team leaders receive and</p>

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		fleet. Whilst the inspections were far better across the 'O' vehicle than the 'white' fleet, it is an important check that is not being routinely followed. This was particularly noticeable with Housing vehicles.	accidents; compromising the operator's licence and causing financial & reputational damage to the council.	record retention in accordance with best practice.	<p>keep the check sheets for Vehicles less than 3.5 tonnes. Only those detailing a defect need to handed to the workshop.</p> <p>All 'O' Licence vehicle check sheets must be handed to the workshop. Workshop and Transport Manager to send example vehicle check sheets together with the process to all managers</p> <p>Responsible manager: Workshop and Transport Manager</p> <p>Implementation date: July 2019</p> <p>October Update: See 5 above</p> <p>All Housing drivers' daily safety check sheets will be reviewed as a priority on the appointment of the new Org Change Officer in May 2019.</p> <p>This project will take priority and will be implemented immediately by June 2019.</p> <p>Responsible manager: Environmental Services Manager</p> <p>Implementation date: June 2019 revised to October 2019</p> <p>October Update: Staff were all advised that daily check sheets must be completed but a new daily worksheet and vehicle check sheet is currently being finalised and will be introduced by the end of Oct.</p>

REDDITCH BOROUGH COUNCIL

Date: 31st October 2019

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
7	Medium (Amber)	<p><u>Vehicle taxation</u></p> <p>The process for taxation was generally well managed and sample audit testing confirmed tax to be in place. However it was confirmed that one vehicle (mini bus) that was operating without vehicle tax between the periods 1 – 11 March 2019.</p>	<p>Failure to have vehicles properly taxed and compliant exposes the council to unnecessary financial penalties and reputational damage</p>	<p>The current system was largely based on V11 reminders but arrangements have been made to view all council vehicles & identify when tax is due. This will now allow for improved scheduling for taxing vehicles.</p>	<p>At the time that this vehicle was found to be untaxed it would appear that we did not receive the usual paper reminder from the DVLA. Now Workshop and Transport Manager has access to the DVLA fleet list and keeps a check on which vehicles are due for Tax and MOT</p> <p>Responsible manager Workshop and Transport Manager</p> <p>Implementation date 29th March 2019</p>
Audit: Universal Credits					
Assurance: Limited					
There has been DWP intervention with an agreed action plan to assist the service transformation. Direct intervention has now ceased.					
1	High (Red)	<p>Processing Times</p> <p>Processing times for new housing benefit claims, council tax Support claims and change of circumstances are not been dealt with within a timely manner or within the DWP guidelines . Information published by DWP shows that the processing times increased in quarter 4 by 45% for Redditch Borough Council for new claims.</p> <p>The DWP published the average processing times on the 31/10/2018 for Quarter 1 2018/19 and shows Redditch Borough Council as having the longest</p>	<p>Reputational damage for not meeting the government processing timescales. Sanctions imposed by DWP. Increased costs for employing temporary staff to assist in processing back logs of work. Staff's health and wellbeing.</p>	<p>Review the management and staff structure within the processing team to ensure the team have the correct expertise, knowledge and support to deliver the service.</p> <p>Review staff training plans and ensure senior staff are available within the team to answer questions and mentor staff.</p> <p>Review the job description for the Financial Support Officer role to ensure it entices the right skills and experience needed for the role.</p> <p>Hold monthly one to one meetings with the</p>	<p>Responsible Manager:</p> <p>Assistant Financial Support Manager (Welfare Support)</p> <p>Actions:</p> <p>An interim revised management structure has been implemented with the benefits responsibility being separated from the customer services manager vacant role and an experienced benefits manager appointed to this role.</p> <p>In conjunction with the DWP a further review has provided more support to the officers, Including additional management support. This exercise has included a review of job</p>

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		<p>average processing times out of all the Local Authorities. Meetings have taken place with DWP regarding the timescales and actions have been put in place to clear the back log.</p> <p>In the last re-structure within the benefits team. The processing section lost experienced staff to other sections within the council as well as the Financial Independence Team which this new role was being advertised at a higher grade. This left a huge knowledge gap within the processing team and new staff needed to be recruited. The lack of experience, knowledge within the current team has impacted on the speed that claims are processed.</p> <p>The performance measures shown on the Orb show performance information within the operational and strategic measures. There are no comments recorded regarding the performance for Redditch Borough Council.. The measures do not give an accurate reflection or transparency to highlight if there are any processing issues.</p> <p>There has also been several senior staff missing within the team for a time to support and monitor new staff due to sickness, agile working and the team structure. This has led to a lack of processing leadership and concern over the health and</p>		<p>processing team for new staff and regular one to one's for more experienced staff as well as regular meetings with the whole team to discuss work priorities and progress. Establish a set of key performance Indicators within the team and adapt measures on the Orb to reflect useful data. Pull the performance data for benefits together for transparency and review the use of this information as a management tool.</p> <p>Agree a trigger for work volumes so if it hits the trigger, senior management are made aware and implement a contingency plan.</p> <p>Review the processing procedure for documents received from DWP and look into the possibility of the Civica system being able to automatically deal with the correspondence from DWP.</p> <p>Address all actions set by DWP and on the action plan and continue to monitor Processing timescales within the team.</p> <p>Review the working environment for the processing team and develop the level of competency and knowledge within the team.</p>	<p>descriptions and allocation of resources.</p> <p>Existing measures have been revised. A new set of measures have been created to include indicators of speed of processing and outstanding work volumes. The revised measures will allow development of trigger points for action in relation to back logs.</p> <p>We are constantly looking at ways to improve Civica and system use. This has proved difficult historically due to resourcing but we now have a senior system support officer in post that will be responsible for system development. The officer will carry out a full review of the use of the system over the forthcoming financial year</p> <p>Implementation date:</p> <p>Resource Review –undertaken by May 2019</p> <p>Revised Operational Measures 1st April 2019</p> <p>Civica System Review – 31st March 2020</p>

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		<p>wellbeing of staff due to work volumes and lack of motivation within the team.</p> <p>Due to the back log of claims, temporary agency staff have been recruited. On occasions claims in the back log still cannot be awarded as information is missing causing further delays.</p>			
2	High (Red)	<p>Volume of correspondence</p> <p>The testing identified a large volume of correspondence from DWP within the benefit teams work queues waiting to be processed such as revised notifications when earnings alter each month. This is particularly common for customers who are on zero hour contracts. If there are deductions for loans, advances from Universal Credit awards then revised notifications are issued even though this change does not affect either the Council Tax or Housing Benefit award as they still require an officer to look at document to ascertain this.</p>	<p>Potential impact on work load for the recovery team if customers are overpaid. Potential for complaints from customers caused by the delay in the processing causing reputational damage and the potential for inaccurate assessments.</p>	<p>Review the current process for processing the correspondence from DWP to filter out correspondence that does not require any action (e.g. a triage) and look into the possibility of the Civica system being able to automate the correspondence from DWP.</p>	<p>Responsible Manager: Assistant Financial Support Manager (Welfare Support)</p> <p>Actions:</p> <p>We cannot control the volume of change of circumstances we receive from the DWP. However we are improving automation levels through Civica. Where claims, or historic notifications have created an exception no future notifications for that claim can be processed automatically until the exception is cleared. Changes to procedures have been introduced to ensure exceptions are cleared daily; this will increase the level of automation.</p> <p>The improvements to automation and monitoring of exceptions will improve speed of processing figures and automation levels.</p> <p>Implementation date: Changes implemented May 2019.</p>
3	High (Red)	<p>Errors due to lack of accuracy</p> <p>No quality checks were carried out in the month of September due to</p>	<p>Potential for the award to be incorrect which could result in a</p>	<p>Implement KPI's within the quality assurance team on the number of checks per month. Share with line managers any</p>	<p>Responsible Manager: Assistant Financial Support Manager (Quality & Improvement)</p>

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		<p>other priorities within the Quality Assurance & Improvement Team and staff sickness. These checks are valuable as the Quality Assurance Team have identified claims that have not been processed correctly and the average accuracy rate on claims based on the information provided on the 24th October 2018, ranged from 38% to 92% and the average being 71%.</p> <p>All monitoring is carried out by the Quality Assurance Team and no monitoring is being carried out within the processing team.</p> <p>There is no evidence of any KPI's set, measured or reported against for accuracy within the processing team.</p> <p>The open office environment can be distracting and processing staff are having to cover phones and providing lunch cover on the counter which is reducing the time for them to process claims.</p> <p>While this is not a direct impact of Universal Credit the lack of knowledge and experience within the processing team has impacted on the processing of claims. All staff have training plans but there was no evidence these had been reviewed or that regular one to ones were taking place. There is currently no corporate policy that annual PDR's have to take place.</p>	<p>customer complaint and reputational damage.</p>	<p>issues found so that they can be addressed with the individual and monitor performance to ensure actions have been addressed.</p> <p>Financial Support Services Welfare Team Manager to introduce monitoring within the team to check work is being carried out within timescales, correctly & identifies training needs.</p> <p>Review the working environment for officers processing claims and introduce yearly appraisals/PDR, regular one to ones and staff training plans and ensure staff are keeping them up</p>	<p>Actions:</p> <p>The interim structure provides additional resource in the quality assurance team to ensure that improvements are made within the teams.</p> <p>We implemented new Quality Checking Guidance on the 1st January 2019. This tells officers levels of quality checks that will be completed based on their performance and how feedback will be given.</p> <p>We will look to implement quality checks within the team itself once reporting lines have been decided. These could be completed using the Quality Check module within Civica and can be done instantly once assessment has been completed.</p> <p>Implementation date:</p> <p>31st January 2019 & 30th April 2019</p>

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		Lack of support and guidance for new staff due to experienced staff leaving the team and availability of senior staff has also been a factor.			
4	Medium (Amber)	<p>Personal Budgeting Support (PBS) & removal of PBS funding</p> <p>It was identified that there were outstanding personal budget support requests that had not been contacted for an appointment for Redditch Borough Council (RBC).</p> <p>Customers failing to attend appointments for personal budgeting support or unable to contact the customer to make the appointment.</p> <p>The Personal Budgeting Support is currently being delivered by the Financial Independence Team for Redditch Borough Council and funded by the DWP which will cease in April 2019. The responsibility is being passed to the Citizen Advice who will deliver the service solely from April 2019.</p>	<p>The key risk is reputational damage followed by potential breach of contract with the DWP.</p>	<p>Prioritise making contact with the customers who have been awaiting support. This is to ensure the organisation is meeting its contractual obligations to DWP. A recommended time frame needs to be set for the support requests that are outstanding and for all future claims as a standard but realistic operation.</p> <p>Assess the business impact the loss of funding will have on the Financial Independence Team from April 2019.</p>	<p>Responsible Manager: Senior Financial Support officer.</p> <p>Actions: Due to outstanding work there was a need for the Financial Independence Team to support the processing staff. This need has decreased now.</p> <p>Appointments are arranged with customers who require personal budgeting support, due to the high level of none attendance we are double booking appointments but making sure there is cover if all people attend.</p> <p>We will be looking to review the Financial Independence Officer job role as part of the Personal Budgeting Support funding removal and as part of the wider structure review.</p> <p>Implementation Date: 30th September 2019</p>
5	Medium (Amber)	<p>UC impact on Debt Recovery</p> <p>Unable to provide assurance that UC is not having an impact on Council Tax recovery as the reason for the debt is not recorded by the recovery team.</p> <p>Universal Credit has impacted on the recovery for customers who</p>	<p>Potential emerging risk as this has the possibility of growing experientially as the scheme matures.</p>	<p>Explore system to see if management information can be gathered to assess the risk.</p> <p>Review the process for the collection of temporary accommodation funds to see if</p>	<p>Responsible Manager: Financial Support Manager</p> <p>Actions: Reports can be run to identify recovery rates for current and former Council Tax support claimants – these can be interrogated to determine whether the claimant is in receipt of Universal Credit and review the impact of</p>

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		were placed in temporary accommodation prior to April 2018. The financial information provided by DWP is not clear and requires manual work to identify which customer the funds relate to, in order to transfer the funds into the correct account. The correct process is time consuming.		the process could be made more efficient.	<p>Universal Credit on collection of Council Tax arrears.</p> <p>The process for making payments to cases within temporary accommodation and dispersed units will be reviewed following the implementation of the new Housing System, as tenants of dispersed units are included in the existing processes</p> <p>Implementation date:</p> <p>31st March 2020 (Awaiting new housing system)</p>
There has been DWP intervention with an agreed action plan to assist the service transformation. Direct intervention has now ceased.					
Audit: Housing Benefits					
Assurance: Limited					
There has been DWP intervention with an agreed action plan to assist the service transformation. Direct intervention has now ceased.					
1	High (Red)	<p>Claims not being made defective / processing times</p> <p>Testing identified that not all claims were being made defective 30 days after the request for information in order to process the claim and information still needed to be sourced 3 months after the claims was submitted. This had already been identified as a possible issue which has been confirmed by the testing.</p> <p>There were 2 claims where the surnames were different on the</p>	<p>Potential for inaccurate reporting of processing timescales. Reputational damage for not meeting the government processing timescales. Sanctions imposed by DWP.</p>	<p>Undertake re-fresher training with the processing team.</p> <p>Monitor claims.</p> <p>Implement actions as advised in the Universal Credit Impact report.</p>	<p>Management Response:</p> <p>There was a long period of 2018/19 where absenteeism amongst the Benefits Management team was a problem. This caused some housekeeping tasks to slip as 1 senior officer was responsible for 30 officers.</p> <p>We now have a stable management team following the interim structure changes and there are 3 team leaders each of whom are responsible for a maximum of 11 officers. Additionally we have an assistant manager</p>

REDDITCH BOROUGH COUNCIL

Date: 31st October 2019

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		<p>application form to what had been recorded on the benefit system with no file note to acknowledge the difference.</p> <p>There was a postcode that was difference on the application form to what had been recorded on the system.</p> <p>A child's surname had been spelt incorrectly on the system</p> <p>The processing times have already been highlighted as an issue under the Universal Credit impact audit 2018/19. Actions have been put in place to reduce the processing times and are being closely monitored.</p> <p>The report showing the processing times is checked and cleansed, removing the council tax support claims and checking for any abnormalities before the figures are reported to DWP.</p> <p>There were 3 cases identified during the testing that due to a system error at Victoria Forms resulted in a delay in receiving the application forms. This was identified as the date on the report differs from the date received on Civica.</p>		<p>Produce a report that can pull off data showing new claims and change of circumstance processing times that do not require cleansing before submitted to the DWP.</p> <p>Liaise with Victoria Forms to identify the reason for the applications not being submitted the same day and to prevent any further delays without the team being made aware.</p>	<p>and a customer support manager both overseeing the operational and strategic management of the team.</p> <p>Reports are now run through Civica to identify cases where they should have been made defective. The team leaders issue reminders to individual officers to make claims defective and the importance of doing so has been highlighted to the entire team.</p> <p>The issues raised regarding surname differences could be held on the system but through Core or Revenues.</p> <p>We are currently working with Victoria Forms to improve the New Claim and make it more dynamic. We will also be looking into introducing the Change of Circumstance Form later this financial year once testing has been completed.</p> <p>Responsible Manager: Assistant Financial Support Manager</p> <p>Implementation Date: Completed</p>
2	High (Red)	<p>Subsidy</p> <p>During the course of the audit it was identified that due to the number of claims which had resulted in a Local Authority error</p>	<p>Loss of subsidy and the potential for reputational damage.</p>	<p>Undertake a review of the causes of the errors and carry out training.</p>	<p>Management Response: This has not been an issue for the team previously and is as a result of the previous absence of management.</p>

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		or Admin processing delay. The authorities will not be able to claim the subsidy resulting in a financial shortfall			<p>The interim structure again will ensure that we have capacity to work alongside the Quality and Improvement team and monitor workloads, processing times and admin delay.</p> <p>The Quality and Improvement team identify Local Authority Error/Admin Delay levels weekly to monitor. Again due to sickness and absenteeism last year within the Benefits Management team these concerns were not responded too.</p> <p>We are conscious of the financial implication this can have and will ensure that this is a one off and that as per previous years this does not happen again.</p> <p>Responsible Manager:</p> <p>Assistant Financial Support Manager</p> <p>Senior Quality and Improvement Officer</p> <p>Implementation Date:</p> <p>Completed</p>
3	High (Red)	<p>Recovery of overpayments.</p> <p>The testing identified accounts that needed chasing. There were a number of accounts that had been sent to the DWP to recover from the claimants UC. However, no response had been received from the DWP to advise if the recovery could be taken from the award. There are some Housing Benefit Overpayments that need action to transfer the information to the sundry debtor team to start the</p>	<p>Lack of action resulting in delays in recovering debts, resulting in a failure to recover monies which could lead to financial loss and reputational damage.</p>	<p>Review the recovery process and procedures to ensure they remain fit for purpose.</p> <p>Ensure there is closer monitoring and exercising of recovery to claim back over paid benefit.</p>	<p>Management Response:</p> <p>A review of procedures for the Invoice Recovery of Housing Benefit overpayments has been implemented.</p> <p>An initial high level flow for invoice recovery has been developed. This flow has determined the points in the process which can be automated, to ensure that recovery action has been taken promptly, and methods for reporting exceptions to team members for the correction of collection issues.</p>

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		<p>process to recover the money. The action from the 2017/18 audit to revise the operational measures for Housing Benefit overpayment and revision to working procedures to ensure timely notification of debt cases not progressing through recovery remains outstanding.</p>			<p>The flow also includes review points for identifying outstanding referrals to DWP and Direct Earnings Attachments where payments have not been made.</p> <p>The revised processes will be implemented in the second quarter of 2019/20</p> <p>The transfer of Housing Benefit overpayments to the Sundry Debt system for invoice recovery has been frustrated due to work pressures that developed during 2018/19. The implementation of Universal Credit, and the loss of a number of experienced assessment officers impacted on the ability to maintain performance and, on advice from DWP, resources were targeted to the assessment of New Claims and Change of Circs.</p> <p>Overpayments not in recovery were not processed during this period. The work pressures have been addressed and the appointment of new Team Leaders within the Housing Benefit Team has increased the resource available for exception testing. This has enabled a process for monitoring of these debts to be implemented commencing in May 2019</p> <p>Responsible Manager: Financial Support Services Manager Implementation Date: 30 September 2019</p>
4	High (Red)	<p>Classification Testing identified overpayments that the classification has had to</p>	Failure to complete this exercise may result in an inability to claim	Monitor the activity against the action plan to ensure the work is on track for	<p>Management Response: Reclassification has been completed 2nd week April 2019.</p>

REDDITCH BOROUGH COUNCIL

Date: 31st October 2019

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		be manually adjusted, due to the customers going onto UC. This is to ensure the subsidy is not claimed. The Quality Assurance team are carrying out these manual adjustments which is due to be completed by the 30/04/2019.	the correct subsidy.	completion at the end of April 2019 and ensure there is a contingency in place if the monitoring is indicating a short fall.	<p>This issue was caused by Civica Open Revenues and its treatment of the 2 week run on from Housing Benefit to Universal Credit. The software function is now working and the historic errors/issues have been corrected.</p> <p>Responsible Manager: Senior Quality and Improvement Officer</p> <p>Implementation Date: Completed</p>
5	High (Red)	<p>Backdated Claims</p> <p>Testing identified 8 claims out of the 20 tested for Redditch Borough Council the backdate had not been applied correctly. 4 of the claims started on an incorrect date and 4 claims should have been applied as a standard claim and not backdated.</p>	External Audit would highlight this issue during their yearly audit resulting in an impact on subsidy.	Update and re-refresh knowledge within the benefits team to ensure that any temporary agency staff are trained to apply any backdate correctly and random checks are made to provide assurance of this.	<p>Management Response: Regular task being established.</p> <p>Backdated cases are always checked and corrected in April each year ahead of the HB Subsidy Claim Forms being submitted to DWP.</p> <p>Training will be given to officers who are making the errors and also to the team in general as part of an ongoing training programme.</p> <p>Responsible Manager: Financial Support Manager (Welfare Support) Senior Quality and Improvement Officer</p> <p>Implementation Date: Completed</p>

REDDITCH BOROUGH COUNCIL

Date: 31st October 2019

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
6	Medium (Amber)	<p>Write Off's</p> <p>The action was to remind the team to ensure write off procedures are adhered to and actions are documented.</p> <p>2018/19 follow up found that this action has not been completed due to the absence of the income team leader.</p>	<p>Risk of financial loss in instances where money is written off when there is a possibility of recovering it in a reasonable timeframe, potentially leading to reputational damage.</p>	<p>Need to consider cover for key roles when there is a long period of absence to ensure the service can function efficiently.</p>	<p>Management Response:</p> <p>Action was not completed during 2018/19 year due to the absence of the responsible manager.</p> <p>Controls for the completion of Audit actions for future year have been implemented with Audit actions recorded within the individual team's Action and Development Plans.</p> <p>Responsible Manager:</p> <p>Financial Support Services Manager</p> <p>Implementation Date:</p> <p>June 30th 2019</p>
<p>There has been DWP intervention with an agreed action plan to assist the service transformation. Direct intervention has now ceased.</p>					
<p>Audit: Risk Management</p>					
<p>Assurance: Limited</p>					
<p>Zurich has been commissioned to assist with the compilation of the corporate risk approach.</p>					
1	High (Red)	<p>Risk Management Group</p> <p>At the time of the audit no risk management group meetings had taken place for a long period of time.</p> <p>However a meeting did take place after audit completed testing on the 20th May 2019. Although it is positive that a meeting took place</p>	<p>Failure to monitor risks in accordance with the defined strategy, resulting in ineffective risks management practices, which could lead to reputational damage for the authority.</p>	<p>Risk Management Group meetings have commenced with the first one taking place on the 20th May 2019 and the hope is this will be a monthly occurrence for the first 6 months which will either then become monthly or quarterly.</p> <p>This is a positive step forward however as separate risk meetings have proved</p>	<p>Responsible Officer: -</p> <p>Executive Director of Finance and Resources</p> <p>Implementation Date: -</p> <p>Following meeting on 20th May 2019 2 further meetings have been arranged on a monthly basis to enable the group to:</p>

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		there is still fundamental risk to the council at this time due to time it has taken for a meeting to take place since the last risk management group meeting. Unless there is consistency then there will still be continued risk.		ineffective in the past the Council to monitor these meetings for added value and effectiveness of aiding the Risk Management process and if they are found to be of no value then to consider alternative arrangements e.g. becomes a regular agenda item on the Corporate Management Team meeting	<ul style="list-style-type: none"> Review Zurich Municipal Health Check Receive training on 4Risk system <p>In addition health Check had been undertaken by Zurich Municipal.</p> <p>Completed.</p>
2	High (Red)	<p>Corporate Risk Register updates</p> <p>As identified previously the 4risk system has not been regularly reviewed, updated or used as the central repository for risk management.</p> <p>Although service areas are keeping their service risk register up to date to improve their specific areas, corporate risks are not being kept up to date on the 4risk system.</p> <p>Testing identified that corporate risks in the 4Risk system was last reviewed in 2013/14 and was due a review on 31/1/2019 which at the time of testing was overdue.</p> <p>It was also identified that 16 out of 16 actions within the corporate risks on the 4risk system still require action and each of the actions should have been implemented by the end of 2014.</p> <p>Corporate risks are on a spreadsheet which gets presented to members but the main system for managing risk has not been</p>	<p>Omission of review information could result in challenges to the process, or instances where reviews are being missed which are not identifiable from the information provided, resulting in reputational damage for the authorities.</p> <p>If the 4risk system is not being kept up to date re corporate risks it means that there is a potential lack of knowledge sharing occurring for staff which could lead to risks not being communicated potentially leading to reputational damage, challenges to the processes or instances where reviews are not able to be justified.</p>	<p>Management have already decided that the 4risk system is part of the future plans and is going to be an on-going project. Therefore the 4risk system to be reviewed on a quarterly basis to ensure that it remains fit for purpose and that the corporate risk registers are updated and remain up to date.</p>	<p>Responsible Officer: - Executive Director of Finance and Resources</p> <p>Implementation Date: - The Corporate Risk Register on 4Risk has been updated to reflect the new corporate risks and is monitored by CMT etc.</p>

REDDITCH BOROUGH COUNCIL

Date: 31st October 2019

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
3	High (Red)	<p>kept up to date.</p> <p>Risk Management Training Information Available to Staff</p> <p>Testing found the orb has minimal training material available for staff to view and use as reference for risk management. Information held dates back to 2015 and staff training has not been undertaken since this time.</p> <p>There is an option to self-teach staff in the use of the 4risk system within the system itself but there are no items available via the orb to highlight this facility.</p>	<p>A lack of reference material and training of staff could lead to staff being non-compliant with risk management requirements potentially leading to unacceptable or unidentified risk which could impact the reputation of the authority or have more serious consequences.</p>	<p>To assess the training material available to staff currently on the Orb for Risk Management and establish a folder where all risk management training material can be held and updated on a regular and timely basis. In addition to</p> <p>Include information on the orb regarding self-learning on the 4risk system.</p>	<p>Responsible Officer: - Executive Director of Finance and Resources</p> <p>Implementation Date: -</p> <p>September 2019 to commence risk training package across authority.</p> <p>Risk group to be trained in June/July then roll out to organisation following update of material available.</p>
4	Medium (Amber)	<p>Portfolio Holder Monitoring</p> <p>From the previous audit and follow up it was found that there was no process for portfolio holder monitoring.</p>	<p>Reduced high level management challenge, and reduced understanding of the issues affecting the service resulting in reduced control, potentially leading to reputational damage for the authorities.</p>	<p>Establish processes to ensure new and existing Portfolio Holders are made aware of the current risks that have been identified for the Service and that these are regularly revisited.</p>	<p>Responsible Officer: - Executive Director of Finance and Resources</p> <p>Implementation Date: -</p> <p>HOS to discuss with Portfolio Holder on a quarterly basis.</p>
5	Medium (Amber)	<p>Risk Management strategy</p> <p>After reviewing the Risk Management Strategy audit identified that there is no review date in place Redditch Borough Council.</p>	<p>Risk Management is a high priority area within an organisation so without having an action plan it could lead to high priority items not being completed within a suitable</p>	<p>To review the current Risk Management Strategy and include review date controls</p> <p>Consider including within the Strategy an action plan for the i training of staff</p>	<p>Responsible Officer: - Executive Director of Finance and Resources</p> <p>Implementation Date: -</p>

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
			<p>timeframe and could open the council to risk of reputational damage or death in service if certain risks are not identified.</p> <p>There is also risk that without a strategy there is no goal for managing risk within the authority.</p>		December 2019
Zurich has been commissioned to assist with the compilation of the corporate risk approach.					
Audit: Health and Safety					
Assurance: Limited					
The newly appointed Senior Health and Safety Advisor formulated a comprehensive and robust plan to address the points identified below. These are all reported as satisfied as at October 2019.					
1	High (Red)	<p><u>Policies</u></p> <p><u>The Orb</u> Testing of the policies on the orb found that: -</p> <ul style="list-style-type: none"> • There are policies missing i.e. the Fire Safety Policy. • There is no version control on the policies from a version/review date perspective. • There is no evidence to show if the documents on the orb is the same document that was written in 2011. • Using the Orb it is easy to access Health and Safety policies but regarding fire 	<p>If policies such as the fire safety policy are missing there is the potential of risk to life, knowledge gaps in hazardous situations, inconsistent work practices and also a safeguarding breach.</p> <p>A further potential risk is that of certain information being lost in transit through the orb as although there is a section dedicated for Health and Safety, not all communication regarding updates are located in the specific section. This can</p>	<p><u>The Orb</u> Effective working practice is established to ensure policies are uniform and are uploaded on the orb in a timely manner to prevent any knowledge gaps. All policies must have a version control associated and a review date prominently displayed. There must be an established forum e.g. Orb, notice board, providing ease of use and access to information.</p> <p>Hard Copy Information</p>	<p>Responsible Manager: HR Manager</p> <p>Approval process is currently under review which will potentially change the delegation which will stream line the process and the activation and communication of policies.</p> <p>Implementation date: April 2019</p> <p>Review of notice boards will be undertaken including review of electronic notice boards</p> <p>Section was cleared down in Sept/Oct 18</p> <p>April 2019</p>

REDDITCH BOROUGH COUNCIL

Date: 31st October 2019

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		<p>procedures, training and other areas it is more difficult to navigate through.</p> <p><u>Hard-copy Information Redditch Borough Council</u> Testing found that:-</p> <ul style="list-style-type: none"> • There is a lot of information on the notice boards in Redditch Borough Council but it can be questioned in how relevant the information is. • The notice board in Redditch Borough Council Town Hall is showing information which is outdated. • It was difficult to identify the health and safety section on the notice board in Redditch Borough Council Town Hall due to the amount of available information. <p><u>Observations: -</u></p> <ul style="list-style-type: none"> • At the depot it was noticed that TV screen was switched off in the canteen which meant that staff were not able to get daily information updates. • Although there were noticeboards some of the information was not relevant and not being updated. <p>Although there is a list of names for first aiders at the depot there is no version control to see how up-to-date the information presented is, there is no photograph to allow staff to locate the first aider.</p>	<p>potentially lead to inconsistency in the working practices and act as a communication barrier.</p>	<p>Cluttered notice boards must be eliminated and re-designed to make them more appealing, visually easier to read and to keep a control in place to update them. There should be clear responsibility established to maintaining such areas and it may also be worth considering new innovative ways of delivering the information in the offices e.g. scrolling monitors running presentations to keep all council staff up-to-date with relevant information, or having pop ups created from IT about important notices.</p> <p>It is recommended to start to introduce different colour hi-vis. Example Green to represent first aiders, Red to represent Fire safety officers, Blue for trainers to assist with assisting staff who are unsure who to go to during an emergency. It is also recommended to add a mandatory requirement to ensure all first aider's qualifications are up to date and to have a log in place to ensure they do not lapse unnecessarily.</p>	

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
2	High (Red)	<p><u>Fire Safety and Fire Evacuations</u></p> <p>The visual communication methods to employees vary in display and content between Council sites.</p>	<p>Different visual displays where you have multi-site working can potentially lead to confusion and time lost which could impact severely during an evacuation requirement potentially leading to a risk to life.</p>	<p>To consider having a joint and uniform approach where the blueprint map is similar in design at all Council offices showing where you are stood in the building and where the nearest evacuation point is.</p>	<p>Responsible Manager: Head of Customer Services / Head of Legal, Equalities and Democratic Services</p> <p>Review of blue prints to be actioned by facilities management.</p> <p>To be put on the orb once updated.</p> <p>Implementation date: To be reviewed in April 2019 when facilities returns in house from place partnership.</p>
3	High (Red)	<p>Manager IOSH training</p> <p>The findings indicate that:</p> <ul style="list-style-type: none"> • There is no review date. • There is no expiry date. • Managers may not have attended the allocated training slot. 	<p>Managers that do not receive the most relevant training in IOSH could potentially lead to, legislation breaches, risk of injury or even death in service</p>	<p>Establish a mandatory requirement for IOSH training and issue reminders when completed training is set to expire.</p>	<p>Responsible Manager: Health and Safety Officer / HR</p> <p>Accepts taking on part of the risk, as does not believe need to commit to IOSH Managing Safely as a mandatory course, as there are alternative routes that could be taken.</p> <p>Suggestions to improve include: -</p> <ul style="list-style-type: none"> • Identify the right people who would require the training (likely front line managers) • Develop an in-house course, which could take one day, which delivers: <ol style="list-style-type: none"> 1.) Broad introduction to health and safety law and how it applies 2.) Accident and incident investigation 3.) Risk assessment • To go down the route of getting approval / endorsement from IOSH • This would not require IOSH to be paid to come in and present each time <p>Regarding ensuring this detail is tracked and reviewed, that is not difficult to achieve. I would then suggest refresher on a three year basis.</p>

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
					Implementation date: February 2019
4	High (Red)	<p><u>Lifts Risk Assessment</u></p> <p>Working on the lifts could mean an engineer needs to go into the shaft to fix an issue.</p> <p>The findings have found that: -</p> <ul style="list-style-type: none"> • There is no current Risk Assessment in place for external contractors checking the lifts. • There is no evidence to support that there is a control in place. <p>Due to the evidence obtained, it was found that not all the must-kept locked secure doors were locked which could lead to potential danger to life as the door is meant to be secure to prevent person(s) from entering due to the electrical main switch.</p>	<p>Due to the inconsistency with the risk assessments carried out from a third party and also internally there is potential that risk assessments are not adequate or in place thus leading to reputation damage, injury loss of or danger to life.</p>	<p>It is recommended that a risk assessment process is made available whereby a contractor carrying out maintenance on the lifts either fill in a form or we fill in one of their behalf and keep it on file. To establish and set up a control so that all information from the assessments is gathered together to provide an audit trail in case of incident.</p> <p>Bigger stickers are required on the doors to further deter someone from opening the door to the main electrical switch. Also to create a measure to ensure that all doors are kept locked and that there is more vigilance in this regard.</p>	<p>Responsible Manager: Facilities Manager</p> <p>Currently having a new contract tendered which will include lift risk assessments in all public buildings. Additional staff being hired to help support documents being kept up to date.</p> <p>Implementation date: April 2019</p> <p>Bigger stickers have been put on doors so has been implemented Oct-18.</p> <p>Property Services will put in place a revised procedure and risk assessment for the maintenance of lifts to ensure compliance is moving forward by end of December 2018.</p> <p>Property services are issuing an email to all relevant officers to ensure that the secure doors are properly secured and locked. Implemented</p> <p>There will be a new contract for lifts in public buildings and relevant risk assessment supplied to the new contractor.</p>
5	High (Red)	<p><u>Fuelling point assessment at Redditch Borough Council Depot</u></p> <p>The findings have found that: -</p> <ul style="list-style-type: none"> • There has not been an updated health and safety hazard report since 2010 which is prior to the 	<p>The worst case scenario is that there is the potential for explosion that could lead to multiple casualties, danger to life. Toxics in the air and</p>	<p>To reconsider the points from the 2010 report and establish whether they remain pertinent. To instigate an assessment to identify whether there has been further deterioration since the 2010 report and</p>	<p>Responsible Manager: Head of Environment / Officer in Charge and Place Partnership</p> <p>Fuel tank has been recognised to be 40 years old and requires somebody to come and check the concrete dispenser island and pumps.</p>

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		<p>2014 external health and safety audit report.</p> <ul style="list-style-type: none"> There is no evidence of work being carried out based on the following recommendations: - <p>1.) The concrete on the dispenser island was showing wear. The areas around the dispenser should be impervious.</p> <p>2.) It was identified in the 2010 report that repairs need to be made.</p> <ul style="list-style-type: none"> Vehicles are parking in the no-parking zones which can be found on top of the fuel dispensers with the engines left needlessly running. 	reputational damage to the council.	<p>establish an action plan to address as necessary.</p> <p>To establish and enforce measures for any vehicle found parked on the forecourt in the no parking zones and to create a mandatory requirement for all staff to adhere to the rules within the depot sites. Ensure that there is no smoking, safety shoes and hi-vis are worn at all times and implement sanctions against repeat offenders.</p> <p>To re-enforce safety requirements at the site with all relevant staff.</p>	<p>Implementation date: Nov-18</p> <p>Following consultation with the Health and Safety Officer it has been agreed that the current Health and Safety Hazzard report completed in 2010 is still relevant and valid as there have been no changes. Implemented</p> <p>Electrical cable issue resolved. Implemented</p> <p>Place Partnership is commissioning a review of the fuel pumps and fuelling area and tanks to assess current state and works required this is due to be completed by 31st December 2018 and any resulting capital works will be programmed accordingly during 2019/20</p> <p>Email has been sent to all Housing and Environmental services managers to ensure that all teams are reminded not to park in the fuelling zones or leave engines running. Implemented</p>
6	High (Red)	<p><u>Fire Risk Assessments Action Plan</u></p> <p>The findings are that: -</p> <ul style="list-style-type: none"> According to the 2014 action plan there are a number of items incomplete especially regarding housing. There are no public buildings such as the Town Hall in Redditch mentioned within the 2014 action plan. There is a sheet being filled in by housing and a sheet being filled in by place partnership. There is a high risk item set in 	There seems to be no control in place on the fire risk assessments and risk management which could potential have far reaching implications e.g. corporate manslaughter charges if there was an incident.	<p>To update the 2014 action plan to include all public buildings and ensure that it is up to date to mirror the actual fire risk assessments that have been filled in.</p> <p>It is recommended to have regular meetings regarding the process on the action plan to ensure controls are in place and to create an audit trail through the minutes.</p> <p>To ensure 'high risk' items are updated and dealt with in as a priority and it a timely manner.</p>	<p>Responsible Manager: Senior Contracts Manager</p> <p>An IT system has been sourced and will be part of the asset management system implementation that Senior Contracts Manager is leading on and will enable better maintenance of records and data. Public buildings will be managed centrally. Budget bid for dedicated system linking to PPL transfer in-house.</p> <p>HR& OD Manager Facilities Management</p> <ul style="list-style-type: none"> Property Services Place Partnership

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		<p>2016 which was not complete as of 11th June 2018 in regard to a Redditch address re. items being stored in hallways. Review date stated mentions 2019.</p> <ul style="list-style-type: none"> • Risk assessments are not being completed frequently. 			<p>- Housing</p> <p>Implementation date: It is intended that processes and procedures will be established as part of the Officer in Charge process to ensure that all fire safety checks are carried out in a timely and compliant way by the transfer date.</p> <p>It is also intended that all officers with responsibility for FRAs will review risk assessment and action plans and training will be delivered where required.</p> <p>Health checks are currently being carried out in the Housing Schemes and new FRAs being developed for High Risk Housing</p>
7	High (Red)	<p><u>Fire Alarms</u> There is no consistency in how often the test is carried out. In August 2017 for instance it was noticeable that the test was only carried out once; there is also other occasion during the year of 2017 where tests have been infrequent.</p> <p><u>Fire Drills : - Redditch Borough Council</u> In the Town Hall the latest fire drill was completed in October 2017. The follow up to the drill should have been completed in April 2018 to keep within compliance. This did not occur as of 15/5/2018 meaning that when the drill did take place it was still non-compliant at the time of the drill.</p>	<p><u>Fire Alarms</u> If the tests are not carried out within a 6 month period there is the potential that the site is non-compliant and would fall out of British Standards 5839. This could lead to financial implications, council reputational damage and potential danger to life. The council could also be deemed non-compliant to fire safety regulations.</p> <p><u>Fire drills: -</u> The 10 minute limit that the building should be cleared of all personnel may be breached and there could be pockets of staff and others in the building unaccounted for potentially leading to unnecessary searches and potential threat to</p>	<p>To ensure a control is in place to carry out a weekly fire alarm test and record it to comply within British Standards 5839. If a test is not completed on a weekly basis then there needs to be justification to support why it was not carried out in case a fire officer visits the site and questions it.</p> <p>Redditch Borough Council needs to establish a requirement to complete a fire test regularly to remain within compliance for fire safety regulations.</p> <p>It is recommended that the depot commences fire drills within a 6 month window to ensure that they are compliant and regiment the evacuation process for any fire Marshalls.</p> <p>A process to be established where a designated fire warden is located next to</p>	<p>Responsible Manager: Facilities Management</p> <p>Implementation date: RBC – April 2019</p> <p>To create a sub group to work through recommendations and give a clear plan by April 2019. Group to feature Health and Safety Advisor, Facilities and be supported by Claire Felton and Guy Revans. This group will also review officer behaviour through fire drills to ensure compliance.</p> <p>To deliver fire drills at all sites in Dec-18.</p>

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		<p>At the Depot there are no set drills that get conducted and there was no evidence to say that a fire drill has been conducted in the last 3 years.</p> <p><u>Fire Drill Observations Redditch Town Hall</u></p> <ul style="list-style-type: none"> • There was disorganisation in the lead up to the fire drill. The fire drill was meant to commence at 11:45am but there was an issue locating the key for the alarm. • There was no monitor on the fire exits meaning that staff and members of the public could have re-entered the building if they had chosen to do so without challenge • The main door in reception for members of the public to evacuate was not working during the drill and went into lockdown, which meant that the public had to exit through the council workers fire exit instead. • Department locations have not been updated on blueprint so a department was not able to be accounted for and delayed the fire drill evacuation time. • There was delay with getting the accountability for the Crèche due to communication between the Crèche and the operating fire Marshall on site. <p>There is no control in place from a</p>	<p>life. Poor communication could lead to confusion and whether all personnel are clear of the building.</p>	<p>one of the fire exits to ensure no unauthorised personnel re-enter the building until safe to do so.</p> <p>Better planning to ensure that the fire alarms are tested on time and that the key is available and not moved.</p> <p>A process is established to ensure all contractors sign a register when coming to work on site and that they have basic induction training to know where the fire evacuation point is.</p> <p>It is recommended to have a systematic approach to ensuring all documentation is up-to-date at all times so that if departments change locations this does not impact on obtaining an assurance that everyone has left the building.</p>	

REDDITCH BOROUGH COUNCIL

Date: 31st October 2019

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		fire risk assessment perspective on contractors coming in to carry out work. It was observed that an on-site contractor walked out of the building from car park entrance and sat in their van rather than going to the evacuation point.			
8	High (Red)	<p>Evacuation of less able people from Redditch Borough Council Town Hall.</p> <p>Testing of the procedures with assisting wheel chair users in a fire has shown :-</p> <ul style="list-style-type: none"> • That there is no written procedure in place to show how to assist wheel chair users in an emergency situation or where responsibility is allocated. • That there is only one stair lift in the building which has never been used when the building has eight flights of stairs to contend with. • That there has been no fire drill to test out the Wheel chair stair case to get an accurate timing of how long it would take to get someone out of the building. <p>That there is no signs for wheel chair users to locate a stair lift in case of emergency.</p>	<p>There has been no documentation in what to do with a member of staff/public who has wheel chair access. With little knowledge of the workings of the stair lift to get the member of staff/public out of the building it could lead to confusion and impede the flow of people in the stairwell leading to panic and injury. This could potentially lead to reputation damage, litigation or ultimately loss of life.</p>	<p>To arrange for a fire drill with someone who uses a wheel chair to assist with monitoring how long it would take in a fire evacuation for the individual to exit the building from the top floor.</p> <p>To develop a procedure manual with who is responsible for the person(s) in case of a fire and what needs to happen, to arrange for appropriate signs to be implemented to locate the stair lift in an emergency situation.</p> <p>Once a test is conducted alternative approaches to assist with evacuation for the less able may be required.</p>	<p>Responsible Manager: Facilities Manager HR Manager</p> <p>Implementation date: Health and safety advisor to review procedure.</p> <p>January 2019</p> <p>To arrange test to identify learning to develop guidance notes. Co-ordination required with facilities and planned to be picked up as part of next fire drill. Drill training date to be agreed</p> <p>May 2019.</p>
9	High (Red)	<p><u>Active and Re-active measures of a terrorist attack</u></p> <p>the testing on active and re-active measures on terrorist attacks has shown that: -</p> <p>There is a potential security breach</p>	<p>Should a terrorist event take place there could be confusion and an ineffective procedure followed potentially leading to injury and loss of life.</p>	<p>Follow other authorities' leads with the Hide, Run, and Tell policy for terror. Consider training staff on terrorism attacks through e-learning or various methods. Create an action plan date as soon as possible to discuss this.</p>	<p>Responsible Manager: HR Manager & Facilities</p> <p>Lock down of doors, 9am onwards.</p>

REDDITCH BOROUGH COUNCIL

Date: 31st October 2019

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		in Redditch Borough Council Town Hall between 09:00am to 09:25am			Implementation date: November 2018.
10	Medium (Amber)	<p><u>Active and Re-active measures of a terrorist attack</u></p> <p>the testing on active and re-active measures on terrorist attacks has shown that: -</p> <ul style="list-style-type: none"> • There is no current policy in place. • There is no process in place. • Although there is currently an agenda for a meeting to occur at some point in the future. There is no current date booked for a meeting to discuss. 	Should a terrorist event take place there could be confusion and an ineffective procedure followed potentially leading to injury and loss of life.	To ensure all doors are shut at 09:00am at Redditch Borough Council Town Hall. (Practical / pragmatic in a public building Consider the most appropriate and safest foot traffic route for entry to the building.	<p>Responsible Manager: HR Manager & Facilities</p> <p>Interim has officer being recruited. Looking to post information on Orb regarding safety breaches. Dec-2018</p> <p>Implementation date: April 2019</p>
11	Medium (Amber)	<p><u>Action Plan Update</u></p> <p>Testing of the health and safety action plan found: -</p> <ul style="list-style-type: none"> • There is no version control within the action plan to state when it was last edited or modified. • There is a lot of information which has a narrative as 'Out Of date' and no comments as to why the action is out of date or what has been put in its place. • The target deadline date has been not been adhered to since the end of 2014. • There are target dates in place but none of the targets set have been completed. • The recommendations from the fire risk assessment and management perspective have not been completed according to 	If the action plan is not being used as a management tool and not being kept up-to-date people within the organisation will not know what is complete and what remains outstanding, potentially could lead to inaction and lost opportunity to develop. The absence of information within the action plan does not provide an assurance that work has been carried out this could also lead to misunderstanding and confusion.	<p>The action plan should be treated as a key management tool driving the development of H&S and must be regularly updated with a systematic approach to enable a clear indication of progress. A version control must also be included and priorities need to be established e.g. fire risk assessments and management perspective.</p> <p>To focus on getting any work 'Out of date' completed and to include a new tab saying 'Planning and development' as well as to include High/Medium/Low priority to assist the planning structure.</p>	<p>Responsible Manager: HR Manager</p> <p>Work will be actioned to combine all H&S Audits into a definitive action plan</p> <p>Implementation date: April 2019</p> <p>Whilst a large amount of work has been taken from the 2014 action plan. An ambulation of plans will take place and used to go forward from April 2019.</p>

REDDITCH BOROUGH COUNCIL

Date: 31st October 2019

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		<p>the action plan.</p> <ul style="list-style-type: none"> There is no tab specifically for 'Planning and Development'. There is no evidence of a planning and development within the action plan scope for the technological and innovative factors of the business. 			
12	Medium (Amber)	<p><u>Financial Analysis and Training budget:</u></p> <ul style="list-style-type: none"> There is no centralised finance code dedicated for Health and Safety. There is no system in place for showing value for money is being achieved on spend. The budget was overspent on a couple of occasions Redditch Borough Council. 	<p>The actual budget position is not correctly identified from a corporate or service perspective potentially leading to overspends or the belief that there is no money available thus impacting on commitment accounting missed training opportunity.</p>	<p>To improve overview of the training budget use. To consider using cost centres for the training budget and Health and Safety to improve corporate oversight of expenditure.</p>	<p>Responsible Manager: HR Manager in conjunction with Finance Director.</p> <p>There is a current review of corporate training budgets and the separation of H&S training in readiness for 2019/20.</p> <p>Implementation date: April 2019</p>
13	Medium (Amber)	<p><u>Induction Process</u></p> <p>The findings from the testing showed that: -</p> <ul style="list-style-type: none"> No corporate training has been completed on a scheduled basis and there is evidence to show that even under the presumption that training was being carried out on a monthly basis there is no evidence that can prove this. Inductions have not been completed for a while; there is no review date or location included. There are blank entries and 'n' showing in the attendance of the training throughout the training document with no comments as to what was done to get staff on 	<p>Staff that do not receive relevant and timely training potentially leading to a breach of legalisation, risk of injury or even death in service.</p> <p>With a fundamental issue with the communication between local teams and HR regarding staff training there is the potential for inconsistent working practices and reduced ability of vision for safeguarding staff.</p>	<p><u>Training</u></p> <p>Design into the new HR training system to leaver's dates, start dates and a review date to enable local monitoring regarding the training from both a corporate and service level perspective leading to better communication between local departments and Human Resources.</p> <p>To establish exception reporting to ensure comment are included in any fields that are blank or show 'n' on the training attendance. The frequency of induction training to be established.</p> <p>Introduce self-serve training systems through e-learning and ensure all new employees complete mandatory induction training within 30 days. Probationary</p>	<p>Responsible Manager: HR Manager</p> <p>Implementation date: Looking at corporate induction process and currently under review. Consideration being given to hard copy and interactive learning.</p> <p>Full review to be undertaken which is currently underway.</p> <p>July 2019</p>

REDDITCH BOROUGH COUNCIL

Date: 31st October 2019

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		the training. • No training has happened since 2017 due to limited resources. There is no information being passed on to Human Resources from local teams to confirm what training that has been completed.		periods should not be signed off if mandatory training has not been satisfactorily completed. Existing staff to have mandatory training requirements identified for their roles and reported on an exceptions basis.	
14	Medium (Amber)	Bespoke health and safety training • There is no systematic approach in reference to how the training is being recorded. • There are dates in place for training for both supervisors and team leaders, but there is no evidence that training took place or who attended the training sessions. • There is no review date in place for any training that was completed. • There is no information that the employee in question still currently works for the Council.	Potential lack of adequate training and knowledge will result in errors being made leading to reputational damage and personal injury and non-compliance.	Be-Spoke training To develop further the 2014 action plan to ensure all training is completed and recorded in a timely manner. Consider what the new system can provide in order to establish record integrity in regards to the current workforce training requirements, how it is reported and how potential training gaps can be identified.	Responsible Manager: HR Manager Continue to review and explore how training can be monitored and recorded on the HR 21 system. By the end of the first financial quarter we will have a better understanding of the budgets allocation and spend on training and training records. Implementation date: July 2019
<p align="center">The newly appointed Senior Health and Safety Advisor formulated a comprehensive and robust plan to address the points identified above. These are all reported as satisfied as at October 2019.</p>					
<p>2019/20 REVIEWS.</p>					
<p>Audit: St David's House</p>					
<p>Assurance: No</p>					
<p align="center">A comprehensive action plan was drawn up with circa 30 action points and is currently being implemented.</p>					
1	High (Red)	Income for additional services being offered and the assistance given to tenants.			Responsible Manager: Service Manager

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		The Audit has identified several areas where the controls are not robust and opens the Authority to unacceptable risk.	Potential for reputational risk, financial loss and a breach of the financial regulations, including the potential for fraud.	Senior Management in consultation with Worcestershire Internal Audit have developed a prioritised action plan.	Action: Implementation of the agreed action plan. Implementation date: 31 st March 2020
A comprehensive action plan was drawn up with circa 30 action points and is currently being implemented.					
Audit: Bereavement Services					
Assurance: Significant					
1	Medium (Amber)	Raising of Invoices Testing identified that June 2019 invoices to funeral directors were not issued in a timely manner due to lack of resourcing during this period. There was a delay in a purchase Order being raised for a memorial as approval was needed by the manager who was on leave at the time.	Potential emerging risk if resources are not available to carry out this task which is critical to the service and fundamental income stream for the Council.	In the short term look into getting help from other sources e.g. Debtors Team. Long Term a more efficient system. Undertake discussion with the payments team to assess the possibility for the purchases system to automatically escalate the authorisation of a purchase order within so many days to another relevant manager.	Responsible Manager: Bereavement Services Manager Action: Ensure additional resource is trained to reconcile and raise the monthly invoices as required. Implementation date: By 31 st December 2019 Action: Discuss with systems administration to see if an automated escalation for order approval can be implemented Implementation date: By 31 st December 2019
end					

This page is intentionally left blank

AUDIT, GOVERNANCE AND STANDARDS COMMITTEE

Work Programme

31st October 2019

- Monitoring Officer's Report
- Local Government Ethical Standards Report
- Internal Audit – Progress Report
- Compliance Team Update (6 monthly)
- Risk Management Quarterly Report
- Grant Thornton Sector Update
- Grant Thornton – External Audit – Annual Audit Letter 2018/19
- Section 24 Action Plan
- Financial Savings Monitoring Report
- Committee Work Programme

30th January 2020

- Monitoring Officer's Report
- Grant Thornton - External Audit – 2019/20 Audit Plan
- Grant Thornton - External Audit – Grant Claims Certification Work Report 2018/19
- External Audit - Informing the Risk Assessment (Communicating with those charged with governance)
- Treasury Management Strategy, Prudential Indicators and Minimum Revenue Policy Provision 2020/21
- Internal Audit – Progress Report
- Internal Audit – Draft Audit Plan 2020/21
- Role of Independent Member
- Risk Management Quarterly Report
- Section 24 Action Plan
- Financial Savings Monitoring Report
- HRA Internal Controls - S151 update
- Committee Action List and Work Programme

AUDIT, GOVERNANCE AND STANDARDS COMMITTEE

9th April 2020

- Monitoring Officer's Report
- External Audit – Update Report
- Internal Audit – Progress Report
- Internal Audit – Final Audit Plan 2019/20
- Compliance Team Update (6 monthly)
- Risk Management Quarterly Report
- Section 24 Action Plan
- Monitoring Report
- Corporate Risk Register
- Committee Work Programme