



# Audit, Governance & Standards Committee

Thu 25 Jan  
2024  
7.00 pm  
Council Chamber,  
Redditch Town Hall

**REDDITCH** BOROUGH COUNCIL

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## **GUIDANCE ON FACE-TO-FACE MEETINGS**

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**Please note that this is a public meeting.**

**You are able to see and hear the agenda papers for this meeting from the Committee Pages of the Council's website.**

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### **Notes:**

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# Audit, Governance & Standards

Thursday, 25th January, 2024

7.00 pm

Council Chamber Redditch  
Town Hall

## Agenda

### Membership:

Cllrs:	Ian Woodall (Chair)	Andrew Fry
	Jane Spilsbury	Chris Holz
	(Vice-Chair)	Anthony Lovell
	Salman Akbar	Emma Marshall
	Karen Ashley	
	Juma Begum	

### 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 5 - 18)

The minutes of the meeting of the Audit, Governance and Standards Committee held on 23<sup>rd</sup> November 2023 will be considered at this meeting.

### 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 Tuesday 23<sup>rd</sup> January 2024. A maximum of 15 minutes will be allocated to public speaking.

### 5. Annual Review Letter of Local Government and Social Care Ombudsman (Pages 19 - 26)

### 6. Monitoring Officer's Report - Standards Regime (Pages 27 - 30)

### 7. Feckenham Parish Council Representative's Report - Standards Regime

To receive a report from the Feckenham Parish Council Representative on any matters of relevance to the Committee. (Oral report)

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- 8. Bishop Fleming - Introduction to the Council's New External Auditor**
- 9. Internal Audit Progress Report** (Pages 31 - 46)
- 10. Capital Strategy 2024-25 including Treasury Management Strategy** (Pages 47 - 50)

Appendices A – D for this report are to follow in an additional papers pack for this meeting.

- 11. Financial Compliance Report including update on Council's Statements of Accounts** (Pages 51 - 60)
- 12. Financial Savings Monitoring Report** (Pages 61 - 68)
- 13. Risk Champion Update**
- 14. Committee Work Programme** (Pages 69 - 70)



# **Audit, Governance & Standards Committee**

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Thursday, 23rd November,  
2023

## **MINUTES**

### **Present:**

Councillor Ian Woodall (Chair), Councillor Jane Spilsbury (Vice-Chair) and Councillors Salman Akbar, Juma Begum, Andrew Fry and Chris Holz

### **Also Present:**

Councillor Luke Court – Portfolio Holder for Finance and Enabling  
Jackson Murray – Key Audit Partner, Grant Thornton  
Kirsty Lees – Audit Manager, Grant Thornton

### **Officers:**

Nicola Cummings, Peter Carpenter, Adrian Howe (on Microsoft Teams), Sue Hanley (on Microsoft Teams), and Michelle Howell

### **Democratic Services Officers:**

Mat Sliwinski

#### **41. APOLOGIES AND NAMED SUBSTITUTES**

Apologies for absence were received on behalf of Councillors Ashley, Lovell and Marshall.

#### **42. DECLARATIONS OF INTEREST AND OF PARTY WHIP**

There were no declarations of interest nor of party whip.

#### **43. MINUTES**

The minutes of the Audit, Governance and Standards Committee meeting held on 21<sup>st</sup> September 2023 were submitted for Members' consideration.

Councillor Spilsbury raised a query with regard to the statement recorded within the minutes of the 21<sup>st</sup> September Audit, Governance and Standards Committee meeting at Minute 35. Grant

Chair

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Thornton – External Audit Progress Report and Sector Update. This statement read as follows:

*“The Committee was reassured that there were currently no plans to issue another Section 24 Notice to the Council as information regarding the situation were already known to the public through the Section 24 Notice issued in October 2022.”*

Councillor Spilsbury requested that it be clarified in the minutes record who made this statement and whether the phrase ‘reassured’ was used. Following discussion, it was agreed that the expression used in the statement be changed from ‘the Committee was reassured’ to ‘it was noted’ to clarify that the position recorded was that which officers present believed to be correct at the time of the meeting. The statement would be amended to:

*“It was noted that as of the time of the meeting there were no plans to issue another Section 24 Notice to the Council as information regarding the situation were already known to the public through the Section 24 Notice issued in October 2022.”*

## **RESOLVED that**

**subject to the amendment detailed in the minute text above, the minutes of the meeting of the Audit, Governance and Standards Committee held on 21<sup>st</sup> September 2023 be approved as a true and correct record and signed by the Chair.**

## **44. PUBLIC SPEAKING**

There were no registered public speakers on this occasion.

## **45. MONITORING OFFICER'S REPORT - STANDARDS REGIME**

The Principal Solicitor introduced the Monitoring Officer’s report and in doing so reported that two Member complaints had been received since the last meeting. One complaint had been resolved with Group Leaders locally and the other complaint would be reported on in more detail at the next Audit Committee meeting.

In response to a question, the Principal Solicitor confirmed that the Council kept a record of all formal complaints. It was also clarified that with respect to scheduled Members’ social media training, this concerned the general guidance and issues surrounding elected

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members' use of social media, rather than covering information relating to any specific complaints.

**RESOLVED that**

**the Monitoring Officer's report be noted.**

**46. FECKENHAM PARISH COUNCIL REPRESENTATIVE'S REPORT - STANDARDS REGIME**

It was noted that representatives from Feckenham Parish Council were not present to provide an update.

During discussion, Members commented that they felt updates on the Parish Council standards matters had been informative and useful to the Committee. It was requested as an action that a letter be written to Feckenham Parish Council, reaffirming that their continued representation on the Audit, Governance and Standards Committee was valued and asking their representatives to provide standards updates at every meeting, if possible.

**47. JOINT INTERIM AUDITOR'S ANNUAL REPORT 2021-22 AND 2022-23**

The Key Audit Partner for Grant Thornton presented the Joint Interim Auditor's Annual Report for years 2021-22 and 2022-23 and in doing so noted that the Report covered arrangements for the period from 1<sup>st</sup> April 2021 to 31<sup>st</sup> March 2023. It was noted that the final auditor's annual report for 2021-22 and 2022-23 could not be issued until the final sets of Accounts for these years had been submitted and audited.

It was noted that the Joint Interim Auditor's Annual Report followed from the Section 24 Report considered by the Audit, Governance and Standards Committee on 10<sup>th</sup> November 2022. Last year's Section 24 Report set out the Statutory Recommendation issued by the External Auditor under Section 24 of the Local Audit and Accountability Act 2014. It was highlighted that the Report before Members updated on the progress against Statutory, Key and Improvement Recommendations that were issued on 31<sup>st</sup> October 2022 and the Report also reaffirmed that the Statutory Recommendation remains outstanding.

The Key Audit Partner explained that the Statutory Recommendation was issued on 31<sup>st</sup> October 2022 as a result of

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the non-delivery of the 2020-21 financial statements at that time. As of 23<sup>rd</sup> November 2023, the Council's remained unable to publish the draft 2020-21 Accounts, and this was the reason for the External Auditor's updated Section 24 Statutory Recommendation. The Key Audit Partner explained that some improvement had been made in addressing the Statutory Recommendation, in particular around the functioning of the Enterprise Resources Planning (ERP) system, TechnologyOne, and the successful remediation of the cash receipting module within that system. The Council had also provided data take on balances for periods 1-11 of the 2020-21 financial year.

The Key Audit Partner clarified that the External Auditor had now received period 0 data take on balances on 13<sup>th</sup> November 2023. However, the priority remained for the External Auditor to gain assurance around period 0 balances and the data transfer that took place between the Council's old ledger system, eFinancials, and the new ledger system, TechnologyOne.

It was highlighted that, as reported in the previous meeting, the Department for Levelling Up, Housing and Communities (DLUHC) had announced a range of proposals to address the backlog of audits across English local authorities. These proposals included enforcing statutory deadlines for local authorities to complete outstanding audits that, if not met, would lead to an automatic issuing of qualifications and disclaimers of opinion for those sets of accounts and the auditors being asked to move on to the statements of accounts for subsequent years. The Key Audit Partner noted that whilst these proposals still required legislation to be passed in order to come into effect, it was likely that backstop dates would lead to at least one of Redditch Borough Council's outstanding sets of financial statements (i.e. for 2020-21, 2021-22 and 2022-23 financial years) being qualified.

The Key Audit Partner addressed the progress made by the Council against the 6 key recommendations that were issued by the External Auditor on 31<sup>st</sup> October 2022. The first of the key recommendations was in respect of the Council's Medium Term Financial Plan (MTFP) and ensuring that the financial challenge and the saving schemes within that Plan were backed up by valid assumptions. It was reported that the External Auditor had seen progress made in respect of medium term planning. The Council's MTFP was now predicated on much stronger assumptions than in the previous year's reporting. However, it was repeated that



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because financial statements going back to 2020-21 had not yet been audited, the opening position on the MTFP could be incorrect.

The second key recommendation was in respect of appropriate public reporting of statutory reports such as the Treasury Management Strategy and the Capital Strategy. The Key Audit Partner reported that the Council addressed this recommendation from the 2022-23 financial year and as such this key recommendation was resolved and no further action required.

The third key recommendation related to the need for the Council to improve its management of key projects. The Key Audit Partner reported that since the Section 24 Report of October/November 2022, the Council had made progress in this area, including through the introduction of the Project Management Office, and therefore this key recommendation was resolved and no further action required.

The fourth key recommendation was with respect to management, monitoring and reporting of risk. The Key Audit Partner noted that the Council had made an improvement in this area and the External Auditor was of the opinion that the key recommendation had been resolved and could now be downgraded to an improvement recommendation.

The fifth key recommendation was with respect to effective governance arrangements in respect of performance monitoring and reinstating public reporting on performance. The Key Audit Partner commented that this recommendation was now resolved due to the return to in-year performance monitoring. However, an improvement recommendation (lower level of auditor recommendation) had been raised as the Council's performance reports remained in need of significant improvement.

The sixth recommendation related to the need for the Council to ensure timely and relevant financial monitoring reporting was undertaken. The Key Audit Partner noted that the Council returned to in-year budget monitoring in 2022-23, which meant the key recommendation had been resolved, and was now downgraded to an improvement recommendation.

The Key Audit Partner noted that where a significant weakness had been identified in arrangements, the External Auditor was required to raise either a key or statutory recommendation. It was noted that although key recommendations 2 to 6 had now been removed, a

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new key recommendation had been added with respect to the Council's organisational capacity and capability. It was highlighted that workforce capacity was a challenge across the public sector. The Council faced significant workforce challenges, such as continued strong reliance on temporary/interim staff across the organisation. It was noted as a concern that two out of three statutory officers were interim. The other areas highlighted included the need to embed the objectives of the Council's Workforce Strategy within the organisation and the need to ensure that succession planning, creative recruitment, and workforce development took place.

Following the Key Audit Partner's presentation of the Report, the Interim Director of Finance addressed the Committee and in doing so expressed disappointment that the Council had not yet reached a position where it had agreed period 0 data take on balances with the External Auditor and was able to issue the draft set of 2020-21 Accounts to auditors.

The Interim Director of Finance noted that the Council made progress in key areas, including upskilling of the Council's workforce on the use of the Council's new ledger system, TechnologyOne. The Council had significantly improved its processes around expenditure controls, including the 'no purchase order, no pay' procurement process. Additionally, work was undertaken on linking the Council's finance teams and human resources (HR) datasets, which would improve work processes significantly. Finally, the Council had improved its public reporting and audit committee processes, with Members sighted on financial information, including regular and full updates on the Council's closure of accounts process.

The Interim Director of Finance addressed the issue in respect of the statutory deadlines (backstop dates) proposed by the DLUHC to clear the audit backlog in the local government sector and noted that the scale of the backlog of audit opinions was very significant across the sector. The latest data showed that for 2021-22, 170 local authorities had produced draft accounts that had not been audited and only 108 sets of accounts had been audited for that year. For 2022-23, only 7 audits had been completed and audited. 31 local authorities, including Redditch and Bromsgrove Council, had not yet produced draft 2021-22 financial statements.

The Interim Director of Finance reiterated that the Council had made efforts to produce the draft 2020-21 Accounts. The business

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objects licence for the eFinancials ledger system had been reinstated in order to run a period 0 report and period 0 data take on balances were now available, which would enable work on verification of period 0 balances to be started. However, the Interim Director of Finance stated that the Council was reticent to provide the draft 2020-21 Accounts for final external audit before data take-on balances had been agreed between the Council and the External Auditors.

The Portfolio Holder for Finance and Enabling addressed the Committee and noted that progress against the Statutory Recommendation had been made. The Portfolio Holder stated that data take-on balances for period 0 were provided to external auditors on 13<sup>th</sup> November 2023. He also noted that the topic of backstop dates for local audits was not covered in the King's Speech, and therefore the introduction of backstop dates was not thought to come into place in the near future. He also noted regarding the new key recommendation that the Council was implementing its Workforce Strategy and £150,000 was made available to ensure that appropriate Human Resources were in place to implement the points in this plan.

Following the presentations, Members discussed a number of points relating to the Joint Auditor's Annual Report, including the following:

- Reputational damage to the Council as a result of Section 24 Recommendation – Officers reported that this remained an issue for the Council as Section 24 Notice remained in place.
- Clarification on the External Auditor recommendations – The Committee was advised that a Public Interest Report was the highest level of statutory power available to the external auditors. The Council had not been issued a Public Interest Report. The next level of statutory power was issuing Section 24 Statutory Recommendation of which one was still in place from the 2020-21 Interim Auditor's Annual Report (submitted on 31<sup>st</sup> October 2022) relating to closure of 2020-21 Accounts. Of the 6 Key Recommendations in the 2020/21 report, only one serious weakness remains in the Joint Interim Auditor's Annual Report for 2021-22 and 2022-23 in relation to opening balances linked to the budget which would be resolved with the delivery of the Accounts. The remainder of significant weaknesses had either been resolved or linked to Improvement Recommendations (of

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which there are 10 in the report) – which were the lowest level of recommendation to be issued by external auditors.

- Impact of unaudited accounts on the Council's earmarked reserves – It was noted that the real budget and reserves position could not be confirmed until the 2020-21 Accounts had been audited. However, it was noted that earmarked reserves were reviewed last year and there was not much movement in them over the past three years, and that the level of those reserves had remained similar to the pre 2020-21 level.
- Timelines for providing draft 2020-21 Accounts to External Auditor – It was explained that it was imperative from the Council's perspective that agreement on the opening balances (period 0 data take on balances) was reached between the Council and the Auditors before the draft accounts were submitted as otherwise there was a high risk of receiving qualified accounts. When the ledger system transfer took place the data transfer was not fully documented, which meant that limited accessible record of period 0 balances were available. The contract with Advanced, who were the provider of old ledger system eFinancial, had now been extended for the five years required by the Auditors and they had now provided period 0 data directly to the External Auditor. It was noted that Grant Thornton (External Auditor) data team had looked at this data and came back with questions on 92 unmapped cost centres earlier today. The Council would provide a response to these queries and it was hoped that agreement on data take on balances could be reached in December, which would enable draft accounts for 2020-21 to be submitted before Christmas. However, it was highlighted that these dates were not definitive.
- Information was requested on the number of local authorities that had outstanding, unaudited accounts for previous financial years due to inadequate IT or financial system arrangements. Officers undertook to obtain this information and provide them to Members.
- It was noted that for some authorities the backlog in the auditing of accounts was due to the way councils accounted for money. This was related to a wider set of accounting practices within the local government sector.

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- Redditch Borough Council's Press Release on the Council's Financial Statements, 20<sup>th</sup> November 2023 – A concern was raised that the press release "Council In Strong Position Say Auditors" conveyed an overtly positive message and might be misleading to the public in the context of the Council still having an outstanding Section 24 Statutory Recommendation relating to the non-delivery of 2020-21 Accounts for external audit. In response Officers reported that the Council was transparent in its reporting on issues and progress relating to the delivery of the requirements of the Statutory Recommendation and associated financial issues through the Financial Compliance Reports that were reviewed at every meeting of Audit, Governance and Standards Committee, and through the Financial Recovery Reports that were reviewed by the Executive Committee. It was highlighted that reports from committee meetings were publicly accessible. Furthermore, the budget process was fully transparent, with the challenges faced with the closure of accounts documented in budget papers.
- The Portfolio Holder for Finance and Enabling addressed the Committee and said there was extensive public communication of the issues relating to Section 24 and the Council's outstanding accounts. The Portfolio Holder commented that in the Press Release of 20<sup>th</sup> November 2023 the auditor's decision not to remove the current Section 24 Notice was acknowledged and it stated that this was due to the remaining outstanding accounts that were yet to be signed off by auditors.
- It was highlighted by some Members that the Council's medium term financial forecasts were currently based on unaudited financial data and as such these forecasts were not based on firm foundations in relation to opening balances.
- Review of the Council's Capital Projects - The Chair of the Committee highlighted that the Council needed to be prepared for the worst-case scenario, that is that all of the Council's outstanding sets of accounts would be given qualified opinions. In this context, he asked that the Council should consider undertaking a full review of all capital projects going forward, and to reprofile any projects as deemed unnecessary. The Interim Director of Finance

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responded that this Capital Review would take place in Tranche 2 of the 24/5 MTFP process. The Chair noted that the general uncertainty caused by the wage and inflationary pressures further exacerbated the uncertainty already caused by the Council's unaudited accounts. Members concurred that it was important to raise this as a comment.

Following the discussion, the recommendation was voted on and it was:

### **RECOMMENDED to Council:**

**That the Section 24 Statutory Recommendation is accepted and that Council review the recommendation, endorse the actions included in the management responses which form the rectification process required as per legislation.**

## **48. RISK MANAGEMENT REPORT**

The Interim Director of Finance presented the Quarterly Risk Update and in doing so noted that this was the fifth cycle of reviewing corporate and departmental risks since the original baselining of risks in April 2022. It was noted that risk was managed centrally through the 4Risk System and the organisational risk level had moved to a moderate assurance level since May 2023.

It was noted that there were 12 Corporate Risks and Members were advised that mitigating factors were in place for each of the Corporate Risks as detailed in the report. With reference to the cyber security risk, it was stressed that it remained red despite all the mitigations in place, including the renewal of cyber security insurance for another year, due to the importance and scale of risks in this area. With regard to the cost of living crisis risk, it was noted that there had been a significant increase in insurance claims due to fires in the Borough.

There were 51 Departmental Risks of which 1 was a red risk related to Revenues - Performance Indicator data that was not deemed robust as it could not be system generated. This compared with the original baseline in April 2022 of 119 risks.

Following the presentation of the report, Members raised questions and made comments regarding a number of risks or potential risks as follows:

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- Terrorism Protection (potential Corporate Risk) – It was clarified that government guidance was scheduled to be published soon in relation to terrorism protection, there were no further information at this point. It was noted that depending on the guidance there could be a significant risk and cost associated with this for the Council.
- Cyber security (Corporate Risk) – Members were informed that local authorities were one of the most targeted institutions, and that due to importance of this risk in underpinning all Council processes it remained red on the corporate risk register. It was noted that Redditch and Bromsgrove Councils had been rated reasonably highly, at 4 out of 5, on cyber preparedness by IT security experts at this year's LGA conference.
- Contract Arrangement for dog control / kennelling (Worcestershire Regulatory Services risk) – It was noted that this issue and trends on this had been discussed at the last meeting of Worcestershire Regulatory Services Board. Members were referred to the minutes of that meeting, which took place on 16<sup>th</sup> November 2023, for more detail on this risk. The minutes were available to access from Bromsgrove Council's committee management website.

## **RESOLVED that**

**the present list of Corporate and Departmental Risks be noted.**

## **49. INTERNAL AUDIT PROGRESS REPORT**

The Internal Audit Team Leader provided the Internal Audit Progress Report for Members' consideration. It was noted that several pressures had affected the Worcestershire Internal Audit Shared Service (WIASS), including long-term sicknesses and the loss of key personnel. Due to this, the report asked for approval to revisions to the 2023-24 Internal Audit Plan, in particular deferral of audits if it was prudent to do so from a risk assurance perspective. The audits chosen for deferral to 2024-25 financial year were the Council Tax, National Non-Domestic Rates, Benefits and Rubicon audits.

A question was asked with respect of the deliverability of the planned days for the 2023-24 internal audit of the Council. It was noted that it was asked as per revisions to the internal audit plan that productive days for 2023-24 be reduced by 26 days from 364 to

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328. However, the allocation of days as revised remained on track for delivery within 2023-24.

## **RESOLVED that**

**Revisions to the 2023-24 Annual Internal Audit Plan are approved.**

### **50. FINANCIAL COMPLIANCE REPORT INCLUDING UPDATE ON COUNCIL'S STATEMENTS OF ACCOUNTS**

The Head of Finance and Customer Services presented the Financial Compliance Report and in doing so noted that this report was part of the Financial Recovery Programme agreed by the Executive Committee in September 2022. Several issues were highlighted for Members' consideration.

It was highlighted that training had been taking place with staff to increase financial awareness and use of the Council's enterprise resource planning system. A mandatory budget manager training (which included the use of the TechnologyOne system) took place in September 2023 – through this training budget managers were upskilled to input their budget forecasts directly into the system, rather than on spreadsheets. Further mandatory financial awareness training for managers took place in August and September 2023.

It was reported that the current Head of Finance and Customer Services would be leaving the organisation. The Council had begun recruitment for a permanent replacement for this position. The Council had also needed to recruit a new Finance Manager to accommodate the current Finance Manager moving to cover the post of Head of Finance and Customer Services on a temporary basis.

It was noted that work was ongoing on the clearance of the Cash Receipting suspense accounts. As reported to this Committee, the Council were working to clear the backlog by the end of this calendar year. Present progress indicated that there would be a small, non-material balances still to clear at the 31<sup>st</sup> December but the overall position would mean that the 2021/22 and 2022/23 accounts closure processes could be run.

Following the presentation, a question was asked with regard to inclusion in the report of detail on waivers granted by the Council in



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its contracts. Officers responded that the next quarterly financial monitoring report would include information on waivers as an appendix.

**RESOLVED that**

**the progress on the 2020-21 Audit process be noted.**

**51. RISK CHAMPION UPDATE**

As the Council's Risk Champion, Councillor Marshall, had submitted her apologies, there was no risk champion update.

**52. COMMITTEE WORK PROGRAMME**

It was reported that the Council's new external auditors, Bishop Fleming, would be in attendance at the next meeting for introductions.

It was also reported that the Committee would also need to consider the issue of independent members' appointment as per the recommendation of the Joint Auditor's Annual Report. However, this issue would first need to be discussed by the Constitutional Review Working Party before being considered by this Committee.

**RESOLVED that**

**the contents of the Committee's Work Programme be noted.**

The Meeting commenced at 7.00 pm  
and closed at 8.28 pm

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**Audit, Governance & Standards Committee      25<sup>th</sup> Jan 2024**

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**Annual Review Letter of Local Government & Social Care Ombudsman**

Relevant Portfolio Holder	Councillor Luke Court, Portfolio Holder for Finance and Enabling
Portfolio Holder Consulted	Yes
Relevant Head of Service	Claire Felton, Head of Legal, Democratic and Property Services
Report Author: Aksa Khan	Job Title: Solicitor, Legal Services Contact email: <a href="mailto:aksa.khan@bromsgroveandredditch.gov.uk">aksa.khan@bromsgroveandredditch.gov.uk</a> Contact Tel: 01527 64252 Extn: 2912
Wards Affected	All
Ward Councillor(s) consulted	n/a
Relevant Strategic Purpose(s)	An Effective and Sustainable Council
Key Decision / Non-Key Decision	n/a
If you have any questions about this report, please contact the report author in advance of the meeting.	

**1. RECOMMENDATIONS**

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

**2. BACKGROUND**

2.1 The purpose of this report is to inform the committee of the Local Government Ombudsman's Annual Review Letter, which sets out the statistics for complaints made against the Council for the period ending 31st March 2023.

2.2 The aim of the Annual Review Letter is to provide councils with information which will help them assess their performance in handling complaints and to learn from them.

2.3 For the period ending on 31 March 2023, the LGO:  
**Received: 15** complaints against the Council relating to:

Corporate & Other services	2
Planning & Development:	5
Housing	6
Benefit & Tax	2

**Decided: 15**

Corporate & Other services	2
Planning & Development:	5
Housing	6
Benefit & Tax	2

Of these 15 decided cases, there was a finding of fault in 1 case where the decision was upheld. A finding of service failure [termed 'fault'] which adversely affected the complainant [termed 'injustice'] was found here. The Ombudsman's Recommendation to remedy this was to provide a written apology for the delay in responding to the complainant and to review the complaints process to ensure that all complaints are properly recorded and responded to in a timely manner. No financial penalty was imposed.

The Ombudsman found that 8 did not warrant an investigation, 5 complaints were referred back to the council as "premature" that is, the council had not had the opportunity to conduct its own investigation, which is required before the Ombudsman will consider a complaint; 1 complainant was given advice and signposted towards complaints handling.

- 2.4 Ombudsman guidance provides that where findings of maladministration/ fault in regard to routine mistakes and service failures occurs and the authority has agreed to remedy the complaints by implementing the recommendations made following the investigation, the duty to report to members is satisfactorily discharged if the Monitoring Officer makes a periodic report to members summarising the findings on upheld complaints over a specific period. In a small authority this may be adequately addressed through an annual report.

The Ombudsman's Annual Review Letter is issued in mid-July, too late for inclusion in the July meeting of the Committee, where it was added to the work programme for a later meeting of the Committee.

- 2.5 Only where an investigation has wider implications for council policy or exposes a more significant finding of maladministration, perhaps because of the scale of fault or injustice, or the number of people affected, the LGO would expect the Monitoring Officer to consider whether the implications of that investigation should be individually reported to members.

- 2.6 The Council continues to have a strong focus on providing good customer service and includes having processes in place to respond to complaints from customers. A review of our complaints processes is currently underway but inevitably there will always be some cases where customers are not satisfied and refer matters to the Ombudsman. The Council cooperates fully with Ombudsman enquiries and investigations. There is a nominated link officer for the Ombudsman to manage their contact with the Council and prior to the pandemic, routinely attended conferences organised by the LGO.

**3.      FINANCIAL IMPLICATIONS**

- 3.1      There are no direct financial implications as a result of this report.

**4.      LEGAL IMPLICATIONS**

- 4.1      The Local Government Ombudsman powers are contained in the Local Government Act 1974 as amended by the Local Government and Public Involvement in Health Act 2007.

The main activity of the LGO is the investigation of complaints, which are limited to complaints from members of the public.

**5.      STRATEGIC PURPOSES – IMPLICATIONS**

**Relevant Strategic Purpose**

- 5.1      An Effective and Sustainable Council

**6.      OTHER IMPLICATIONS**

**Equalities and Diversity Implications**

- 6.1      In terms of customer implications, providing good customer service is of significant importance to the Council and the statistics in the review will assist officers in the monitoring of complaint handling and resolution.

**Operational Implications**

- 6.2      In terms of customer implications, providing good customer service is of significant importance to the Council and the statistics in the review will assist officers in the monitoring of complaint handling and resolution.

**7.      RISK MANAGEMENT**

- 7.1      The main risks associated with the details included in this report are those linked to poor standards of complaint handling. The effects of not handling complaints efficiently can include poor customer service, increased customer dissatisfaction, increased numbers of complaints and damage to the Council's reputation.
- 7.2      These risks are being managed as follows: through the Council's Customer services strategy which aims to promote good customer service throughout the Council and includes a defined procedure for responding to complaints before they reach the stage of being referred to the Ombudsman.

**Audit, Governance & Standards Committee      25<sup>th</sup> Jan 2024**

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**8.      APPENDICES and BACKGROUND PAPERS**

Appendix 1 Annual Review Letter 2023

**9.      REPORT SIGN OFF**

<b>Department</b>	<b>Name and Job Title</b>	<b>Date</b>
Portfolio Holder	Councillor Luke Court	15/01/2024
Lead Director / Head of Service	Claire Felton	09/01/2024
Financial Services	Peter Carpenter	09/01/2024
Legal Services	Aksa Khan	09/01/2024
Policy Team (if equalities implications apply)	n/a	
Climate Change Officer (if climate change implications apply)	n/a	

19 July 2023

*By email*

Mr Dicks  
Chief Executive  
Redditch Borough Council

Dear Mr Dicks

### **Annual Review letter 2022-23**

I write to you with your annual summary of complaint statistics from the Local Government and Social Care Ombudsman for the year ending 31 March 2023. The information offers valuable insight about your organisation's approach to complaints. As always, I would encourage you to consider it as part of your corporate governance processes. As such, I have sought to share this letter with the Leader of your Council and Chair of the appropriate Scrutiny Committee, to encourage effective ownership and oversight of complaint outcomes, which offer such valuable opportunities to learn and improve.

The end of the reporting year, saw the retirement of Michael King, drawing his tenure as Local Government Ombudsman to a close. I was delighted to be appointed to the role of Interim Ombudsman in April and look forward to working with you and colleagues across the local government sector in the coming months. I will be building on the strong foundations already in place and will continue to focus on promoting improvement through our work.

### **Complaint statistics**

Our statistics focus on three key areas that help to assess your organisation's commitment to putting things right when they go wrong:

**Complaints upheld** - We uphold complaints when we find fault in an organisation's actions, including where the organisation accepted fault before we investigated. We include the total number of investigations completed to provide important context for the statistic.

Over the past two years, we have reviewed our processes to ensure we do the most we can with the resources we have. One outcome is that we are more selective about the complaints we look at in detail, prioritising where it is in the public interest to investigate. While providing a more sustainable way for us to work, it has meant that changes in uphold rates this year are not solely down to the nature of the cases coming to us. We are less likely to carry out investigations on 'borderline' issues, so we are naturally finding a higher proportion of fault overall.

Our average uphold rate for all investigations has increased this year and you may find that your organisation's uphold rate is higher than previous years. This means that comparing uphold rates with previous years carries a note of caution. Therefore, I recommend comparing this statistic with that of similar organisations, rather than previous years, to better understand your organisation's performance.

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

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

Finally, we compare the three key annual statistics for your organisation with similar authorities to provide an average marker of performance. We do this for County Councils, District Councils, Metropolitan Boroughs, Unitary Councils, and London Boroughs.

Your annual data, and a copy of this letter, will be uploaded to our interactive map, [Your council's performance](#), on 26 July 2023. This useful tool places all our data and information about councils in one place. You can find the detail of the decisions we have made about your Council, read the public reports we have issued, and view the service improvements your Council has agreed to make as a result of our investigations, as well as previous annual review letters.

### **Supporting complaint and service improvement**

I know that complaints offer organisations a rich source of intelligence and insight that has the potential to be transformational. These insights can indicate a problem with a specific area of service delivery or, more broadly, provide a perspective on an organisation's culture and ability to learn. To realise the potential complaints have to support service improvements, organisations need to have the fundamentals of complaint handling in place. To support you to do so, we have continued our work with the Housing Ombudsman Service to develop a joint complaint handling code that will provide a standard for organisations to work to. We will consult on the code and its implications prior to launch and will be in touch with further details.

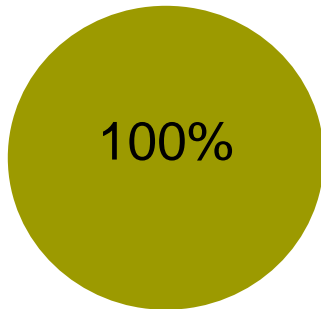
In addition, our successful training programme includes practical interactive workshops that help participants develop their complaint handling skills. We can also offer tailored support and bespoke training to target specific issues your organisation might have identified. We delivered 105 online workshops during the year, reaching more than 1350 people. To find out more visit [www.lgo.org.uk/training](http://www.lgo.org.uk/training) or get in touch at [training@lgo.org.uk](mailto:training@lgo.org.uk).

Yours sincerely,

Paul Najsarek  
Interim Local Government and Social Care Ombudsman  
Interim Chair, Commission for Local Administration in England



### Complaints upheld



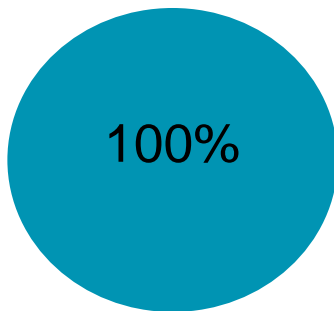
**100%** of complaints we investigated were upheld.

This compares to an average of **59%** in similar organisations.

**1**  
upheld decision

Statistics are based on a total of **1** investigation for the period between 1 April 2022 to 31 March 2023

### Compliance with Ombudsman recommendations



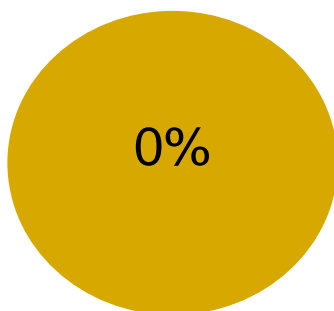
In **100%** of cases we were satisfied the organisation had successfully implemented our recommendations.

This compares to an average of **100%** in similar organisations.

Statistics are based on a total of **1** compliance outcome for the period between 1 April 2022 to 31 March 2023

- Failure to comply with our recommendations is rare. An organisation with a compliance rate below 100% should scrutinise those complaints where it failed to comply and identify any learning.

### Satisfactory remedy provided by the organisation



In **0%** of upheld cases we found the organisation had provided a satisfactory remedy before the complaint reached the Ombudsman.

This compares to an average of **15%** in similar organisations.

**0**  
satisfactory remedy decisions

Statistics are based on a total of **1** upheld decision for the period between 1 April 2022 to 31 March 2023

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**Audit, Governance & Standards Committee****25<sup>th</sup> Jan 2024****MONITORING OFFICER'S REPORT**

Relevant Portfolio Holder	Councillor Luke Court – Portfolio Holder for Finance and Enabling
Portfolio Holder Consulted	Yes
Relevant Head of Service	Claire Felton
Report Author Claire Felton	Job Title: Head of Legal, Democratic and Property Services Contact email: <a href="mailto:c.felton@bromsgroveandredditch.gov.uk">c.felton@bromsgroveandredditch.gov.uk</a>
Wards Affected	N/A
Ward Councillor(s) consulted	N/A
Relevant Strategic Purpose(s)	An Effective and Sustainable Council
Non-Key Decision	
If you have any questions about this report, please contact the report author in advance of the meeting.	

**1. RECOMMENDATIONS**

**The Audit, Governance and Standards Committee is asked to RESOLVE that:-**

**1) subject to Members' comments, the report be noted.**

**2. BACKGROUND**

- 2.1 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 the last update provided at the meeting of the Committee in July 2023.
- 2.2 It has been 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.
- 2.3 Any further updates arising after publication of this report, including any relevant standards issues raised by Parish Councils, will be reported on orally by Officers at the meeting.

**3. FINANCIAL IMPLICATIONS**

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

**4. LEGAL IMPLICATIONS**

- 4.1 Chapter 7 of Part 1 of the Localism Act 2011 ('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.

**5. STRATEGIC PURPOSES - IMPLICATIONS****Relevant Strategic Purpose**

- 5.1 It is important to ensure that the Council manages standards regime matters in an appropriate manner. The issues detailed in this report help to ensure that there is an effective and sustainable Council.

**Climate Change Implications**

- 5.2 There are no specific climate change implications.

**6. OTHER IMPLICATIONS****Equalities and Diversity Implications**

- 6.1 There are no direct implications arising out of this report. Details of the Council's arrangements for managing standards complaints under the Localism Act 2011 are available on the Council's website and from the Monitoring Officer on request.

**Operational Implications****Member Complaints**

- 6.2 A training on the use of Social Media has been delivered to Members on 11<sup>th</sup> January 2024. Inspector Richard Field, of West Mercia Police, delivered the training, which was well-attended.

**Audit, Governance & Standards Committee****25<sup>th</sup> Jan 2024**Member Support Steering Group

- 6.3 The Member Support Steering Group (MSSG) is responsible for reviewing Member training, induction and ICT support. Meetings of the MSSG are to take place throughout the 2023/24 municipal year.
- 6.4 The next meeting of the group is due to take place on Tuesday 13<sup>th</sup> February 2024.

Constitutional Review Working Party

- 6.5 The Constitutional Review Working Party (CRWP) is responsible for reviewing the Council's constitution and makes recommendations to full Council regarding any proposed changes to the content of the constitution. The group is next due to meet on 7<sup>th</sup> March 2024.

Member Training

- 6.6 Following the local elections in May 2023, a comprehensive Member training programme was arranged for both new and returning Members.
- 6.7 The training sessions and Member briefings that have recently taken place include:
- Redditch Members' Social Media Training – Thursday 11<sup>th</sup> January 2024.

**7. RISK MANAGEMENT**

- 7.1 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.

**8. APPENDICES and BACKGROUND PAPERS**

No appendices.

Background Papers: Chapter 7 of the Localism Act 2011.

**Audit, Governance & Standards Committee****25<sup>th</sup> Jan 2024****9. REPORT SIGN OFF**

<b>Department</b>	<b>Name and Job Title</b>	<b>Date</b>
Portfolio Holder	Councillor Luke Court - Portfolio Holder for Finance and Enabling	15/01/2024
Lead Director / Head of Service	Claire Felton - Head of Legal, Democratic and Property Services	12/01/2024
Legal Services	Claire Felton - Head of Legal, Democratic and Property Services	12/01/2024

REDDITCH BOROUGH COUNCIL**AUDIT, GOVERNANCE & STANDARDS COMMITTEE 25<sup>th</sup> Jan 2024****THE INTERNAL AUDIT PROGRESS REPORT**

Relevant Portfolio Holder	Councillor Luke Court
Portfolio Holder Consulted	Yes
Relevant Head of Service	Peter Carpenter, s151 Officer
Report Author: Adrian Howe	Job Title: Interim Audit Team Leader Worcestershire Internal Audit Shared Service Contact email: <a href="mailto:adrian.howe@worcester.gov.uk">adrian.howe@worcester.gov.uk</a>
Wards Affected	All Wards
Ward Councillor(s) consulted	No
Relevant Strategic Purpose(s)	Good Governance & Risk Management Underpins all the Strategic Purposes.
Non-Key Decision	
If you have any questions about this report, please contact the report author in advance of the meeting.	

**1. RECOMMENDATIONS**

**The Audit, Governance & Standards Committee is asked to RESOLVE:-**

**1) the report is noted.**

**2. BACKGROUND**

The involvement of Member's in progress monitoring is considered 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 01<sup>st</sup> April 2023 to 31<sup>st</sup> December 2023.

**Summary Dashboard 2023/24:**

Total reviews planned for 2023/24	15 (minimum)
Reviews finalised to date for 2023/24:	5
Assurance of 'moderate' or below:	0
Reviews awaiting final sign off:	1
Reviews ongoing:	13
Reviews to commence (Q4):	3
High' Priority recommendations reported 2023/24:	0
Satisfied 'High' priority recommendations to date:	N/a
Plan delivery to 31 <sup>st</sup> December 2023:	34%

Since the last progress report presented to the Committee, one 2022/23 report is at clearance/draft report stage and thirteen 2023/24 reviews have being planned or have commenced.

Follow Up outcomes are reported in Appendices 4 and 5 and by exception.

All 'limited' or below assurance reviews go before Corporate Management Team for full consideration.

### 2022/23 AUDITS

The reviews that are at draft report or clearance stage are:

- ICT Cyber Security

As the above are classified as 'on going' the assurance and outcome of the reviews will be reported at Committee on completion.

### 2023/24 AUDITS TO 31<sup>st</sup> December 2023

A rolling programme of testing is due to take place during quarters 1 to 3 for Debtors, Creditors and Payroll. The results will be reported during quarter 4.

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 regarding 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. To assist the service area to move forwards 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. The outturn from the reviews will be reported in summary format as part of the regular reporting.

Internal Audit are continuing to consider new processes emerging from the 'new norm' working arrangements that have been necessary to continue to provide Redditch residents with services post pandemic. Plan flexibility is required to include and provide assurance on potential areas of change.

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 (Appendix 4). The outcomes of the follow up reviews are reported in full (Appendix 5) so the general direction of travel and the risk exposure can be considered by Committee. An escalation process involving CMT and SMT is in place to ensure more effective use of resource regarding follow up to reduce the number of revisits necessary to confirm the recommendations have been satisfied.

One 2023/24 report has been finalised.

### 3.4 AUDIT DAYS

Appendix 1 provides a summary of delivery. At the 31<sup>st</sup> December 2023 a total of 114 days had been delivered against an overall target of 338 days for the year.



**AUDIT, GOVERNANCE & STANDARDS COMMITTEE 25<sup>th</sup> Jan 2024**

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**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
- 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 coordination of uploads.
- Investigations

**National Fraud Initiative**

- 3.6 National Fraud Initiative data set uploads are planned for December 2023 and January 2024. The results from the 2022/23 uploads are currently being investigated by the various Service areas who are working through them and taking appropriate action. WIASS continue to provide advice and assistance regarding the process.

**Monitoring**

- 3.7 To ensure the delivery of the 2023/24 plan and any revision required there continues to be close and continual monitoring of the plan delivery, forecasted requirements of resource – v – actual delivery, and where necessary, additional resource will be secured to assist with the overall Service demands. Changes to the plan have been discussed with the s151 Officer and reported to Committee.

**4. FINANCIAL IMPLICATIONS**

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

**5. LEGAL IMPLICATIONS**

- 5.1 The Council is required under Regulation 6 of the Accounts and Audit Regulations 2018 to “maintain in accordance with proper practices an adequate and effective system of internal audit of its accounting records and of its system of internal control”.

**6. STRATEGIC PURPOSES - IMPLICATIONS****Relevant Strategic Purpose**

- 6.1 Good governance along with risk management underpin all the Corporate strategic purposes. This report provides an independent assurance over certain aspects of the Council's operations.

**Climate Change Implications**

- 6.2 The actions proposed do not have a direct impact on climate change implications.

**7. OTHER IMPLICATIONS****Equalities and Diversity Implications**

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

**Operational Implications**

- 7.2 There are no new operational implications arising from this report.

**8. RISK MANAGEMENT**

- 8.1 The main risks associated with the details included in this report are to:
- Insufficiently complete the planned programme of audit work within the financial year leading to an inability to produce an annual opinion; and,
  - a continuous provision of an internal audit service is not maintained.

**9. APPENDICES and BACKGROUND PAPERS**

Appendix 1 ~ 2023/24 Internal Audit Plan summary of delivery

Appendix 2 ~ 2023/24 Plan progress

Appendix 3 ~ 2022/23 and 2023/24 Finalised audit reports including definitions

Appendix 4 ~ Follow Up Programme Overview

Appendix 5 ~ Follow Up Reports recently issued

APPENDIX 1Delivery against Internal Audit Plan for 2023/24  
1<sup>st</sup> April 2023 to 31<sup>st</sup> December 2023

Audit Area	2023/24 Plan Days	Days used to 30 <sup>th</sup> September 2023
Core Financial Systems (see note 1)	89	28
Corporate Audits	71	39
Other Systems Audits (see note 2)	124	35
<b>SUB TOTAL</b>	<b>284</b>	<b>102</b>
Audit Management Meetings/ Corporate Meetings / Reading		
Annual Plans, Reports and Audit Committee Support	54	12
Other chargeable (see note 3)	0	0
<b>SUB TOTAL</b>	<b>54</b>	<b>12</b>
<b>TOTAL</b>	<b>338</b>	<b>114</b>

Audit days used are rounded to the nearest whole.

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 continues regarding Debtors, Creditors and Payroll to maximise coverage and sample size. The overall results will be reported during Q4.

Note 2: Several budgets in this section are 'on demand' (e.g. consultancy, investigations) so the requirements can fluctuate throughout the quarters potentially resulting in unallocated days.

Note 3: 'Other chargeable' days equate to times where there has been, for example, significant disruption to the IT provision resulting in lost productivity.

**REDDITCH BOROUGH COUNCIL**

Date: 25<sup>th</sup> January 2024

**AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

**Appendix 2**

**2023/24 Internal Audit Plan**

Audit Area	Corporate Link	Risk Register Reference		Proposed Resource 2023/24	Indicative Planned Qtr.	Progress to Date
<b>FINANCIAL</b>						
Debtors (note 1)	Enabling	COR17 - Resolution of the approved Budget Position in both Councils		17*	3 to 4	Commenced Rolling Programme
Main Ledger/Budget Monitoring Returns/Bank Rec. (note 1)	Enabling	COR17 - Resolution of the approved Budget Position in both Councils		30*	3 to 4	
Creditors (note 1)	Enabling	COR17 - Resolution of the approved Budget Position in both Councils		17*	3 to 4	Commenced Rolling Programme
Treasury Management	Enabling	COR17 - Resolution of the approved Budget Position in both Councils		6*	3	Commenced
Council Tax	Enabling	COR17 - Resolution of the approved Budget Position in both Councils		-	1 to 3	Deferred to 2024/25
Benefits	Enabling	COR17 - Resolution of the approved Budget Position in both Councils		-	1 to 3	Deferred to 2024/25
NNDR	Enabling	COR17 - Resolution of the approved Budget Position in both Councils		-	1 to 3	Deferred to 2024/25

**REDDITCH BOROUGH COUNCIL**

Date: 25<sup>th</sup> January 2024

**AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

Audit Area	Corporate Link	Risk Register Reference			Proposed Resource 2023/24	Indicative Planned Qtr.	Progress to Date
Payroll	Enabling & Contractual Obligation	COR17 - Resolution of the approved Budget Position in both Councils			19	1 to 3	Commenced Rolling Programme
<b>Sub TOTAL</b>					<b>89</b>		
<b>CORPORATE</b>							
IT Audit	Fundamental to strategic purpose delivery	COR18 – Protection from Cyber Attack			15*	3 - 4	Commenced
Risk Management Embedding (note 2)	Fundamental to strategic purpose delivery	S151 request			10*	4	
Corporate anti-fraud and corruption	Fundamental to strategic purpose delivery	COR - Cost of Living			5*	3	Commenced
Procurement and Contract Management (note 3)	Fundamental to strategic purpose delivery	COR16 – Management of Contracts & S151 request			8*	4	
Corporate Data Quality and Usage (Critical Friend)	Fundamental to strategic purpose delivery	S151 request			10*	4	
Projects – Towns Fund	Fundamental to strategic purpose delivery	COR22 - Delivery of Levelling up, Towns Fund and UK Shared Prosperity Fund work & S151 request			8*	3	Commenced
Grants (Various incl. Disabled Facilities Grants)	Enabling	COR17 - Resolution of the approved Budget Position in both Councils			15	1 to 4	Not required during Q1

**REDDITCH BOROUGH COUNCIL**

Date: 25<sup>th</sup> January 2024

**AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

Audit Area	Corporate Link	Risk Register Reference			Proposed Resource 2023/24	Indicative Planned Qtr.	Progress to Date
<b>Sub TOTAL</b>					<b>71</b>		
<b>SERVICE DELIVERY</b>							
<b>Community &amp; Housing Service</b>							
Housing Revenue Account	Finding Somewhere to Live	S151 request			20	4	
Temporary Accommodation	Finding Somewhere to Live	S151 request			10	4	
Right to Buy	Finding Somewhere to Live	Local Knowledge/Intelligence			10	4	
<b>Human Resources</b>							
Organisational Processes	Fundamental to strategic purpose delivery	COR19 – Adequate Workforce Planning & S151			10	3	Commenced
<b>Sub TOTAL</b>					<b>50</b>		
<b>Other Operational Work</b>							
Advisory, Consultancy & Contingency	Operational support	N/a	N/a		20	1 - 4	Ongoing
Fraud & Investigations incl. National Fraud Initiative	Operational support	N/a	N/a		15	1 - 4	Ongoing

**REDDITCH BOROUGH COUNCIL**

Date: 25<sup>th</sup> January 2024

**AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

Audit Area	Corporate Link	Risk Register Reference		Proposed Resource 2023/24	Indicative Planned Qtr.	Progress to Date
Completion of prior year's audits	Operational support	N/a	N/a	12	1	Ongoing
Report Follow Up (all areas)	Operational support	N/a	N/a	15	1 - 4	Ongoing
Statement of Internal Control	Operational support	N/a	N/a	6*	1 & 4	
Bus Operators Return	Operational support	N/a	N/a	6	1 & 3	
<b>Sub TOTAL</b>				<b>74</b>		
Audit Management Meetings	Operational support	N/a	N/a	54	1 to 4	Ongoing
Corporate Meetings / Reading	Operational support	N/a	N/a			
Annual Plans, Reports & Committee Support	Operational support	N/a	N/a			
<b>Sub TOTAL</b>				<b>54</b>		
<b>TOTAL</b>				<b>338</b>		

Rubicon Leisure	Arms-length LA Company	N/a	N/a	-	10	Deferred to 2024/25
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## AUDIT, GOVERNANCE & STANDARDS COMMITTEE

25<sup>th</sup> January 2024

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### Explanatory Notes:

\*As part of the increasing joint and shared service working between Redditch Borough Council and Bromsgrove District Council the audit budgets and areas will feature in both internal audit plans and be consolidated to deliver a single piece of work covering both Councils. Where practically possible the days will be split equally between the plans. Weighting will, however, be applied if it is considered the focus of the work will major on one Council.

The customer journey will be considered overall as part of the service audits.

Note 1: Ongoing risk with financial system therefore audit budgets maintained.

Note 2: Risk management relaunched 2022/23 reviewing ongoing progress against action plan and reporting.

Note 3: Procurement - ensuring embedding continues.



Appendices A & B are indicated below and are applied to all reports.

**Appendix A - Definition of Audit Opinion Levels of Assurance**

<b>Opinion</b>	<b>Definition</b>
<b>Substantial Assurance</b>	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited
<b>Reasonable Assurance</b>	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
<b>Limited Assurance</b>	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
<b>No Assurance</b>	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

**Appendix B**  
**Definition of Priority of Recommendations**

<b>Priority</b>	<b>Definition</b>
<b>H</b>	Fundamental control weaknesses that present a significant material risk to the function or system objectives and requires immediate attention by Senior Management.
<b>M</b>	Other control weaknesses where there are some controls in place but there are issues with parts of the control that need to be addressed by Management within the area of review.
<b>L</b>	Issues of best practise where some improvement can be made.

**AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

**25<sup>th</sup> January 2024**

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**2022/23 and 2023/24 Audit Reports.**  
Recently Finalised Reports.

**Overview of 2023/24 Follow Up Programme**

	<b>Year of Review</b>	<b>Review Area</b>	<b>Assurance</b>	<b>Follow Up Position</b>	<b>Indicative Date of Follow Up</b>		<b>Position and Conclusion</b>
RBC	21/22	Procurement	Limited	2 <sup>nd</sup>	May-23	Q1	All points implemented – Report - Appendix 5 No further action required
RBC	21/22	General Data Protection Regulation	Moderate	2 <sup>nd</sup>	Jul-23	Q2	1 recommendation implemented and 2 partially implemented. Further follow up to be arranged and linked to GIS/Gazetteer Phase 1.
RBC	21/22	Asbestos	Significant	1 <sup>st</sup>	Apr-23	Q1	Awaiting management response
RBC	21/22	Gas Inspections	Significant	1 <sup>st</sup>	Apr-23	Q1	Awaiting management response
RBC	22/23	GIS/Gazetteer Phase 1	Critical Review	1 <sup>st</sup>	Jul-23	Q2	To be arranged and linked to the General data Protection regulation.
RBC	22/23	Accounts Payable	Moderate	1 <sup>st</sup>	Nov-23	Q3	To be included in 23/24 Audit
RBC	22/23	IT Review	Moderate	1 <sup>st</sup>	Jan-24	Q4	To be included in 23/24 Audit

**AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

**25<sup>th</sup> January 2024**

	<b>Year of Review</b>	<b>Review Area</b>	<b>Assurance</b>	<b>Follow Up Position</b>	<b>Indicative Date of Follow Up</b>		<b>Position and Conclusion</b>
RBC	22/23	Treasury Management	Significant	1 <sup>st</sup>	Jul-23	Q2	To be included in 23/24 Audit
RBC	22/23	Accounts Receivable	Limited	1 <sup>st</sup>	Dec-23	Q3	To be included in 23/24 Audit
RBC	22/23	Council Tax	Moderate	1 <sup>st</sup>	Nov-23	Q3	To be included in 23/24 Audit
RBC	22/23	National Non-Domestic rates	Significant	1 <sup>st</sup>	Nov-23	Q3	To be included in 23/24 Audit
RBC	22/23	Benefits	Significant	1 <sup>st</sup>	Nov-23	Q3	To be included in 23/24 Audit
RBC	22/23	Workshop Licensing Compliance	Critical Friend	1 <sup>st</sup>	Dec-23	Q3	To be arranged
RBC	22/23	Fuel Usage and Efficiency	Moderate	2 <sup>nd</sup>	Aug-23	Q2	To be arranged
RBC	22/23	WRS- Animal License Activity	Critical Friend	1 <sup>st</sup>	Sept-23	Q2	To be arranged
RBC	22/23	Homelessness Grants	Moderate	1 <sup>st</sup>	Jul-23	Q2	To be arranged
RBC	22/23	Risk Management	Moderate	1 <sup>st</sup>	Sept-23	Q2	To be arranged
RBC	22/23	Payroll	Significant	1 <sup>st</sup>	Sept-23	Q2	To be included in 23/24 Audit

**Note:**

There are no exceptions to report. 2023/24 Review areas will be added to the table when they become due for a follow up visit.

**Follow Up Reports**

None to report

REDDITCH BOROUGH COUNCIL

AUDIT, GOVERNANCE and STANDARDS COMMITTEE

25<sup>th</sup> JAN 2024**Capital Strategy 2024/25 Including Treasury Management Strategy**

Relevant Portfolio Holder	Councillor Luke Court – Portfolio Holder for Finance and Enabling
Portfolio Holder Consulted	Yes
Relevant Head of Service	Bernard Ofori-Atta
Report Author: Bernard Ofori-Atta	Job Title: Head of Finance & Customer Services Contact email: <a href="mailto:Bernard.ofori-atta@bromsgroveandredditch.gov.uk">Bernard.ofori-atta@bromsgroveandredditch.gov.uk</a>
Wards Affected	All
Ward Councillor(s) consulted	No
Relevant Strategic Purpose(s)	All
If you have any questions about this report, please contact the report author in advance of the meeting.	

1. **Audit, Governance and Standards Committee are asked to RECOMMEND TO COUNCIL that:**
  - i) **the Capital Strategy (Appendix A) as an appropriate overarching strategy for the Council be approved.**
  - ii) **the Treasury Management Strategy for 2024/25 (Appendix B) and the associated MRP policy (Appendix C) be approved.**
  - iii) **the Investment Strategy (Appendix D) be approved.**

2. **BACKGROUND**

- 2.1 The report for 2024/25 is required following changes in the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Department of Levelling Up, Housing and Communities (DLUHC) guidance. It combines an overview of how capital expenditure, capital financing, treasury and other investment activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability. The strategies set limits and indicators that embody the risk management approach that the Council believes to be prudent. The strategies are set against the mid-term financial strategy, the context of the UK economy and projected interest rates.
- 2.2 The Council are required to set a balanced operating budget. The role of the treasury function is to manage cash flow within the authority so that the demands of expenditure can be met. The policies included in this report set out the criteria in which the Council can manage its Treasury management function.

REDDITCH BOROUGH COUNCIL**AUDIT, GOVERNANCE and STANDARDS COMMITTEE****25<sup>th</sup> JAN 2024**

2.3 The CIPFA Code of Practice for Treasury Management in Public services (the CIPFA TM Code) and the Prudential Code require local authorities to set the Treasury Management Strategy Statement (TMSS) and Prudential Indicators each financial year. The TMSS also incorporates the Investment Strategy as required under the CLG's Investment Guidance. In addition the Council has to receive a report on treasury management and this is reported on a quarterly basis which is included within the Quarterly Monitoring Report.

2.4 CIPFA has defined Treasury Management as:

“the management of the organisation's investments, cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

2.5 The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Treasury management risks are identified in the Council's approved Treasury Management Practices and include:

- Liquidity Risk (Adequate cash resources)
- Market or Interest Rate Risk (Fluctuations in the value of investments)
- Inflation Risks (Exposure to inflation)
- Credit and Counterparty Risk (Security of Investments)
- Refinancing Risks (Impact of debt maturing in future years)
- Legal & Regulatory Risk (Compliance with statutory and regulatory requirements)

2.6 The guidance requires investment strategies to comment on the use of treasury management consultants and on the investment of money borrowed in advance of spending needs.

2.7 In formulating the Treasury Management Strategy and the setting of the Prudential Indicators, the Council adopts the Treasury Management Framework and Policy recommended by CIPFA.

2.8 Given the Council is yet to formally close its 2020/21, 2021/22, and 2022/23 accounts at the present time. The Strategies will be updated, if required, once the Accounts have been closed and approved.



**REDDITCH BOROUGH COUNCIL****AUDIT, GOVERNANCE and STANDARDS COMMITTEE****25<sup>th</sup> JAN 2024****3. LEGAL IMPLICATIONS**

3.1 This is a statutory report under the Local Government Act 2003.

**4. STRATEGIC PURPOSES - IMPLICATIONS****Relevant Strategic Purpose**

4.1 The Strategic purposes are included in the Council's Corporate Plan and guides the Council's approach to budget making ensuring we focus on the issues and what are most important for the borough and our communities. Our Financial monitoring and strategies are integrated within all our Strategic Purposes.

**Climate Change Implications**

4.2 The green thread runs through the Council Plan. This includes the Capital and Treasury Management Strategies.

**5. OTHER IMPLICATIONS****Equalities and Diversity Implications**

5.1 There are no direct equalities implications arising as a result of this report.

**Operational Implications**

5.2 None as a direct result of this report, service requirements which form the Capital Programme are the base data for this report.

**6. RISK MANAGEMENT**

6.1 Failure to manage the Treasury Management function effectively to ensure the delivery of maximum return within a secure environment. Controls in place to mitigate these risks are as follows:

- Regular monitoring of the status of the organisations we invest with
- Daily monitoring by internal officers of banking arrangements and cash flow implications.

**7. APPENDICES and BACKGROUND PAPERS**

Appendix A – Capital Strategy 2024/25

Appendix B – Treasury Management Strategy 2024/25

Appendix C – Minimum Revenue Provision Statement 2024/25

Appendix D – Investment Strategy 2024/25

REDDITCH BOROUGH COUNCIL

AUDIT, GOVERNANCE and STANDARDS COMMITTEE

25<sup>th</sup> JAN 2024**9. REPORT SIGN OFF**

<b>Department</b>	<b>Name and Job Title</b>	<b>Date</b>
Portfolio Holder	Cllr Luke Court	17/01/2024
Lead Director / Head of Service	Pete Carpenter	15/01/2024
Financial Services	Bernard Ofori-Atta	15/01/2024
Legal Services	Claire Felton	15/01/2024
Policy Team (if equalities implications apply)	N/A	
Climate Change Officer (if climate change implications apply)	N/A	

**REDDITCH BOROUGH COUNCIL****Audit, Governance and Standards Committee****25<sup>th</sup> January 2024****Financial Compliance Report**

Relevant Portfolio Holder	Councillor Luke Court, Finance and Enabling Portfolio Holder
Portfolio Holder Consulted	Yes
Relevant Head of Service	Bernard Ofori-Atta
Report Author: Bernard Ofori-Atta	Job Title: Head of Finance & Customer Services Contact email: <a href="mailto:Bernrad.ofori-atta@bromsgroveandredditch.gov.uk">Bernrad.ofori-atta@bromsgroveandredditch.gov.uk</a>
Wards Affected	All
Ward Councillor(s) consulted	No
Relevant Strategic Purpose(s)	All
Non-Key Decision	
If you have any questions about this report, please contact the report author in advance of the meeting.	

**1. RECOMMENDATIONS**

The Audit, Governance and Standards Committee **RECOMMEND** that:

- 1) **Progress on the 2020/21 Audit process be noted.**
- 2) **Any areas of concern within this key compliance report are raised with Executive.**

**2. BACKGROUND**

2.1 From a Governance point of view, the financial frame work under which the Council works is set out in the Constitution. In addition to this there are legislative reporting requirements which set out what needs to be done and by when. The Accounting Policies report which was tabled at the Audit, Standards and Governance Committee on the 23<sup>rd</sup> March 2023 set out the Financial Governance Framework, and associated references to key documentation, that the Council, it's Member and Officers work to. This are (in summary):

- **The Budget and Policy Framework Procedure Rules.** These set out: The framework for Executive Decisions, Decisions outside the budget or policy framework, Urgent Decisions outside of the Budget or Policy Framework, Virement rules, In-year changes to policy framework and, Call-in of decisions outside the budget or policy framework. These rules set out how decisions can be made, by whom and how they can be challenged.
- **Financial Procedure Rules** which are set out in Part 14 of the Constitution. These "operational policies" run to 36 pages and set out how the organisation financially runs it's "day to day" business.
- **Finance Protocols** which set out requirements and expectations of the Finance Team and Services in terms of financial administration and demarcation of duties.

2.2 One of the legislative reporting requirements the Council has not achieved is the delivery of the 2020/21 Statement of Accounts. As such, the Council was issued with a Section

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24 Statement. Bromsgrove District Council (BDC) were also issued with a Section 24 Statement for the same non delivery of the 2020/21 accounts which is understandable given that officers support both Councils via a shared service.

- 2.3 As reported in previous Audit, Governance and Standards Committee meetings in January, March, May, July, September, and November draft 2020/21 accounts will be presented to the Council's External Auditors once they have completed their work on the data take on balances. An update on this work is contained in this report.
- 2.4 The 2023/4 budget was approved at Council on the 27th February 2023. An update on the 2024/5 Medium Term Financial Plan process is contained in this report.

**Legislative Requirements**

- 2.5 The previous section sets out how the Council works, however equally important are the Central Government Legislative Requirements to which we deliver to and are compared to other Councils across the Council. This section lists those key deliverables.
- 2.6 The following are key legislative deliverables and the Councils delivery against them to June 2023:

- **Budget**

- Delivered by 11<sup>th</sup> March in preceding financial year – ***delivered Feb 2023***
- Council Tax Base – Yearly – ***2023/24 delivered in January 2023***
- Council Tax Resolution – ***Yearly 2023/4 delivered in February 2023***
- Council Tax Billing – Yearly (2 weeks before 1<sup>st</sup> DD is due to be taken) – ***Bills distributed in March 2023***

- **Closure**

- Draft Accounts delivered to Audit by 31st June in order for 22/23 RO forms to be delivered.
- 2020/21 Audit ***dependent on previous years and Cash Receipting Backlogs being completed (see closure section)***

- Government Returns

- VAT – Monthly
  - ***Still to be delivered for 20/21 – dependent on closure of accounts***
- Revenue Outturn Reports – July
  - ***Still to be delivered for 20/21 – dependent on closure of accounts***
  - ***22/23 RO has been delivered and the Council has responded to queries on the return. Noted however that the data was not included in the CIPFA Resilience Index.***

- Capital Outturn Reports – July

- ***Delivered for 2020/21 and 2021/22 on Friday 30th June***
- ***22/23 CO has been delivered.***

- Quarterly Revenue Outturn Estimates

- ***Quarters 1-3 delivered (have warnings from previous year as not delivered)***

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- **Quarters 1 and 2 for 23/4 have been delivered.**
- Quarterly Capital Outturn Estimates
  - **Quarters 1-3 delivered (have warnings from previous year as not delivered) Q4 to be delivered on 21st April 2023**
  - **Quarters 1 and 2 for 23/4 have been delivered.**
- Quarterly Borrowing Return
  - **22/23 Quarterly Returns delivered - Q4 delivered on 11th April 2023**
  - **Quarters 1 and 2 for 23/4 have been delivered.**
- Quarterly Council Tax and Business Rates Returns
  - **22/23 Quarterly Returns delivered - Q4 due 5th May 2023**
  - **Q1 23/4 delivered on 11th August.**
- Whole of Government Accounts Returns – August
  - **Still to be delivered for 20/21 – dependent on closure of accounts**
- RA – Revenue Budgets – April
  - **2022/23 Delivered on the 5<sup>th</sup> May 2022 and 2023/24 delivered on 14th April 2023**
- Capital Estimates Return – **to be delivered by 24th March 2023**
  - **23/24 delivered by 24th March 2023**
- Public Works Loans Board Certainty Rate – April
  - **2022/3 delivered on 28<sup>th</sup> April 2022**
  - **2023/4 delivered.**
- Pooling of Housing Capital Receipts – May
  - **2022/23 Delivered 13th May**
  - **23/4 Delivered**
- NNDR1 Return (Business Rates) – January
  - **Delivered December 2021 for 2022/23 and January 2023 for 2023/24 return**
- NNDR3 Return (Business Rates) – June and September
  - **Delivered in June 22 for 2022/23**
  - **Draft 22/23 NNDR3 provided to Worcestershire County Council for view of the pool. Final draft NNDR3 to be submitted to DLUHC by 18<sup>th</sup> May 2023.**
- Housing Benefit Subsidy Return – Yearly
  - **Sent 29th April 2022**
  - **2022/23 subsidy return delivered**
- DHP Claim – Yearly
  - **Sent 29th April 2022**
  - **22/23 return sent in May 23**
- CTB1 (Council Tax Base) – October
  - **Sent October 2022**
  - **Sent October 2023**
- CTR1(Council Tax Requirement) – March
  - **22/23 sent 16 March 2022**
  - **23/24 sent 7 March 2023**
- **Policies**
  - Treasury and Asset Management Strategies

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- Initial Strategies as part of the MTFP – **2023/4 Strategy Approved in March 2023**
- Half Yearly Report
  - **22/23 Update provided in Q1 Revenue Return**
  - **23/24 Report drafted for reporting**
- **Yearly Outturn Report**
  - **22/3 Draft Report delivered**
- Council Tax Support Scheme – Yearly –
  - **23/4 Approved in Jan 2023 after consultation.**
  - **24/5 Will be sent for approval in January 2024.**
- Minimum Revenue Provision – yearly – **Approved as part of the 2023/4 to 2025/6 Medium Term Financial Plan**

In addition to this list there are other ad-hoc returns required (which was especially the case during C-19)

2.7 At this point, it is also important to include key Council deliverables (financially and risk based)

- Financial Monitoring – **delivered quarterly to Executive – 2023/4 Q1 Went to Executive in September 2023, Q2 went in December 2023.**
- Risk Management – **delivered quarterly to this Committee.**
- Financial Controls (still in development)
  - Clearance of suspense accounts – See the chart at the end of this Report for progress.
  - Bank Reconciliation - **linked to above point although a separate stream assessing/clearing 2023/4 items**
- Over £500 spending.
  - **Updated to July 2023**

2.8 The key returns that have still not been delivered are the Revenue and Capital Outturn forms for 2020/21 and 2021/22 and the VAT returns. We delivered the draft RO/CO forms for 2022/23 and responding to queries on the RO return however previous years have still not been able to be completed. Although the Government now allow these returns to be completed based on estimates, the level of uncertainty due to the Cash Receipting means these cannot be completed for 2020/21 and 2021/22 until the External Auditors sign off the Councils take on balances and the Council provides the draft accounts to Audit for each Council. We expect to move forward on these in January (2020/21).

### **Update on the Statement of Accounts**

2.9 The key Closure deliverables for each financial year are set out below:

- Closure 2020/21

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- Agreement of Treatment of Take on Balances – This was expected to be completed by July, but joint work is still being undertaken by the Council and External Auditors to validate these balances. The Council has supplied all data except Period 0 and the External Auditors have input this data into a model to verify full transfer of balances has taken place. However, this cannot be completed until the period 0 balances are provided. The Period 0 balances have been supplied by the Council's previous financial systems providers Advanced to the External Auditors on the 13<sup>th</sup> November. Additional list of Queries sent by Auditors and response provided on 15<sup>th</sup> December. Only outstanding amounts now link to Capital and have been identified as Assets Under Construction. Auditors will resume work on take on balances following the Christmas break.
- Provision of Draft 2020/21 Accounts to Audit. This is dependent on the External Auditors confirmation that they have approved both Council's take-on balances work. To date only limited high level testing has taken place although significant work has been undertaken.
- Sign Off of 20/21 Accounts – to be confirmed with the External Auditors
- Closure 2021/22
  - Updated Outturn position – still to be provided (cash receipting backlog to be cleared by 31 December 2023)
  - Draft Accounts ready for Auditors (without any 2020/21 Audit Adjustments) estimated March 2024.
  - Audit of Accounts following Audit of 2020/21 Accounts.
  - Sign off of the Accounts – to be confirmed with External Auditors but estimated May/June 2024.
- Closure 2022/23
  - Budget Manager Closure Training took place in late March with 83 staff attended closure training.
  - Draft Provisional Outturn Report – Executive Report delivered on the 12th September 2023.
  - 2022/23 draft Revenue Outturn and Capital Outturn Reports presented to DLUHC.
  - Draft 2022/23 Accounts to Audit – TBC (following External Auditors sign off 21/22 Accounts)
  - Sign off of the Accounts – to be confirmed with External Auditors but estimated November 2024.
- Value for Money Opinions for 2021/22 and 2022/23. External Auditors delivered their joint Value for Money Opinions in November 2023:
  - S24 Recommendation still in place and extended for 2021/2 and 2022/3 Accounts.
  - 5 of the 6 2020/21 Key Recommendations either delivered or now linked to Improvement Recommendations.
  - 9 of 13 2020/21 Improvement Recommendations either fully or Partially Delivered
  - One new Key Recommendation – linked to Workforce Strategy
  - Ten updated Improvement Recommendations

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- 2.10 As reported in the July and September Reports, DLUHC have stated that they are moving to rectify these backlogs by changing how audits are performed over the medium term. DLUHC are concerned that the most time should be spent on auditing more recent accounts, so scopes of audits will be reduced (still to be confirmed) however Auditors will still be expected to serve S114 and other Statutory Recommendations. The governments' view is that Audits will be given statutory deadlines for completion as follows:
- 2015/16 through to 2019/20 must be signed off by the 30th December 2023
  - 2020/21 and 2021/22 by the 31st March 2024
  - 2022/23 by the 30th September 2024
- 2.11 There is still no official update on when these timetables will be enacted. Once this is known there might be the requirement for the Council to changes its delivery timetables.
- 2.12 The Council is now on the latest version of TechOne although because Redditch and Bromsgrove are still the only Council's on Cash Receipting, when the weekly updates come in they have do additional checks to ensure the functionality is working as expected. The Council will now update to the latest version of TechOne every summer.
- 2.13 Once the External Auditors sign off the data take on balances the draft 2020/21 Accounts will be submitted. The Council has not submitted them yet as if the External Auditors have issues with the data take on balances and the draft accounts had been submitted then this could lead to qualified accounts.
- 2.14 Work is under way on the 2021/22 Accounts although they cannot be finalised until the audit of the 2020/21 Accounts is complete. The key driver is the clearance of the cash receipting suspense accounts which is expected to be delivered by end of December.

**Update on the Budget and ongoing Monitoring**

- 2.15 The Councils 2023/24 Budget was approved in February. Budgets are loaded onto TechOne.
- 2.16 The 2024/5 draft MTFP was presented to Executive for consultation on the 31<sup>st</sup> October. The budget is again being delivered on a two Tranche basis. The Chancellors Statement was delivered on the 22<sup>nd</sup> November and the Provisional Local Government Settlement on Monday 18<sup>th</sup> December. The initial Tranche just includes:
- Known Pressures (including inflation).
  - Suggested increases to Fees and Charges.
  - Base assumptions on tax collection.
  - Present Capital Programme
  - Impact on General Fund and Earmarked Reserves.



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2.17 The Provisional Local Government Settlement included the following items:

- Generally, a 4.9% increase in funding for Borough and District Councils – the detail is now being worked through.
- The ability to increase Council Tax by 2.99%
- Increases of up to 25% and 35% respectively for different types of planning application

These, alongside a revised Capital Programme based on need and deliverability, will be included in Tranche 2 of the Budget which will need to be approved by Council in February.

2.18 Quarter One 2023/4 financial and performance monitoring went to Executive in September and the Quarter Two Monitoring was delivered to Executive on the 5<sup>th</sup> December. The financial monitoring for Quarter 2 was delivered for the first time directly from the TechOne system with budget managers data input onto it and not into spreadsheets.

2.19 A report went to Executive in July which set out new arrangements to managing projects as per the recommendation in the Audit Task Group Report that came to this Committee in March. Project updates will now be part of the quarterly finance and performance reporting. There are four main programmes, ICT, Workforce and Change, Public Realm, and Housing. This change is referenced in the External Auditors “Value for Money” Report.

### **Compliance Items**

2.20 There are a number of areas where compliance will be measured going forwards. Compliance to process and timetable is a key underlying theme of the Draft External Audit Report 2020/21. These items are being measured to improve how we work and change behaviours. This will lead to an improved financial health/knowledge across both Councils. Not all these measures can be put in place instantly but there should be the full suite by the middle of the summer (Debt indicators depend on the clearing of suspense and the updating of the bank reconciliations).

#### **Training:**

- Closure Training took place in March with 83 attending.
- Mandatory Budget Manager Training (including the use of TechOne) took place in September 2023 – upskilling budget managers with the tools to input their forecasts directly onto TechOne.
- Mandatory Financial Awareness Training for managers took place in August and September.
- Payments/Purchase Order Training takes place monthly.

**REDDITCH BOROUGH COUNCIL****Audit, Governance and Standards Committee****25<sup>th</sup> January 2024****Treasury Management**

- The Half Yearly Treasury Management Report will be presented to Executive in the Q3 Monitoring.

**Audit VFM Report Requirements**

- Budget Consultation will take place with Stakeholders in late January/ early February.
- Wider savings monitoring will be undertaken by this Committee quarterly.
- Capital and its deliverability will be reviewed as part of the Budget Tranche 2.
- Benchmarking is now incorporated into the budget process (using LG Futures data).
- The Internal Audit Service will be externally assessed in early 2024.
- The Council will seek an independent Audit Committee member and ensure the Committee remains apolitical in nature.
- The whistleblowing policy will be updated before the end of the financial year.
- Procurement and contract rules will be updated by the end of the financial year (to reflect changes to legislation happening in April 2024).
- Performance Indicators will be reviewed and updated following Strategic Priority setting sessions.

The Council is still to run sessions to assess its “risk appetite”.

**Errors:**

- Non delivery of GPC Card Data (monthly basis) – still to be started
- Mis-coding on TechOne per month – by Service Area - will begin once the cash receipting suspense has been cleared.

**Procurement:**

- The new ‘No Compliance No Order’ process has been live since April 2023.
- Many departments are now proactively getting quotations for lower value works. A lot of the issues we have are now training issues that are being resolved.
- The number of contracts in place is growing regularly and we are confident that this process is having a positive effect. We hope that eventually we get to the place where the number of orders coming to procurement for approval as contracts are not in place are minimal.
- A report went to Executive in July setting out new government procurement requirements that the Council are addressing, many of which come into force on the 1<sup>st</sup> April 2024. The Q1 and upcoming Q2 Finance and Performance Monitoring Reports now set out:
  - All contracts requiring renewal over the next year that are over the present £200k threshold and these are placed on the forward plan.
  - All contracts between the old Key Decision level of £50k and £200k are listed and can be called in via the Scrutiny processes.
  - All contracts that are being procured by Bromsgrove over this period that relate to Redditch Services.

**REDDITCH BOROUGH COUNCIL****Audit, Governance and Standards Committee****25<sup>th</sup> January 2024****Towns Fund Programme:**

- The Council were one of 5% of those Council's receiving funding as part of the Towns Fund Programme that received a "Deep Dive" review of their Governance processes over August and September. The C
- The only areas requiring follow up were updating processes for Subsidy Control rules (as with was State Aid previously) and ensuring Board Members Register of Interest declarations were up to date.
- The Council received confirmation from DLUHC on the 11<sup>th</sup> October that after careful review of the evidence by the Assurance and Compliance Team they were pleased to confirm that the Lead Reviewer feels that all the key requirements have now been satisfactorily met.

2.21 Work is ongoing on the clearance of the Cash Receipting suspense accounts. These figures are updated every 2 weeks. The position as at the 31<sup>st</sup> October is summarised in the table below. As reported to this committee, the Council are working to have cleared the backlog by the end of this calendar year. Present progress indicates that there will be small, non-material balances still to clear at the 31<sup>st</sup> December but the overall position will mean that the 21/22 and 22/23 accounts closure processes can be run.

Row Lables	Number of Items under £1,000	Value	Number of Items over £1000	Value	Reconciled Items	Reconciled Value	Overall Total	Overall Amount
20/21 Items	5,347	-150,807.64	107	-494,640.00	24,954	11,693,050.58	30,408	11,047,602.94
21/22 Items	27,207	214,783.54	261	4,723,679.65	6,814	-46,132,548.83	34,282	-41,194,085.64
22/23 Items	6,520	-82,541.29	550	140,124,905.14	18,693	-43,885,713.17	25,763	96,156,650.68
23/24 Items	10,501	86,782.18	594	-55,864,203.73	6,032	78,325,213.32	17,127	22,547,791.77
<b>Totals</b>	<b>49,575</b>	<b>68,216.79</b>	<b>1,512</b>	<b>88,489,741.06</b>	<b>56,493</b>	<b>1.90</b>	<b>107,580</b>	<b>88,557,959.75</b>

**Summary**

2.22 This report sets out the policies (local and national) that underpins the Council finances and the key deliverables. The significant change highlighted in July and September in proposed the new Government timescales to catch up on Audit delivery has still not been confirmed. Once this takes place the Council and its External Auditors will need to speed up their joint timetable as appropriate. This report is now updated for data as at the end of October and is delivered to each Audit, Governance and Standards Committee at Redditch to updates it on progress against targets and also alert them to any issues and risks.

**3. FINANCIAL IMPLICATIONS**

3.1 This paper sets out the financial frameworks within which the Council works.

**REDDITCH BOROUGH COUNCIL****Audit, Governance and Standards Committee****25<sup>th</sup> January 2024****4. LEGAL IMPLICATIONS**

- 4.1 There are no direct legal implications arising as a result of this report, however the frameworks are generally linked to statute or the Council's Constitution.

**5. STRATEGIC PURPOSES - IMPLICATIONS****Relevant Strategic Purpose**

- 5.1 The Strategic purposes are included in the Council's Corporate Plan and guides the Council's approach to budget making ensuring we focus on the issues and what are most important for the Borough and our communities. Our Financial monitoring and strategies are integrated within all our Strategic Purposes.

**Climate Change Implications**

- 5.2 There are no direct climate change implications arising as a result of this report.

**6. OTHER IMPLICATIONS****Equalities and Diversity Implications**

- 6.1 There are no direct equalities implications arising as a result of this report.

**Operational Implications**

- 6.2 Operational implications have been dealt with as part of the 2023/24 MTFP, quarterly monitoring and the Closedown process.

**7. RISK MANAGEMENT**

- 7.1 The financial stability and sustainability of the Council is a core underlying theme of the Council's Risk Management Strategy.

**8. BACKGROUND PAPERS**

Interim Auditors Annual Report on Redditch Borough Council 2021/22 & 2/22/23 – Audit Governance and Standards Committee November 2023, Council December 2023.

Section 24 Report to Audit and Council – November 2022.

Accounting Policies Report – March, June, July, September, November 2023 Audit, Governance and Standards Committee.

Finance Recovery Report – June 2023 and October 2023 – Executive

Programme Management Office Requirements – July 2023 – Executive

Approvals to Spend Report - July 2023 – Executive

**Audit, Governance and Standards Committee  
2024**25<sup>th</sup> Jan**Financial Savings Monitoring Report**

Relevant Portfolio Holder	Councillor Court – Portfolio Holder for Finance and Enabling
Portfolio Holder Consulted	Yes
Relevant Head of Service	Bernard Ofori-Atta
Report Author: Bernard Ofori-Atta	Job Title: Head of Finance & Customer Services Contact email: <a href="mailto:bernard.ofori-atta@bromsgroveandredditch.gov.uk">bernard.ofori-atta@bromsgroveandredditch.gov.uk</a>
Wards Affected	All
Ward Councillor(s) consulted	No
Relevant Strategic Purpose(s)	All
Non-Key Decision	
If you have any questions about this report, please contact the report author in advance of the meeting.	

**1. RECOMMENDATIONS**

**The Audit, Governance and Standards Committee is asked to RESOLVE that:**

**1) Progress on 2023/24 Departmental Savings be noted.**

**2. BACKGROUND**

- 2.1 As part of the 2023/24 budget, which was agreed at Council in February 2023, there were a number of savings options approved through the two tranche process to deliver the balanced budget for the year. Savings from both tranches of the budget process have been combined in Appendix A.
- 2.2 Additionally, an Improvement Recommendation in the Interim Auditors Annual Report on Redditch Borough Council 2021/22 and 2022/23 was that “savings delivery is monitored independently of basic budget monitoring at a Corporate level. As such savings monitoring will be part of the Audit, Governance and Standards Committee on a quarterly basis.
- 2.3 The Quarter 2 2023/24 Finance and Performance Monitoring report was reviewed by Executive on the 5<sup>th</sup> December 2023.
- 2.4 The financial section of the report sets out progress against budget. The £10.7m original revenue budget that was approved by Council in March 2022 has been adjusted to £11.1m. The difference to Q1 is the movement of Corporate Budgets from Corporate Financing where they

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee  
2024****25<sup>th</sup> Jan**

were originally located. The projected outturn figure at Q2 is a £596k overspend, which is £40k more than in Q1. The overspend in general is due to:

- An assumption on the Local Government Pay Award, which at Circa 6% is significantly more than our 2% assumption.

	2023/24 Approved Budget	2023/24 Forecast Outturn	2023/24 Forecast Variance to Budget
Business Transformation and Organisational Development	1,767,562	1,748,748	(18,814)
Community and Housing GF Services	1,576,893	1,991,955	415,062
Corporate Budgets	344,037	344,037	-
Corporate Services	(1,558,136)	(1,637,151)	(79,015)
Environmental Services	2,615,992	2,741,394	125,402
Financial and Customer Services	1,777,749	1,993,962	216,213
Legal, Democratic and Property Services	2,071,581	2,111,634	40,053
Planning, Regeneration and Leisure Services	1,282,538	1,181,594	(100,944)
Regulatory Client	451,038	449,435	(1,603)
Rubicon Client	764,746	764,746	-
<b>Net Budget</b>	<b>11,094,000</b>	<b>11,690,354</b>	<b>596,354</b>
Corporate Financing	(11,094,000)	(11,094,000)	-
<b>Overall Total</b>	<b>-</b>	<b>596,354</b>	<b>596,354</b>
Utilities Reserve		(557,000)	(557,000)
<b>Overall Total</b>	<b>-</b>	<b>39,354</b>	<b>39,354</b>

- 2.5 The full year effect of a £596k overspend will be partially mitigated, as approved in the Q1 Monitoring cycle, by the application of the 23/4 portion of the Utilities Reserve of £1,710k which was set up as part of the 2023/4 budget process. **This application of £557k still leaves a £40k net overspend position.** The ongoing 2023/24 pay increases position, once it is finalised and ratified later this year, would then need to be resolved as part of the 2024/25 MTFP process.
- 2.6 During August and September 2023, budget managers were invited to budget monitoring training which focused on how to predict their financial position for the 2023/24 financial year, as well as how to input that forecast into the TechOne financial system. This is the first time that budget managers had been asked to directly input their forecast financial positions into the system since the implementation of TechOne, and budget managers have been supported by the Finance Team throughout this process.
- 2.7 This is the start of a journey for budget managers, but one that we hope in time will form part of regular financial monitoring reported to Members. A detailed review of the financial position input to TechOne has been undertaken by the Finance management team with some adjustments to assumptions reflected. This has included updating forecasts where they have been inadvertently omitted, updating signage, reviewing the forecast position per nominal code and verifying the salary costs including pay award included in the financial position.

- 2.8 Overall, the revenue overspend for of £596k is predominantly due to:
- the implications of the 2023/24 pay award as has already been mentioned in 2.4 above. This will be paid in the December payroll and backdated to 1st April 2023.
  - temporary and interim staff requirements - whilst there are a number of vacancies within teams across the Council, some posts are being covered by temporary staff and this has therefore resulted in some cost pressures.
  - the impact of homelessness and the cost of temporary accommodation costs. A review of grants available to offset the cost pressures is taking place.

This overspend is offset in part by:

- a forecast underspend against the utilities budget provision due to utilities inflation running at 70%. In the 2023/24 budget we assumed a 100% increase in budget and also set up a reserve for the same amount.
  - anticipated additional income across various services.
- 2.5 Departmental Savings are shown to be on track for delivery as per the data contained in Appendix A. There are two items highlighted in yellow which require careful monitoring and one in red for 23/4.
- Service Reviews (£140k in 23/4)
  - Finance Vacancies (£100k in 23/4)
  - Capacity Grid old debt recoupment (£300k in 23/4)

### **3. FINANCIAL IMPLICATIONS**

- 3.1 The savings have significant financial implications if not delivered.
- 3.2 The Council presently has an estimated £2.571m in General Fund Reserves to cover one off issues, and £4.088m in Earmarked Reserves for specific purposes. These are the only recourse, apart from additional reductions in spending/additional income, that the Council has to mitigate the present overspend position. The £4.088m Earmarked Reserve position includes accounting for the full utilisation of the utilities reserve over the 3 year MTFP period.
- 3.3 There should be clarity by the Q3 Finance and Performance Monitoring report, which will be reported to Executive in February, on the actual impact of the 2023/24 Pay Award once it has been paid in December 2023.

**4. LEGAL IMPLICATIONS**

- 4.1 There are no direct legal implications arising as a result of this report.

**5. STRATEGIC PURPOSES - IMPLICATIONS****Relevant Strategic Purpose**

- 5.1 The Strategic purposes are included in the Council's Corporate Plan and guides the Council's approach to budget making ensuring we focus on the issues and what are most important for the borough and our communities. Our Financial monitoring and strategies are integrated within all our Strategic Purposes.

**Climate Change Implications**

- 5.2 The green thread runs through the Council Plan. 2023/24 savings options which had implications on climate change would have been addressed at that time.

**6. OTHER IMPLICATIONS****Equalities and Diversity Implications**

- 6.1 There are no direct equalities implications arising as a result of this report. Any implications will have been dealt with as part of the 2023/24 Budget process.

**Operational Implications**

- 6.2 Operational implications will have been dealt with as part of the 2023/24 Budget process.

**7. RISK MANAGEMENT**

- 7.1 Non delivery of savings options, depending on their financial magnitude can have either a small or significant affect on the Council's finances. As such mitigations need to be in place to deal changes to what was agreed by Council in February 2023.

**8. APPENDICES and BACKGROUND PAPERS**

Appendix A – Redditch Savings Monitoring 2023/24



REDDITCH BOROUGH COUNCIL

**Audit, Governance and Standards Committee  
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**25<sup>th</sup> Jan**

**9. REPORT SIGN OFF**

<b>Department</b>	<b>Name and Job Title</b>	<b>Date</b>
Portfolio Holder	Cllr Luke Court	15/01/2024
Lead Director / Head of Service	Pete Carpenter	12/01/2024
Financial Services	Bernard Ofori-Atta	12/01/2024
Legal Services	Claire Felton	12/01/2024
Policy Team (if equalities implications apply)	N/A	
Climate Change Officer (if climate change implications apply)	N/A	

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**Appendix A – Redditch Savings Monitoring 2023/24**

	2023/24 £000	2024/25 £000	2025/26 £000	RAG Status	Narrative
<b>Phase 1 Savings</b>					
Environmental Services Partnership	0	-25	-50		Future year Establishment review being carried out as part of Tranche 2 of the 24/5 budget. At December, there are £2.2m of vacancies covered by £1.5m of Agency staff. This is being evaluated for the savings required.
Service Reviews	-140	-330	-405		To be reviewed – 2 years away.
Move to All Out Elections	0	0	-170		Future Year by Exec Report 12/9 sets out on Target
Town Hall	0	0	-400		Linked to Service review point above for future years but overspending in 23/4 due to Agency cover.
Finance Vacancies	-100	-100	-100		On Track for Delivery
MRP	-100	-100	-100		On track as per actuarial triennial report
Pension Fund	-580	-580	-580		Presently levels for 2023/4 are £172k of Council Tax and £23k of Business Rates. £225k is at Special Arrangement Stage.
Engage Capacity Grid (One Off)	-300	-300	0		On Track - all implemented and being monitored
10% Increase in Fees and Charges	-339	-340	-342		
<b>Tranche 1 Total</b>	<b>-1,559</b>	<b>-1,775</b>	<b>-2,147</b>		
<b>Phase 2 Savings</b>					
Conversion of 50% of Utilities to a Reserve	-570	-570	-570		Reserve change done as part of 23/4 budget process
Correction of Salary £1,925 amount	-200	-200	-200		Based on actual salary amounts

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Additional Pensions Savings	-221	-221	-221		On track as per updated actuarial triennial report
<b>Tranche 2 Total</b>	<b>-991</b>	<b>-991</b>	<b>-991</b>		
<b>Total Departmental Savings</b>	<b>-2,550</b>	<b>-2,766</b>	<b>-3,138</b>		
<b>Government Funding</b>					
New Homes Bonus	-19	-28			<p>One Year additional funding in 24/5 LGFS 4.9% increase in overall Government Support in 2024/5. Amounts have changes but overall Government Grant amount is 4.9% more.</p> <p>4.9% increase in overall Government Support in 2024/5. Amounts have changes but overall Government Grant amount is 4.9% more.</p> <p>4.9% increase in overall Government Support in 2024/5. Amounts have changes but overall Government Grant amount is 4.9% more.</p> <p>Business Rates Pool meeting on the 12<sup>th</sup> January to confirm position. Base budget is in line with the final pool position.</p> <p>4.9% increase in overall Government Support in 2024/5. Amounts have changes but overall Government Grant amount is 4.9% more.</p>
Services Grant	-86				
Funding Guarantee	-493				
C Tax Base Reduction	130				
Business Rates/Investment Inc Rebaseline	-466	-250	-250		
Future Years Settlements - assumption		-450	-450		
<b>Total Government Funding</b>	<b>-934</b>	<b>-700</b>	<b>-700</b>		

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REDDITCH BOROUGH COUNCIL**AUDIT, GOVERNANCE AND STANDARDS COMMITTEE –  
WORK PROGRAMME 2023-24**

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**21<sup>st</sup> March 2024**

## Standing items:

- Monitoring Officer's Report – Standards Regime
- Feckenham Parish Council Representative's report - Standards Regime
- Submission of Statements of Accounts (2020/21, 2021/22, 2022/23)
- Risk Management Report / Corporate Risk Register
- External Audit Update Report
- Internal Audit Progress Report
- Financial Compliance Report
- Risk Champion Update
- Committee Work Programme

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