



Audit, Governance & Standards Committee

Wed 5 Mar
2025
7.00 pm

Arrow Valley Visitors
Centre, Battens Drive,
B98 0LJ



**If you have any queries on this Agenda please contact
Mat Sliwinski**

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GUIDANCE ON FACE-TO-FACE MEETINGS

Please note that this is a public meeting. You are able to access agenda documents for this meeting from the Committee Pages of the Council's website.

If you have any questions regarding the agenda or attached papers, please do not hesitate to contact the officer named above.

GUIDANCE FOR ELECTED MEMBERS ATTENDING MEETINGS IN PERSON

Meeting attendees are encouraged not to attend a Committee if they have any of the following common symptoms of flu or covid on the day of the meeting; a high temperature, a new and continuous cough or a loss of smell and / or taste.

PUBLIC SPEAKING

The usual process for public speaking at Committee meetings will continue to be followed subject to some adjustments which allow written statements to be read out on behalf of residents at meetings of Audit, Governance and Standards Committee.

PUBLIC ATTENDANCE AT MEETINGS

Members of the public are encouraged not to attend a Committee if they have any of the following common symptoms of flu or covid on the day of the meeting; a high temperature, a new and continuous cough or a loss of smell and / or taste.

Notes:

Although this is a public meeting, there are circumstances when Council might have to move into closed session to consider exempt or confidential information. For agenda items that are exempt, the public are excluded.

Audit, Governance & Standards

Wednesday, 5th March, 2025

7.00 pm

Arrow Valley visitors Centre -
Arrow Valley

Agenda

Membership:

Cllrs:	Gemma Monaco (Chair)	Andrew Fry
	Chris Holz (Vice- Chair)	Joanna Kane
	Juma Begum	David Munro
	William Boyd	Gary Slim
	James Fardoe	

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 7 - 14)

The minutes of the meeting of Audit, Governance and Standards Committee held on 30th January 2025 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 the day of the meeting. A maximum of 15 minutes will be allocated to public speaking.

5. Feckenham Parish Council Representative's Report - Standards Regime

To receive a report from the Feckenham Parish Council Representative on any matters relating to the Parish Council standards (Oral report).

6. Internal Audit Progress Report (Pages 15 - 28)

7. Financial Compliance Report including Statements of Accounts (Pages 29 - 40)

8. Risk Management Report (Q3 2024-25) (Pages 41 - 68)

Audit, Governance & Standards

Wednesday, 5th March, 2025

9. Financial Savings Monitoring Report (Pages 69 - 76)

10. Risk Champion Update

11. Committee Work Programme (Pages 77 - 78)



Audit, Governance & Standards Committee

Thursday, 30th January,
2025

MINUTES

Present:

Councillor Gemma Monaco (Chair), Councillor Chris Holz (Vice-Chair) and Councillors William Boyd, James Fardoe, Andrew Fry, Joanna Kane, David Munro and Gary Slim

Officers:

Debra Goodall and Nicola Cummings

Democratic Services Officers:

M Sliwinski

53. APOLOGIES AND NAMED SUBSTITUTES

Apologies for absence were received from Councillor Begum.

54. DECLARATIONS OF INTEREST

There were no declarations of interest.

55. MINUTES

The minutes of the meeting of Audit, Governance and Standards Committee held on 10th December 2024 were submitted for Members' consideration.

RESOLVED that

the minutes of the Audit, Governance and Standards Committee meeting held on 10th December 2024 be approved as a true and correct record and signed by the Chair.

56. PUBLIC SPEAKING

There were no public speakers who registered to speak at this meeting.

Chair

Audit, Governance & Standards Committee

Thursday, 30th January, 2025

57. MONITORING OFFICER'S REPORT - STANDARDS REGIME

The Deputy Monitoring Officer presented the Monitoring Officer's report and in doing so reported that there had been four Member complaints received since the last report to the Committee. Three complaints had been resolved via local resolution, and one did not pass assessment stage and was not considered further. In response to a question, it was clarified that the initial assessment stage for a complaint assessed if the Monitoring Officer had the power to investigate a complaint, through considering whether the complaint related to an action where the Member was acting in her/his capacity of councillor. The local resolution of a complaint referred to actions that could be done internally to resolve a complaint, without recourse to external parties. For example, local resolution could involve agreement to issue an apology, provision of training or other similar actions.

It was reported that at the last full Council meeting on 27th January 2025 new council laptops were presented to Members as part of equipment upgrade, with 68 per cent of councillors receiving new equipment. In terms of training, it was noted that ten Members responded to the initial member survey on the subject of training and there were eighteen responses to the follow-up survey. Following on from this it was agreed that some types of training should be made mandatory for Members within the next two years, including cyber security, audit, and safeguarding training.

It was reported that the cyber security training requested by Members was now arranged and the date for the training would soon be released to Members. The training would be provided by KnowBe4.

The Government consultation on the standards and conduct regime in English local authorities was live and due to close on 26th February 2025. The consultation sought views on introducing measures to strengthen the standards and conduct regime in England and ensure consistency of approach amongst councils investigating serious breaches of their member codes of conduct, including the introduction of the power of suspension. Members were encouraged to take part in this consultation.

RESOLVED that

the Monitoring Officer's report be noted.

Audit, Governance & Standards Committee

Thursday, 30th January, 2025

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

The Feckenham Parish Council representatives were not present. It was reiterated that the Parish Council standards' regime update was a valued part of the meetings of Audit, Governance and Standards Committee. Members considered whether the updates could be bi-annual or quarterly rather than at every meeting, and whether written updates from Parish Council might be provided.

**59. FINANCIAL COMPLIANCE REPORT INCLUDING STATEMENT
OF ACCOUNTS**

The position on the returns of legislative requirements and deliverables was provided. The Council had submitted the majority of the returns within timeframes. The two outstanding returns were the 2021/22 Revenue Outturn and Capital Outturn reports to the Government, as this was the last year that these returns had to be done based on actuals and estimates could not be used. Significant work was ongoing by the Council's Tax advisors PS Tax for the Council to return to normal VAT reporting.

The Committee was informed that the Council was in a stable financial position, with relatively strong level of reserves, with the Council now having better knowledge of its true financial position following the completion of draft accounts for years up to and including 2023-24.

The Committee was updated on the position in the delivery of the Council's Statement of Accounts. The Committee was reminded that for its 2020/21 and 2021/22 Accounts, the Council had received "disclaimer opinions" as accepted at the meeting of this Committee on 10th December 2024. For 2022/23 Accounts the Committee accepted the "disclaimer opinion" on 10th December, pending conclusion of public consultation. This "disclaimer opinion" had now been issued and was published on the Council's website.

The draft 2023-24 Accounts were presented to the Committee at Appendix A to the report. It was explained that the draft 2023-24 Accounts were provided for public consultation on the 17th January 2025 which was one day after the "backstop date" requirement. The Council had received this week a letter from the Secretary of State, requesting that the Council explain the reasons for missing the deadline. It was clarified that the Council had already been in

Audit, Governance & Standards Committee

Thursday, 30th January, 2025

contact with the Government to clarify the reasons why the submission was made the following day after the “backstop date” and to resolve the situation. The circumstances of this situation were also discussed with the Leader of the Council.

The Council was in discussion with the new External Auditor, Ernst and Young, on the actual programme, pending the onboarding process being completed. All parties were aware of the backstop date of the 28th February 2025, which was the statutory deadline for completion of public consultation on the 2023/24 Accounts. It was stated that as the onboarding checks were not completed yet, the External Auditor would not be able to submit an audit opinion before the 28th February “backstop date”. Regarding the onboarding checks, Members were updated that all but two onboarding forms had now been returned.

During the discussion, the Assistant Director Finance and Customer Services confirmed that the onboarding process with the new External Auditor could not begin until all onboarding forms had been completed and returned to the auditor, as Members and Officers submitted information on any conflicts of interest in these forms.

It was noted that the forms were issued in November but that on average across local authorities, such onboarding process with the auditors took six months to complete. Some Members queried whether anything could be done to speed up the process of completing the returns, and it was stated that officers had been on hand to assist Members with completing any outstanding forms at the full Council meeting on 27th January.

Regarding the 2024/25 Accounts, the plan for preparation of those accounts was in place. Once 2023/24 Accounts work had been concluded, the work on 2024/25 would commence and the Council would be back to normal timeline for submission of its statements of accounts.

Members debated whether it would be appropriate to revert to four Committee meetings per year, as per the wording in report recommendation three. During discussion, it was raised that the Council had just approved the appointment of a new Deputy Chief Executive Section 151 Officer on 27th January. Furthermore, the 2023-24 Accounts were now out for public consultation and this consultation had to be completed by the statutory backstop deadline of 28th February 2025. The onboarding process was also currently being conducted with the Council’s new External Auditor,

Audit, Governance & Standards Committee

Thursday, 30th January, 2025

Ernst and Young. Most Members were of the opinion it would not be appropriate to reduce the number of meetings until the onboarding process with the External Auditor had been completed and the new Deputy Chief Executive and Section 151 Officer had sufficient time in post to fully consider the Council's position.

The amendment to recommendation 3 of the report was proposed in that the Committee remain at six meetings per year at this time until the factors listed in the preamble above had been resolved and it was recommended that the matter be revisited at the first meeting of the Committee in the new municipal year. The amendment was proposed and seconded and on being put to the vote agreed.

The remaining resolutions were agreed as listed in the report.

RESOLVED that

- 1) The Committee note that the 2022/23 Accounts, following delegated approval, have been signed off.**
- 2) The Committee note the position in relation to the delivery of the 2023/24 Accounts.**
- 3) The delivery of receipt of "Disclaimer Opinions" from the External Auditor for the 2020/21 and 2021/22 Accounts, as approved at the Committee meeting on 10th December, the subsequent "Disclaimer Opinion" of the 2022-23 Accounts on the 22nd January and the provision of the 2023-24 Account for Public Consultation by the 17th January 2025 be noted.**
- 4) There remain six Audit, Governance and Standards Committee meetings per year until the matter is revisited at the first meeting of the Committee in the new municipal year.**
- 5) The ongoing process for inducting the Council's new External Auditor, Ernst and Young, be noted.**

60. CAPITAL STRATEGY 2025-26 INCLUDING TREASURY MANAGEMENT STRATEGY

The Assistant Director Finance and Customer Services introduced the report which set out the Capital, Treasury Management and Investment Strategies for approval for onward recommendation to

Audit, Governance & Standards Committee

Thursday, 30th January, 2025

Council. The Council was required to produce these strategies following changes in the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Ministry for Housing, Communities and Local Government guidance. Further, the CIPFA Code of Practice for Treasury Management in Public services (the CIPFA TM Code) and the Prudential Code required local authorities to set the Treasury Management Strategy Statement (TMSS) and Prudential Indicators each financial year, and these were included within the strategies submitted before Members.

It was explained that the Capital Strategy provided an overview of how capital expenditure, capital financing and treasury management activity contributed to the provision of the Council's services along with an overview of how associated risk was managed. The Treasury Management Strategy detailed how the Council managed its cash flows, borrowing and investments, and the associated risks. The Minimum Revenue Provision (MRP) statement showed, where the Authority finances capital expenditure by debt, the amount charged to the revenue budget for the repayment of debt. It was stated that the Council was free of debt commitments aside from the Housing Revenue Account. The Investment Strategy provided details of how the authority invested. It was reiterated that the Council did not invest for profit.

RECOMMENDED to Council that

- 1) The Capital Strategy (Appendix A) as an appropriate overarching strategy for the Council be approved.**
- 2) The Treasury Management Strategy for 2025/26 (Appendix B) and the associated MRP policy (Appendix C) be approved.**
- 3) The Investment Strategy (Appendix D) be approved.**

61. RISK CHAMPION UPDATE

The Council's Risk Champion, Councillor Kane, provided a risk update outlining that the English Devolution White Paper, which was published in December, and the Environment Act would have significant impacts on the Council over the next three years. It was highlighted that the Government proposal was for the creation of unitary authorities across the country, in county areas such as Worcestershire replacing a two-tier system currently in place.

Audit, Governance & Standards Committee

Thursday, 30th January, 2025

However, details of what the structure would be across Worcestershire were not known yet.

Councillor Kane reported that she attended a meeting of the West Midlands Combined Authority (WMCA) Overview and Scrutiny Committee on 20th January 2025 in her capacity as the Council's representative on that external body. Councillor Kane reported that at that meeting, the English Devolution White Paper was discussed and it was felt by WMCA Overview and Scrutiny Members that the White Paper would lead to strengthened accountability in local government – and therefore increased powers for Overview and Scrutiny. The Members of WMCA Overview and Scrutiny awaited more details on how the White Paper proposals would work in practice.

During discussion, Members asked that this update, together with any new information on devolution proposals for Worcestershire, be provided at the next meeting of the Committee. It was commented that there currently remained much uncertainty about the plans for both the county council and district councils across Worcestershire, and it would be useful for Members to revisit this topic when more information was available.

RESOLVED that

the Risk Champion update be noted.

62. COMMITTEE WORK PROGRAMME

It was agreed that the next scheduled meeting in April be brought forward to a date in March, with the date to be confirmed after confirming the availability of Members and relevant officers.

As agreed under agenda item – Financial Compliance Report including Statement of Accounts (Minute No. 59) – the Committee would continue to meet six times a year with the decision on reverting to quarterly meetings cycle being deferred until the first meeting of the Committee in the new municipal year.

RESOLVED that

the Committee's Work Programme be updated as per the preamble above.

**Audit,
Governance &
Standards
Committee**

Thursday, 30th January, 2025

The Meeting commenced at 7.00 pm
and closed at 8.05 pm

INTERNAL AUDIT PROGRESS REPORT 2024/25**5th March 2025**

Relevant Portfolio Holder	Cllr Ian Woodall
Portfolio Holder Consulted	Yes
Relevant Head of Service	Peter Carpenter, S151 Officer
Report Author	Job Title: Head of Internal Audit Shared Service Worcestershire Internal Audit Shared Service Contact email: chris.green@worcester.gov.uk Contact Tel: 07542 667712
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. RECOMMENDATION

- 1.1 **The Audit, Governance and Standards Committee notes the report.**

2. BACKGROUND

- 2.1 The purpose of this report is to provide an update of Internal Audit's progress towards meeting its objectives in the audit plan for 2024/25 as approved by the Audit and Governance Committee on 28th May 2024.
- 2.2 The Council has a legal duty to maintain an adequate and effective Internal Audit service. The primary role of Internal Audit is to provide independent assurance that the Council has put in place appropriately designed internal controls to ensure that:
- The Council's assets and interests are safeguarded;
 - Reliable records are maintained;
 - Council policies, procedures and directives are adhered to; and
 - Services are delivered in an efficient, effective and economic manner

- 2.3 The Internal Audit plan for 2024/25 was approved by the Audit, Governance and Standards Committee on 28th May 2024. Progress against delivery of that plan is set out at Appendix 1. The plan is on track to be delivered.
- 2.4 The Public Sector Internal Audit Standards require that any significant changes to the internal audit plan must be approved by the Audit, Governance & Standards Committee. It is also good practice to continually review the audit plan in light of emerging issues, to ensure that the work of internal audit adds maximum value by proactively responding to and aligning its work with the most significant risks facing the organisation. There are no proposed amendments to the internal audit plan at this time.
- 2.5 Over the coming weeks the draft Internal Audit Plan for 2025/26 will be developed. The intention is to update the approach in line with the recent External Quality Assessment by creating an audit 'universe' of all the areas at the Council which could be audited. Broad risk assessments will be carried out taking into account content on the Council's risk register, the climate in which the Council is operating, Council objectives and service plans, and cumulative audit knowledge and experience (CAKE). This will form the basis for discussions with management and development of the draft plan.
- 2.6 In accordance with Internal Audit Standards members of the Audit, Governance & Standards Committee should be consulted as the Internal Audit plan is developed. Members are welcome to highlight areas for consideration by internal audit either at the meeting or by contacting the Head of Internal Audit by 31st March 2025.

3. Financial Implications

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

4. Legal Implications

- 4.1 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".

To aid compliance with the regulation, the Institute of Internal Auditors Public Sector Internal Audit Standards (as amended) details that "Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes".

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

- 5.1 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

- 5.2 There are no climate change implications arising from this report.

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

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

Operational Implications

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

7. RISK MANAGEMENT

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,
- Continuous provision of an internal audit service is not maintained.

8. APPENDICES and BACKGROUND PAPERS

Appendix 1 ~ Internal Audit Progress Report

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INTERNAL AUDIT PROGRESS REPORT APPENDIX 1

Date: February 2025



1. Background

- 1.1 The Council is responsible for maintaining or procuring an adequate and effective internal audit function under the Accounts and Audit (England) Regulations 2018.
- 1.2 The Public Sector Internal Audit Standards (the Standards) require the Audit, Governance and Standards Committee to scrutinise the performance of Internal Audit and to satisfy itself that it is receiving appropriate assurance that the controls put in place by management address the identified risks to the Council. This report aims to provide the Committee with details on progress made in delivering planned work, the key findings of audit assignments completed since the last Committee meeting, updates on the implementation of actions arising from audit reports and an overview of the performance of the team.

2. Performance

2.1 *Will the Internal Audit Plan be delivered?*

The position at the time of writing this report is as follows:

- 4 assignments are complete;
- 7 assignments are at draft report stage;
- 7 assignments are in progress;
- 2 assignments are at the planning stage and will be progressed through March.

- 2.2 Further to the update provided in December 2024, the service is now fully resourced. Good progress is being made on delivery of the 2024/25 internal audit plan. The new 80% team productivity target, which was set for achievement by 31st March 2025, is very close to being delivered with the latest figure being 79%, compared with 66% at the beginning of the financial year. Adequate resources are in place to deliver the remainder of the Plan and the Annual Internal Audit Opinion for 2024/25. Progress on individual assignments is set out at pages 7 to 8.

□



2.3 ***Performance Indicators***

The service is implementing a suite of indicators which aim to demonstrate and enhance performance. Each individual member of staff has an agreed target to deliver 90% of their own work plan by the end of March each year. In addition, the following performance indicators have been established and the results will be included in the annual report for 2024/25:

Description	Narrative	Target
Delivery	% of audit days delivered by Year End	90%
Productivity	% of available time spent on productive audit work	80%
Effectiveness	% of agreed recommendations implemented by the target date	75%
Customer Satisfaction	% of Post Audit Questionnaires which have rated the service as "Very Good" or "Good"	80%

2.4 ***Based upon recent Internal Audit work, are there any emerging issues that impact upon the Internal Audit opinion of the Council's Control Framework?***

At this stage there are no emerging issues arising from the work of Internal Audit which significantly impact upon the Internal Audit opinion of the Council's Control, Governance and Risk Management framework for 2024/25.

2.5 ***Are clients progressing audit recommendations with appropriate urgency?***

At the time of writing there are 23 outstanding internal audit recommendations, which is a reduction from the figure of 28 reported at the December 2024 meeting. There are currently no overdue recommendations.



3. Internal audit opinions and prioritisation of recommendations

- 3.1 The Auditor's Opinion for each assignment is based on the fieldwork carried out to evaluate the design of the controls upon which management rely and to establish the extent to which controls are being complied with. The table below explains what the opinions mean:

Table 1 – Assurance Categories

Opinion	Definition
Substantial Assurance	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
Reasonable Assurance	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.
Limited Assurance	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.
No Assurance	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.

The prioritisation of recommendations made by Internal Audit is based upon an assessment of the level of risk exposure. The Auditor's Opinion considers the likelihood of corporate/ service objectives not being achieved, and the impact of any failure to achieve objectives. In order that recommendations can be prioritised according to the potential severity of the risk, a traffic light system is used as follows:



Table 2 - Definition of Priority of Recommendations

Risk Level	Definition	Matrix																
H (7-9)	Immediate control improvement required. Fundamental control weaknesses that present a significant material risk to the function or system objectives and requires immediate attention by Senior Management.	<p>RISK ASSESSMENT MATRIX</p> <table border="1" style="margin: auto;"> <tr> <td style="padding: 5px;">HIGH</td> <td style="background-color: yellow; text-align: center; padding: 10px;">4</td> <td style="background-color: red; text-align: center; padding: 10px;">7</td> <td style="background-color: red; text-align: center; padding: 10px;">9</td> </tr> <tr> <td style="padding: 5px;">MEDIUM</td> <td style="background-color: green; text-align: center; padding: 10px;">2</td> <td style="background-color: yellow; text-align: center; padding: 10px;">5</td> <td style="background-color: red; text-align: center; padding: 10px;">8</td> </tr> <tr> <td style="padding: 5px;">LOW</td> <td style="background-color: green; text-align: center; padding: 10px;">1</td> <td style="background-color: green; text-align: center; padding: 10px;">3</td> <td style="background-color: yellow; text-align: center; padding: 10px;">6</td> </tr> <tr> <td></td> <td style="text-align: center;">NOTICEABLE</td> <td style="text-align: center;">SIGNIFICANT</td> <td style="text-align: center;">CRITICAL</td> </tr> </table> <p style="margin-top: 10px;">LIKELIHOOD OF OCCURENCE</p> <p style="margin-top: 10px;">IMPACT</p>	HIGH	4	7	9	MEDIUM	2	5	8	LOW	1	3	6		NOTICEABLE	SIGNIFICANT	CRITICAL
HIGH	4		7	9														
MEDIUM	2		5	8														
LOW	1	3	6															
	NOTICEABLE	SIGNIFICANT	CRITICAL															
M (4-6)	To be monitored closely and cost-effective controls sought. 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.																	
L (1-3)	To be reviewed regularly and seek low-cost control improvements. Issues of best practise where some improvement can be made.																	



4. Internal Audit delivery

- 4.1 At the time of report writing 253 productive days had been delivered against the full year plan of 328 days. At this stage it is anticipated that the objective of hitting 90% of the full year plan by 31st March 2025 will be achieved. As a comparison, the full year outturn for 2023/24 was 179 days delivered.

Table 3 - Summary of Days Delivered for 2024/25

Summary of Audit Areas	Plan Budget	Days Delivered as at 14/02/2025
Core Financial Systems	92	81
Corporate Work	81	71
Other systems audits	129	79
Sub total	302	231
Support Budgets including reading, audit management meetings, corporate meetings, annual plans, reports and Audit Committee Support.	26	22
Sub total	26	22
Total Audit Days	328	253

The following table shows the status of each assignment in the annual plan, the budget in days, and the anticipated reporting date. The table is designed to assist members in building up a picture of the assurance being provided during the course of the year.

Table 4 – Summary of Internal Audit progress and findings, year to date

<u>Audit Area</u>	<u>Budget (Days)</u>	<u>Status</u>	<u>Anticipated Reporting Date</u>	<u>Assurance Rating</u>	<u>Summary of Findings/ Comments</u>
Accounts Payable	15	Draft Report issued		TBC	
Council Tax	14	Draft Report issued		TBC	
Benefits	22	Draft Report issued		TBC	
NNDR	15	Draft Report issued		TBC	
General Ledger	18	Fieldwork in Progress	March 2025		
Risk Management Embedding	16	Draft Report issued		TBC	
Cyber & Data Security including Disaster Recovery	12	Fieldwork in Progress	April 2025		
Workforce Planning	10	Planning	April 2025		Consultancy review, examining arrangements for delivery of the 82-point plan and comparison with other local authorities.
Procurement and Contract Management	16	Final Report issued		Limited	Results reported separately and in full at the December 2024 Committee meeting – see Appendix 1.
Insurance	15	Fieldwork in Progress	March 2025		Including review of claims prevention & mgmt, and the strategic approach to minimising the costs of cover.

<u>Audit Area</u>	<u>Budget (Days)</u>	<u>Status</u>	<u>Anticipated Reporting Date</u>	<u>Assurance Rating</u>	<u>Summary of Findings/ Comments</u>
Business Continuity and Emergency Planning	12	Fieldwork in Progress	April 2025		
Fraud Investigations and NFI	10	Work completed for 2024/25		N/A	
Statements of Internal Control	4	Planning	N/A	N/A	
Bus Operators' Grant	6	Completed		N/A – Grant certification	
Statutory Inspections	12	Fieldwork in Progress	March 2025		
Corporate Credit Cards including Petty Cash	15	Fieldwork in Progress	March 2025		
Housing Revenue Account	12	Draft Report Issued		TBC	
Right to Buy	13	Draft Report Issued		TBC	
Housing Repairs	20	Fieldwork in Progress	June 2025		Includes assurance that the new scheduling system is operating efficiently and effectively. Remainder of fieldwork delayed until May 2025 at client request.
Follow up of Recommendations	15	Completed		Substantial	Good progress has been made in this area, and at the time of reporting there are no overdue actions.



5. Limitations inherent in the work of internal audit

Internal Audit undertakes a programme of work agreed by the Council's senior managers and approved by the Audit Committee subject to the limitations outlined below.

Opinion

Each audit assignment undertaken addresses the control objectives agreed with the relevant responsible managers. There might be weaknesses in the system of internal control that Internal Audit are not aware of because they did not form part of the programme of work, were excluded from the scope of individual internal audit assignments or were not brought to the attention of Internal Audit. As a consequence, the Audit Committee should be aware that the Audit Opinion for each assignment might have differed if the scope of individual assignments was extended or other relevant matters were brought to Internal Audit's attention.

Internal Control

Internal control systems identified during audit assignments, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgement in decision making, human error, control processes being deliberately circumvented by employees, management override of controls, and unforeseeable circumstances.

Future Periods

The assessment of each audit area is relevant to the time that the audit was completed. In other words, it is a snapshot of the control environment at that time. This evaluation of effectiveness may not be relevant to future periods due to the risk that:

- The design of controls may become inadequate because of changes in operating environment, law, regulatory requirements or other factors; or
- The degree of compliance with policies and procedures may deteriorate.

Responsibilities of Management and Internal Auditors

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance, and for the prevention or detection of irregularities and fraud. Internal Audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

Internal Audit endeavours to plan its work so that there is a reasonable expectation that significant control weaknesses will be detected. If weaknesses are detected, additional work is undertaken to identify any consequent fraud or irregularities. However, Internal Audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected, and its work should not be relied upon to disclose all fraud or other irregularities that might exist.

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REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****5th March 2025****Financial Compliance Report**

Relevant Portfolio Holder	Cllr Ian Woodall Executive Member for Finance
Portfolio Holder Consulted	Yes
Relevant Head of Service	Debra Goodall
Report Author: Debra Goodall	Job Title: Assistant Director Finance & Customer Services Contact email: debra.goodall@bromsgroveandredditch.gov.uk
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.	
Exempt Information – None	

1. RECOMMENDATIONS

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

- 1) The Committee note that the 2023/24 Accounts are out for public consultation, with this period finishing on the 3rd March 2025.
- 2) The Committee note the position in relation to the delivery of the 2024/25 Accounts.
- 3) The Committee note the position in regard to other financial indicators set out in this report.
- 4) The ongoing process for inducting the Council's new External Auditor, Ernst and Young, be noted.

To **RECOMMEND** to Executive

- 5) Any areas of concern within this key compliance report for consideration.

2. BACKGROUND

- 2.1 From a Governance point of view, the financial framework 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 23rd March 2023 set out the Financial Governance Framework, and associated references to key documentation, that the Council, its Member and Officers work to. These are (in summary):

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****5th March 2025**

- **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 its “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 Audit Committee training was undertaken on the 28th May, and Local Government Finance training was given on the 30th July.

2.3 One of the legislative reporting requirements the Council had not achieved is the delivery of the 2020/21, 2021/22 and 2022/23 Statement of Accounts which resulted in the issuing of a Section 24 Statement for the Council. Bromsgrove District Council (BDC) were also issued with a Section 24 Statement for the same non delivery of these accounts which is understandable given that officers support both Councils via a shared service.

2.4 Following the issuing of the original Section 24 Statements and a review of why this happened, which was undertaken by the Bromsgrove Audit Committee, the decision was taken to increase the frequency of Audit Committee meetings to six times a year until the Council rectified the situation.

2.5 With the Council having provided its accounts as per “backstop legislation” up to the 2023/24 financial year. it was proposed at the January Committee Meeting that the frequency of Audit Committee meetings reverts to quarterly. This was not approved in the January meeting will be re-considered once the New Director of Resources is in place. It is important though that the processes that were put in place following the issuing of the Section 24 Statement are continued via this quarterly Financial Compliance Report.

2.6 The 2024/5 budget was approved at Council on the 26th February 2024.

Legislative Requirements

2.7 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.

2.8 The following are key legislative deliverables, which were circulated by the Government in December 2023 for the period December 2023, through the 2024/5 financial year. Delivery against these requirements will be set out in the final column of the table.

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****5th March 2025**

Form	Code	Description	Proposed Dispatch	Deadline	Proposed Publication	Position
Capital Payments & Receipts - Q3	CPR3	Cumulative capital expenditure and receipts for Q1, Q2 and Q3 2023-24	15-Dec-23	19-Jan-24	15-Feb-24	Delivered 26/1/24
Non-Domestic Rates Forecast	NNDR1	Billing authority forecasts of the amount of non-domestic rates to be collected in the 2024-25	15-Dec-23	31-Jan-24	21-Feb-24	Delivered 9/2/24 (Civica issue)
Council Tax & NDR Collection - Q3	QRC3	Quarterly return of how much council tax and non-domestic rates are collected in Q3 2023-24	15-Dec-23	12-Jan-24	14-Feb-24	Delivered 15/2/24 (Civica issue)
Quarterly Borrowing & Lending - Q3	QB3	Local authority borrowing and investments from all local authorities to the end of Q3 2023-24	15-Dec-23	08-Jan-24	15-Feb-24	Delivered 17/1/24
Quarterly Revenue Update - Quarters 3 & 4	QRU3	Quarter 1 to 3 2023-24 data and forecast end year local authority revenue expenditure update.	15-Dec-23	26-Jan-24	07-Mar-24	Delivered 19/2/24
Council Tax Requirement/ Parish Council Tax	CTR1/2/3/4	Information on council tax levels set by local authorities in 2024-25 and Council tax levels for 2024-25 set by parishes.	02/02/2024 (tbc)	11-Mar-24	21-Mar-24	Delivered 26/2/24
of which: Parish council tax	-	-	-	11-Mar-24	08-May-24	Delivered 26/2/24
Revenue Account Budget	RA	Local authority revenue expenditure and financing for 2024-25 Budget	16-Feb-24	05-Apr-24	20-Jun-24	Draft completed. 8/4/24
Capital Estimates Return	CER	Capital forecast for 2024-25	23-Feb-24	22-Mar-24	13-Jun-24	Delivered 22/3/24
Non-Domestic Rates Outturn- unaudited	NNDR3	Collects information from all billing authority on the amount of non-domestic rates collected in 2023-24- provisional data	28-Mar-24	30-Apr-24	10-Jul-24	Draft delivered to Pool 14/4/24
Non-Domestic Rates Outturn- audited	NNDR3	Collects information from all billing authority on the amount of non-domestic rates collected in 2023-24- final data	n/a	30-Sep-24	15-Nov-24	Delivered 30/09/24
Quarterly Borrowing & Lending - Q4	QB4	Local authority borrowing and investments from all local authorities to the end of Q4 2023-24	22-Mar-24	05-Apr-24	13-Jun-24	Delivered 5/4/24

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****5th March 2025**

Capital payments & receipts Q4 and provisional outturn	CPR4	Cumulative capital expenditure and receipts for Q1, Q2, Q3, and Q4 2023-24. Expanded collection, used as provisional outturn.	22-Mar-24	19-Apr-24	13-Jun-24	Delivered 29/4/24
Council Tax & NDR Collection - Q4	QRC4	Annual data of levels of council tax and non-domestic rates collected by local authorities in 2023-24 and Q4 2023-24	12-Apr-24	03-May-24	19-Jun-24	Delivered 7/5/24
Capital Outturn Return	COR	Final capital outturn figures for 2023-24	26-Apr-24	26-Jul-24	10-Oct-24	Delivered 29/07/24
Revenue Outturn suite - provisional	RO	Local authority revenue expenditure and financing for 2023-24 Outturn (provisional)	26-Apr-24	28-Jun-24	29-Aug-24	Delivered 19/7/24
Revenue Outturn suite - certified	RO	Local authority revenue expenditure and financing for 2023-24 Outturn (final)	n/a	11-Oct-24	12-Dec-24	Delivered 10/02/24
Exit payments	-	Local authority exit payments 2023-24	03-May-24	07-Jun-24	18-Jul-24	Delivered 30/06/2024
Quarterly Borrowing & Lending - Q1	QB1	Local authority borrowing and investments from all local authorities to the end of Q1 2024-25	24-Jun-24	05-Jul-24	08-Aug-24	Delivered 05/07/24
Quarterly Revenue Update - Q1	QRU1	Q1 2024-25 data and forecast end year local authority revenue expenditure update	28-Jun-24	02-Aug-24	12-Sep-24	Delivered 2/08/24
Capital Payments & Receipts - Q1	CPR1	Cumulative capital expenditure and receipts for Q1 2024-25	21-Jun-24	19-Jul-24	08-Aug-24	Delivered 19/07/24
Council Tax & NDR Collection - Q1	QRC1	Quarterly return of how much council tax and non-domestic rates are collected in Q1 2024-25	21-Jun-24	12-Jul-24	14-Aug-24	Delivered 01/07/24
Local Government Pension Funds	SF3	Collect information on income and expenditure on local government pension schemes for 2023-24	05-Jul-24	13-Sep-24	23-Oct-24	Delivered 21/06/24
Council Tax Base/ Supplementary	CTB	Information about the 2024 council tax base for each billing authority.	20-Sep-24	11-Oct-24	06-Nov-24	Delivered 11/10/24
Quarterly Borrowing & Lending - Q2	QB2	Local authority borrowing and investments from all local authorities to the end of Q2 2024-25	23-Sep-24	04-Oct-24	14-Nov-24	Delivered 02/10/24

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****5th March 2025**

Quarterly Revenue Update - Q2	QRU2	Quarter 1 & 2 2024-25 data and forecast end year local authority revenue expenditure update	20-Sep-24	25-Oct-24	05-Dec-24	Delivered 25/10/24
Capital Payments & Receipts - Q2	CPR2	Cumulative capital expenditure and receipts for Q1 and Q2 2024-25	20-Sep-24	20-Oct-24	14-Nov-24	Delivered 21/10/24
Council Tax & NDR Collection - Q2	QRC2	Quarterly return of how much council tax and non-domestic rates are collected in Q2 2024-25	20-Sep-24	04-Oct-24	20-Nov-24	Delivered 11/10/24
Capital Payments & Receipts - Q3	CPR3	Cumulative capital expenditure and receipts for Q1, Q2 and Q3 2024-25	13-Dec-24	24-Jan-25	13-Feb-25	Delivered 24/01/25
Non-Domestic Rates Forecast	NNDR1	Billing authority forecasts of the amount of non-domestic rates to be collected in the 2025-26	13-Dec-24	31-Jan-25	19-Feb-25	Delivered 31/1/25
Quarterly Revenue Update - Quarters 3 & 4	QRU3	Quarter 1 to 3 2024-25 data and forecast end year local authority revenue expenditure update.	13-Dec-24	24-Jan-25	06-Mar-25	Delivered 25/01/25
Quarterly Borrowing & Lending - Q3	QB3	Local authority borrowing and investments from all local authorities to the end of Q3 2024-25	13-Dec-24	06-Jan-25	13-Feb-25	Delivered 06/01/25
Council Tax & NDR Collection - Q3	QRC3	Quarterly return of how much council tax and non-domestic rates are collected in Q3 2024-25	13-Dec-24	17-Jan-25	12-Feb-25	Delivered 02/01/25
Council Tax Requirement/ Parish Council Tax	CTR1/2/3/4	Information on council tax levels set by local authorities in 2025-26. Council tax levels for 2025-26 set by parishes	Early Feb 2025	12-Mar-25	20-Mar-25	
of which: Parish council tax	-	-	Early Feb 2025	12-Mar-25	07-May-25	
Revenue Account Budget	RA	Local authority revenue expenditure and financing for 2025-26 Budget	14-Feb-25	04-Apr-25	19-Jun-25	
Capital Estimates Return	CER	Capital forecast for 2025-26	21-Feb-25	21-Mar-25	12-Jun-25	
Monthly Borrowing & Lending	MB	Monthly sample used to provide an estimate of the level of net borrowing by local authorities to go into the ONS/HMT monthly publication Public	5 working days before 1st working day of the month	Day 5 of each month	for quarter months only, see QB1, QB2, QB3, QB4 dates	Delivered to date

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****5th March 2025**

		Sector Finance Statistics				
Local Government Finance Statistics	LGFS33	Annual compilation of finance data collected from local authorities covering out-turn data for 2022-23	N/A	N/A	Spring 2024	

Pooling of Housing Capital Receipts – 23/4 Delivered

2.9 In wider sets of deliverables (outside the 2024/5 DLUHC Listing) we have the following returns that have been delivered:

Budget

- Delivered by 11th March in preceding financial year – **2025/26 Budget and MTFP delivered 24th Feb 2025**
- Council Tax Base – Yearly – **2025/26 delivered on 14th January 2025**
- Council Tax Resolution – **2025/26 delivered on 24th February 2025**
- Council Tax Billing – Yearly – **Bills distributed in March 2024**
- **Policies**
 - Treasury and Asset Management Strategies
 - 2023/4 Outturn Report **delivered in September 24.**
 - 2025/6 Strategy **Approved at Council 24th February 2025.**
 - 24/25 Q1 and Q2 reports **delivered 3rd Sept and 26th Nov 2024. Q3 delivered on 18th March 2025.**
 - Council Tax Support Scheme – **25/6 Approved at Executive in January 2025.**
 - Minimum Revenue Provision – yearly – **Approved as part of the MTFP, with 2025/6 included in the 25/26 Treasury and Asset Management Strategy.**
 - Financial Monitoring – **Q1 24/5 in Sept 2024. Q2 in Nov 24, Q3 in March 25.**
 - Risk Management – **Q1 24/5 delivered July 24, Q2 delivered Dec 24, Q3 delivered in March 25.**
 - Savings Report – **Q1 24/5 delivered in September, Q2 delivered in December, Q3 delivered in March 25**
 - Financial Controls (still in development)
 - Clearance of suspense accounts – now part of the closure of accounts process.
 - Bank Reconciliation - **linked to above point although a separate stream assessing/clearing 2023/4 and prior year items.**
 - Over £500 spending.
 - **Updated to January 2025.**

The following deliverables, prior to December 2023 are still to be delivered:

- Government Returns
 - VAT – Monthly
 - **discussions ongoing with HMRC since mid-summer 2024, final versions provided to get transactions up to date on the 19th December**

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****5th March 2025**

2024. Conversations are ongoing. Submissions from December 2024 onwards are now being made on a monthly basis.

- Revenue Outturn Reports
 - ***Delivered for all years up to and including 2023/24***
- Whole of Government Accounts Returns
 - ***Still to be delivered***

2.10 The key returns that have still not been delivered are the VAT returns. Significant work has been undertaken by the Council's Tax advisors PS Tax in liaison with HMRC in order for the Council to return to normal VAT reporting and final version working papers have been provided to HMRC on the 19th December 2024. Monthly returns are being made from December 2024 onwards.

Update on the Statement of Accounts

2.11 Following the General Election in July 2024, the New Minister of State for Housing, Communities and Local Government Jim McMahon OBE MP wrote to Councils noting the significant and unacceptable backlog of unaudited accounts. This situation undermines trust and transparency in the way taxpayers' money is being spent and auditors cannot focus on up-to-date accounts, where assurance is most valuable.

2.12 To tackle the backlog, The Minister has laid secondary legislation, and this legislation was approved on the 9th September to provide for an initial backstop date of 13 December 2024 for financial years (FYs) up to and including 2022/23 and five subsequent backstop dates: 2015/16 through to 2019/20 must be signed off by the 30th December 2023.

Financial Year	Backstop date
2023/24	28 February 2025
2024/25	27 February 2026
2025/26	31 January 2027
2026/27	30 November 2027
2027/28	30 November 2028

2.13 The Council, as set out at the meeting on the 10th December has received "Disclaimer Opinions" for the 2020/21, 2021/22, and 2022/23. The Council will not have an opinion from its new External Auditors until the onboarding process is complete. An update on this is onboarding is given in a later Section of this report.

2.14 The Council's position on these key Closure deliverables are as follows:

- Closure 2020/21
 - Reported as per the 10th December Audit Committee and Disclaimer Opinion received and approved.

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****5th March 2025**

- Closure 2021/22
 - Reported as per the 10th December Audit Committee and Disclaimer Opinion received and approved.
- Closure 2022/23
 - Reported as per the 10th December Audit Committee and “Disclaimer Opinion” received and approved following the completion of the public consultation period on the 22nd January 2025.
- Closure 2023/24
 - Draft Accounts have been available for public consultation since the 17th January. This will close on the 3rd March.
 - Accounting Opinion cannot be made until Ernst & Young have been onboarded.

- 2.15 As per the requirement of the Draft External Auditors Report 21/22 and 22/23 on the 27th November 2023, the External Auditors made a further written recommendation of the Authority under section 24 of the Local Audit and Accountability Act 2014 in relation to its financial systems and governance arrangements. They recommended that the authority should produce “true and fair” draft accounts for 2020/21, 2021/22 and 2022/23 signed off by the S151 Officer and supported by high quality working papers. This has now been complied with although given the instigation by the Government of the backstop date and the requirement of “disclaimer opinion” audits across the Country it is not clear how the new Auditors will frame their 2023/4 External Audit Report in respect of this matter
- 2.16 As has been reported previously the combined 2021/21 & 2022/23 Draft External Audit Report set out that:
- The 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.
 - There was one new Key Recommendation – linked to Workforce Strategy.
 - There were ten updated Improvement Recommendations.
- 2.17 In terms of those Draft External Audit Reports the following progress has been made against recommendations (Key and Improvement):
- The Accounting Policies Report goes to every Audit Committee.
 - The key closure deliverables for each financial year are clearly set out. The owners of these deliverables are the S151 and Deputy S151 Officers.
 - Progress on key financial and compliance indicators are reported monthly to CMT and to both Audit Committees by the S151/Deputy 151 Officers. There is a requirement to report all finance deliverables as per the Recommendations of the Audit Task Group.
 - Delivery of Financial training detailed in this document will move staff to right level of skills.
 - TechOne has been upgraded to version 23A in July 2023.
 - Quarterly combined financial and performance monitoring started in the 2022/23 financial year and has continued in 2024/5 with Q1 and Q2 delivered.

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****5th March 2025**

- The 2024/5 MTFP process has been completed in both Councils and the 2025/6 process started.
- Risk workshops are still to be run to assess Risk Appetite of Executive and Audit Committees. This will happen across both Council now the Redditch elections have been completed.
- A Treasury Management strategy, half yearly report, and outturn report are now part of the work programme. 2024/5 Half Yearly Reports have been delivered.
- To address staffing issues, additional posts have been recruited to as the team looks to start to move any from its reliance on external agency/consultants.

In terms of more specific items:

- More Budget Consultation has been addressed in Tranche 1 of the budget through a targeted consultation process which finished in January 2025.
- Wider savings monitoring is being undertaken by this Committee quarterly.
- Capital and its deliverability has been reviewed as part of the 2025/6 Budget Tranche 2.
- Benchmarking is now incorporated into the budget process (using LG Futures data).
- The Internal Audit Service has been externally assessed in early 2024 and passed that assessment.
- The Council is seeking an independent Audit Committee member and ensures the Committee remains apolitical in nature.
- The whistleblowing policy has been updated.
- Procurement and contract rules will be updated by the end of the financial year (to reflect changes to legislation happening in February 2025).
- Performance Indicators have been reviewed and updated following the Strategic Priority and business plan sessions.

2.18 It was confirmed by the PSAA that Ernst and Young would become the Councils External Auditors on the 24th October, and that the onboarding process has now starting. All Members have now returned their forms.

2.19 Ernst and Young note that the challenging part of the onboarding process, and where they have had difficulties elsewhere, will be the need to obtain returns from all elected members. The typical time taken to obtain responses from all members elsewhere has ranged from 6-12 months, we have delivered in 4 months.

2.23 In terms of the 2024/5 Closure position, planning is already underway with the plan for draft accounts to be ready for Public Consultation at the end of June 2025 as per existing Government legislation. Auditing of these accounts will depend on Ernst and Young and their onboarding and planning process.

Update on the Budget and ongoing Monitoring.

2.24 The Councils 2025/26 Budget was approved on the 24th February 2025 at Council. Budgets will be loaded onto TechOne in March.

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****5th March 2025**

- 2.25 Quarter One and Two 2024/25 Financial and Performance monitoring reports went to Executive in September and November 2024. Q3 will come to Executive in March.

Compliance Items

- 2.26 There are a number of areas where compliance will be measured going forwards. Compliance to process and timetable is a key underlying theme of both the Draft External Audit Report 2020/21 and the Combined 2021/22 & 2022/23. 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.

New tranches of training are being organised

Treasury Management

- The 2023/4 Outturn Report was approved by Council in September.
- The 2025/6 Strategies were approved by Council in February.
- The Q1, Q2 and Q3 2024/5 positions have been reported in the Finance and Performance Reports.

Errors:

- Non delivery of GPC Card Data (monthly basis) – still to be started.
- Miscoding on TechOne per month – by Service Area – work is ongoing to clear the miscoding on a monthly basis in conjunction with work going on to reconcile previous years.

Procurement:

- The new 'No Compliance No Order' process has been live since April 2023.
- The number of contracts in place is growing regularly. 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.
- Council approved an increase of the Key Decision Level from £50k to £200k. Finance and Performance Monitoring Reports now set out:

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****5th March 2025**

- 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 requiring renewal over the next year that are between £50k and £200k for reference.
- All contracts that are being procured by Bromsgrove over this period that relate to Redditch Services.

2.27 The issues with cash receipting Work is ongoing but the closure of 2020/21 through to 2023/4 has reallocated over £125m of income wrongly allocated to suspense accounts.

Summary

2.28 This report sets out the policies (local and national) that underpins the Council finances and the key deliverables. The 2020/21 to 2023/24 draft Accounts have now been submitted for Public Inspection and Audit and the report sets out the Plan for the delivery of other years accounts. This report is now up to date as at the middle of February 2025 and delivered to each Audit, Governance and Standards Committee at Redditch to update 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. The Closure of accounts process and the associated audit process confirms the overall financial position of the Council

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.

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****5th March 2025****Operational Implications**

- 6.2 Operational implications have been dealt with as part of the 2025/26 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.

- 7.2 The Impact of the government imposed "backstop position", which has led to "disclaimer opinions here and also at numerous other Councils is still to be understood and remains a significant risk.

- 7.3 Deliver of financial data to government is important in their allocation of resources process. It is key that the Council deliver this information to timetable and the required standards

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, November 2023.

Accounting Policies Report – March, June, July, September, November 2023 and January, March, May, July and December 2024, January 2025 Audit, Governance and Standards Committee.

Finance Recovery Report – June 2023 and October 2023, January and September 2024 – Executive

Programme Management Office Requirements – July 2023 – Executive

Approvals to Spend Report - July 2023 – Executive

9. Appendices

None

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****5th March 2025****Quarterly Risk Update Q3 2024/5**

Relevant Portfolio Holder	Cllr Ian Woodall Executive Member for Finance
Portfolio Holder Consulted	Yes
Relevant Head of Service	Debra Goodall, Head of Finance and Customer Services
Report Author Peter Carpenter	Job Title: Director of Resources/Deputy Chief Executive Contact Pete Carpenter email: peter.carpenter@bromsgroveandredditch.gov.uk
Wards Affected	All
Ward Councillor(s) consulted	N/A
Relevant Strategic Purpose(s)	Aspiration, work and financial independence
Non-Key Decision	
If you have any questions about this report, please contact the report author in advance of the meeting.	

1. SUMMARY

This report sets out Council activity to identify, monitor and mitigate risk.

2. RECOMMENDATIONS

The Audit, Governance and Standards Committee is asked to consider:

- The present list of Corporate and Departmental Risks and request any additional risks to be considered.

3. KEY ISSUES**Background**

- 3.1 In 2018/19, an audit of Risk Management provided an assurance level of limited assurance due to weaknesses in the design and inconsistent application of controls. As a result of the audit, a review was commissioned and undertaken by Zurich Municipal to consider the Council's risk management arrangements and to advise of any recommendations. In response to the Zurich review a Risk Management Strategy was produced for both Bromsgrove District Council and Redditch Borough Council.
- 3.2 A follow-up review was carried out by Internal Audit in March 2021 (Final Report June 2021) with the purpose of identifying what progress had been made against the Risk Management Strategies. At that time there was a lack of evidence that the actions within the Risk Management Strategies had been fully completed and embedded within the Councils and therefore no assurance could be given.

REDDITCH BOROUGH COUNCILAudit, Governance and Standards Committee5th March 2025

- 3.3 This is now the ninth cycle of reviewing Corporate and Departmental Risks since the original baselining of Risks in April 2022. Over this period, we have seen:
- Departmental ownership of risks and reviews at Management Teams on a monthly basis.
 - Active review, mitigation, and reduction of risks – ensuring they become managed as part of business as usual.
 - Updating of the 4Risk System – as the Authorities repository of this information.
 - That the Officer Risk Group have actively reduced risk numbers through their work and that a common approach to risk is now being embedded within the organisation.
 - That the Risk Level has moved to a **Moderate Assurance** in May 2023.
 - A follow up Audit is taking place in the 2024/5 financial year.
- 3.4 As set out above, the Officer Risk Group contains representatives of all Council departments including: The Deputy Chief Executive, The Building Control Manager, The Human Resources and Development Manager, The ICT Operations Team Leader, The Exchequer Services Manager, The Business Development Manager (Property and Leisure), The CCTV and Telecare Services Manager, The Housing Tenancy & Advisory Manager, The Environmental Services Manager, The Housing Capital Programme and Contracts Manager.

The Definition of a Corporate Risk

- 3.4 Prior to 2022, the Council had existing Corporate and Departmental Risks. Members of the Risk Board were not sure of the link on how Risks on system had become Corporate in nature.
- 3.5 The following definition of how Risks move from being “departmental” to being “corporate” in nature was recommended by the Risk Group and approved by CMT.
- “For a **Risk** to move from being **Departmental** in nature to being **Corporate** in nature that it ***must have significant impact on Councils finances, be cross departmental in nature and/or result in Serious reputational damage.*** The Officer Risk Board will vet departmental risks using this definition to move then to Corporate Risks at their quarterly meetings.”
- 3.6 At the June 2022 Officer Risk Board it was agreed that “Green” Departmental Risks should be taken off this list if they have been to two consecutive meetings and mitigating actions have been fully put into place for them. This report takes account of this requirement being nine meetings since the original baseline was reported.

Corporate Risks

- 3.7 Corporate Risks are summarised in the following table. There have been two additions in relations to the upcoming Devolution/Local Government Reorganisation and also the

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****5th March 2025**

embedding of new Chief Executive and Deputy Chief Executive, both of whom start on the 31st March 2025. In addition to this there have been a number of changes with Financial Pressures (COR10), Resolution of the Approved Budget Position (COR17), Financial Position Rectification (COR20), Delivery of Towns Fund Initiatives (COR22) reducing in RAG rating. There are now five of these Corporate Risks which are classed as RED.

Changes in Corporate Risks from Q4 2023/4 to Q3 2024/5 (rolling 4 Quarter view)

	Pos Q4	Pos Q1	Pos Q2	Pos Q3	Corporate Risk Description
Both	COR 9	COR 9	COR 9	COR 9	Non Compliance with Health and Safety Legislation
Both	COR 10	COR 10	COR 10	COR 10	Decisions made to address financial pressures and implement new projects that are not informed by robust data and evidence
Both	COR 14	COR 14	COR 14	COR 14	Non adherence with Statutory Inspection Policy
Both	COR 15				Impact from Changes to Partner Funding Arrangements
Both	COR 16	COR 16	COR 16	COR 16	Management of Contracts
Both	COR 17	COR 17	COR 17	COR 17	Resolution of the Approved Budget Position
Both	COR 18	COR 18	COR 18	COR 18	Protection from Cyber Attack
Both	COR 19	COR19	COR19	COR19	Adequate Workforce Planning
Both	COR 20	COR20	COR20	COR20	Financial Position Rectification
Both	COR 22	COR22	COR22	COR22	Delivery of Towns Fund, UK SPF Initiatives
Both	COR 23	COR23	COR23	COR23	Cost of Living Crisis
Both	COR 24	COR24	COR24	COR24	New Customer Facing Interface

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****5th March 2025**

Both	COR25	COR 25	COR 25	COR 25	Environment Bill
Both	COR26	COR26			General and Local Election
Both				COR27	Devolution and Local Government Reorganisation
Both				COR28	New Chief Executive/Deputy Chief Exec

Note, Appendix A sets out the complete listing of Departmental Risks. These have been linked to Corporate Risks where relevant.

3.8 Mitigating factors for the Corporate Risks are:

Non-Compliance of Health and Safety Data Standard Operating Procedures - SOP (H&S etc) Health and Safety Committee meets regularly H & S training for staff Health checks DSE assessment and reporting software First Aid training in place. Safeguarding Policy and procedures Risk Assessments, updated inspection policy, regular review of policies. Continued updates to Health and Safety Committee Data on intranet. The Council's Health & Safety arrangements are in the process of being audited externally and a report will be forthcoming.

There are 4 departmental risks linked to this corporate risk.

Projects being informed by robust data and evidence –

Executive have now approved an updated Project Management Process and extra resource, based on work initially highlighted by the Audit Task Group work in February 2023. Now that 2025/26 budget has been set, although there is a deficit over the new three year MTFP timescales, this risk has been reduced to "green". This is because there is now far more certainty over the Council's overall financial position following the closure of accounts up to the 2023/24 financial year, the implementation of the new Regeneration and Property Directorate which now manage the Councils highest risk contracts and the governance processes now in place for major contracts.

There is 1 departmental risks linked to this corporate risk.

Non Adherence with the statutory inspection policy - Specialist resource in place to support delivery actions.

- Further review of monitoring arrangements
- Further implementation of insurance recommendations
- Contracts reviewed to ensure suppliers undertake roles
- Training plan developed to ensure staff clear of responsibilities
- Development of robust action plan

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****5th March 2025**

There are 11 departmental risks linked to this corporate risk. Should this not be delivered the consequences are significant, including threat to life.

Management of contracts - Procurement Strategy was updated and training provided. Service Protocols, setting out expectations of service user and procurement went live 1st Jan 23 as did NO PO NO PAY and both are being monitored. Reports are going to Executive setting out new requirements in terms of contracting and transparency for the upcoming year as part of the quarterly Finance and Performance Report. The changes to procurement legislation will now take place in February 2025 and processes will be updated accordingly. This remains a key Corporate Risk due to the magnitude of contracts under management but has now moved to Green due to the mitigations in place, although a full review will need to take place in Q4 following the changes in legislation.

There are 5 departmental risks linked to this corporate risk.

Resolution of the approved budget position - MTFP process is now 2 stages and this was followed for the 2023/4, 2024/5 and 2025/6 budgets. The final MTFP contains the S151 Officer's robustness statement which is key to sign off a sustainable budget. The Council had sustainable ongoing budgets over the 3 years periods in the 2024/5 MTFP. Budget Working Groups scrutinise proposals before Executive. Compared to neighbouring Councils and in the opinion of our Bankers, we are in a comparatively strong financial position. Risk has been reduced from Amber to Green following the Delivery of the 2025/26 Tranche 2 budget although that budget is supported by £750k of General Fund Reserves. Although the Local Government Settlement has been poor for District and Borough Councils, the strength of the Councils position means that even with ongoing deficit positions there is scope for investment and adjustment for the 3 year 2026/27 MTFP once announced.

Protection from cyber attack – weekly penetration test, annual PSN Security Audit, regular internal audits, occasional LGA audit, Cyber Insurance requirements. In addition, we have implementing KnowBe4, a software tool for both officers and Members. Cyber Training for Members has been evaluated and now requires rolling out. Cyber Insurance has been extended for a further year but importance and risks in this area have moved this risk to red despite all the mitigations in place. A recent Internal Audit has highlighted possible risk areas across a number of systems which will now require mitigating. One of the mitigations has been dual sign on to systems, even when staff are working from Corporate Buildings. More funding has been put in the 2024/5 and ongoing budgets to allow additional resources to help mitigate the risk. This is a nationwide issue.

There is 1 departmental risks linked to this corporate risk.

Adequate workforce planning - Workforce plan was launched in the summer of 2023 and services now know their high risk areas and working to the agreed action plan to help mitigate workforce risks such as loss of staff. The challenges remain on delivering to these

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****5th March 2025**

high risk areas. There are specific workstreams, linked to Agile Working and Culture, within this initiative. The workforce plan is being integrated into the Council's wider management processes, with monthly board meetings. However more work is required before the Risk level can change.

There are 3 departmental risks linked to this corporate risk.

Financial position rectification - Audit Committee reports set out progress on the financial recovery process back to Executive, Audit & Council. Risk was up-rated to Red due to lack of clarity from the Government over Audit deadlines. An updated S24 Statement was issued in October 2023 and the Councils both hold significant risk in that they will run out of time for the 20/21, 21/22 and 2022/23 Audit processes. The Council have now produced accounts up to the 2023/24 financial year and expect to deliver draft 2024/25 accounts by June 2025. This also means that the actual financial position has now been confirmed although issues still remain as across the sector Audits have not taken place. **This risk has reduced in level.**

Grant Thornton have given "Disclaimer Opinions" for all three years up to 2022/23 as per a letter received in August 2024 and reviewed by this committee. The Council is still onboarding its new Auditors Ernst & Young and until that has been completed an opinion cannot be made on the 2023/24 Accounts.

The Council is now in a similar position to the majority of other Councils in England – for which over 600 Audits up to 2022/3 have received "Disclaimer Opinions."

Delivery of Towns Fund, and UKSPF Projects – There is a monthly project Board overseeing all projects. Formal governance structures for Towns Fund projects. The biggest issue in all these workstreams had been delivery before the funding deadlines. However it is likely that Towns Fund Projects will be given up to a year increase in timescales. The creation of the new Regeneration and Property directorate in August and the transfer of functions back from NWeDR means the Council now has dedicated Project Managers, appointed during the summer, working on these projects which increases overall control.

Redditch Library funds will be transferred to the DMIC via a Project Change request with DHCLG. This has support of our MP and DHCLG. The DMIC is in initial design phase (as a larger project). Internally the Council are challenging the delivery timescales and costs as well as moving forward with how the functions being delivered within the building and talking to prospective partners.

Cost of Living Crisis - Housing Register Access to Housing Benefit and Universal Credit Council budget. We have also noted an increase in insurance claims due to fires which are linked to this. Our Partnership Boards guide people to alternate providers of support.

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****5th March 2025**

We understand this impacts different stakeholder Groups in different ways and need ways of evaluating the impact on them and the Council's services.

New Customer facing interface - Presently delivered by a number of systems that are not linked together and require manual intervention for internal reporting. This has increased in risk to Red due to the volume of work required in relation to the ensuring the Council's data is up to date and can be used directly by our customers in self- service interfaces. A work stream reported back in Q2 of 24/5 setting out data deficiencies and rectification routes. A Data project has been set up to rectify these deficiencies. However, full resolution will be a medium term project.

The Environment Bill - New Statutory Requirements for delivery of a dedicated Food Waste Service, and changes to materials requiring collection by both Domestic & Commercial Waste Services. Financial impact on Councils to deliver new services. Primarily increased revenue costs on staff and vehicle operation and maintenance. Offset by Capital funding from Central Government to support assets related to "new burdens". Mitigation is partnership working with Worcestershire Waste Board and Members Task group to review requirements and future service delivery direction. Jointly funded partnership role by all Worcestershire LA's to support this work, alongside support from WRAP (Environmental NGO specialising in the Waste Industry). This is still Red due to potential significant funding gaps and non-receipt of final comprehensive legislation.

Devolution and Local Government Reorganisation – this new risk is significant and will impact all facets of Council operations. Within this parliament all Councils within Worcestershire will be disbanded and replaced by Unitary Authorities. Councils within Worcestershire have been invited to give high level "agreed" solutions/options by the 21st March 2025 with detailed solutions by November 2025. The Council will need to deliver business as usual until vesting day and there are significant risks linked to operations, relationships with other Councils within the County, finances and potential loss of staff that will need to be managed.

New Chief Executive/Deputy Chief Executive – the Councils have appointed a new Chief Executive and Deputy Chief Executive. Both will start on the 31st March 2025. Given the magnitude of the risks set out in this report, especially Local Government Reorganisation, this Officer change is significant. Relationships will need to be remade/reset both internally and externally and this will need to be done quickly. The Councils are putting in place mitigations and processes to de-risk this process as much as possible

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****5th March 2025****Departmental Risks**

- 3.9 The Council procured the 4Risk system to manage its risks. Risks are subdivided into Corporate Risks and then Departmental Risks. Each risk has an individual record applied to it to ensure all the pertinent information is captured.

The original Risk Baseline in April 2022 was (as shown in Appendix B):

- 119 Departmental Risks – 16 Red, 42 Amber, 61 Green
This reduced through the first set of reviews in June 2022 to:
- 96 Departmental Risks – 3 Red, 36 Amber, 57 Green
The next set of reviews in September reduced this number further to
- 83 Departmental Risks – 4 Red, 26 Amber, 53 Green
The third Set of reviews in December reduced this number to
- 62 Departmental Risks – 1 Red, 27 Amber, 34 Green
The fourth Set of reviews in March reduced this number to
- 58 Departmental Risks – 1 Red, 31 Amber, 26 Green
The fifth set of reviews in June reduced this number to
- 51 Departmental Risks – 1 Red, 31 Amber, 19 Green
The sixth set of reviews in December reduced this number to 47.
- 47 Departmental Risks – 1 Red, 30 Amber, 16 Green
The seventh set of reviews in March 2024 increased this number to 49.
- 49 Departmental Risks – 2 Red, 32 Amber, 15 Green
The eighth set of reviews in June 2024 reduced this number to 47.
- 47 Departmental Risks – 1 Red, 29 Amber, 17 Green
The ninth set of reviews in September 2024 reduced this number to 47.

3.10 **Position as at the 30th September 2024**

Service Area	Red	Amber	Green	Total
Customer Access and Financial Support	0	5	5	10
Finance	0	2	1	3
Environmental Services	0	5	1	6
Leisure & Cultural Services	0	1	0	1
Legal, Equalities, Democratic Services & Property	0	3	2	5
ICT	0	2	0	2
Planning Services	0	1	0	1

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****5th March 2025**

Housing	0	10	5	15
Community Services	0	1	2	3
HR	0	0	1	1
Total	0	30	17	47

3.11 Position as at 31st December 2024 – Q3 2024/25

The position as at December 2024 takes account of the new Regeneration and Property directorate and 4 risks that sat in the Legal Services directorate have transferred into the new directorate. Overall, there has been a reduction of one departmental risk.

Service Area	Red	Amber	Green	Total
Customer Access and Financial Support	0	5	4	9
Finance	0	2	1	3
Environmental Services	0	5	1	6
Leisure & Cultural Services	0	1	0	1
Legal, Equalities & Democratic Services	0	1	0	1
ICT	0	2	0	2
Planning Services	0	1	0	1
Regeneration and Property Services	0	2	2	4
Housing	0	9	6	15
Community Services	0	1	2	3
HR	0	0	1	1
Total	0	29	17	46

3.12 The table at Appendix A sets out the detail of these departmental Risks and links them where relevant to Corporate Risks. The table sets out the RAG rating for each of these risks for the Quarter 4 2023/24 and Quarters 1-3 2024/25. Those risks that have been mitigated have a “black” colour in the quarter that stopped becoming a Departmental Risk.

We now have a new Corporate Risk in relation to Devolution and Local Government Review. Councils are not clear on the final rules but it is clear that with all Councils in Worcestershire being disbanded and replaced by one or more Unitary Authorities it will be important to ensure business as usual is not significantly impacted. It is expected that over the next two years there will be significant changes on a quarter by quarter basis on departmental risks,

WRS risks, as per their Board Pack for February 2025 are attached at Appendix C.

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****5th March 2025**

- 3.13 The number of risks has reduced by one, but there are now no Red Risks but higher numbers of Amber risks.
- 3.14 This report sets out the position a year following the initial baselining of council risks. This is the ninth review, following the implementation of the Action Plan due to the “No Assurance” internal Audit reports. The key point a year in is to ensure that risk management is embedded within the organisations:
- Officer Risk Board continues to take place quarterly to embed processes and validate Risks on the register.
 - Each department has nominated a representative to a Risk Board. These report back to management teams who ensure Departmental Risk Registers are updated at least quarterly and discussed at management teams monthly.
 - The Audit Committees of both Councils reviewed Risk Registers on a quarterly basis. These reports have also been presented to Executive although this has stopped after June 2023 as this should be a function of the Audit Committees.
 - CMT are updated on risk management issues in their monthly “assurance” meeting, which is a week after the Risk Board meets on a quarterly basis.
 - The Corporate Risk Register is now discussed as an early item on the agenda at meetings of the Audit, Standards and Governance Committee, as per the Audit Task Group’s recommendation.
 - The Risk Level has moved from a Limited Assurance in March 2022 to a Moderate Assurance in May 2023. A second follow up Risk Audit is under way.

In terms of the departmental lists:

- 3.15 It should be noted that a significant number of departmental risks are linked to regulation, and this feeds through to the corporate risks. If we fail on one of these major compliance issues the impact on the Council and its stakeholders can be significant.
- 3.16 Community risks, even though many are green, are still all relevant as departmental and cannot be moved to the lower level of “business as usual” as these link to fixed term contracts. The most significant risk is now the Safeguarding Risk which affects all service areas and there are action plans that need to be followed. There is a potential new risk in regard to Lifeline “cyber essentials” compliance to ensure the Council does not lose its accreditation. This will probably move to being a formal risk in the Q4 report.
- 3.17 The majority of Housing risks are compliance and/or Health and Safety led. We noted earlier in the year the issues in relation to “disrepair” claims (60), fires in premises, which has increased significantly over the past 2 years, and due to cost of living, the volume of tenants who now have no Council contents insurance (see the later insurance section). The volume of these disrepair claims are going down however it should be noted that as disrepair is linked to workmanship it is non insurable for the Council. There is still significant work being undertaken at St Davids. In terms of Homelessness (HOU7) there are processes in place now to start to add additional housing capacity, but this will take

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****5th March 2025**

time. Fire remedial work (Hou22) is moving well, and in Q4 we will need to review risks around compliance on passenger and platform lifts. Overall, with a Housing Inspection taking place in April, the next Risk Report might see change in relation Housing Risks. It should be noted that Risks 7/14/15/21 will be measured by the now required Housing Satisfaction Survey results.

- 3.18 Overall, to give a better Housing service, the Council is implementing Total Mobile to ensure more efficient delivery. This links to a number of the Housing items.
- 3.19 It should be noted that with Gas Safety Inspections (HOU14) we also need the tenants agreement to do the works and a month's notice is generally given. Damp and Mould work (HOU28) has moved back to Green.
- 3.20 There is a new risk in finance linked to staff non-compliance of procurement processes. This will be mitigated by additional training. It should be noted, that to provide more financial support to managers (FIN1) courses are being devised to improve budget manager skills and their understanding of how best to effectively use TechOne.
- 3.21 The Building Control risk will become more focused towards the end of the financial year as if Building Control staff are not accredited, we cannot use them. This will also possibly limit the number of staff available in the agency market. Existing staff are presently undertaking accreditation exams in order to mitigate the issue.
- 3.22 Given the significant cyber risks faces by Council's, as noted in the Corporate Risks section, it is important Members and Officers engage to mitigate this risk. Using KnowBe4 functionality is assisting and the associated penetration tests is assisting in mitigating this risk for both Members and Staff. As noted earlier, the Council have successfully renewed their cyber insurance policy. It should be noted that ICT7 is dependent on departments ensuring they are compliant in regards to their ICT requirements
- 3.23 With Property, the biggest risk we face in the future is the new works in the Town Hall which is now at the strip out stage. We are reviewing all our assets as there is a significant impact on EPC (Energy) ratings and what will be allowable after 2026. This could have significant cost impacts for the Council. The New Assistant Director of Regeneration and Property is undertaking a full review of all risk and issues linked to these areas and this will feed through to future reports.

Insurance

- 3.24 We have successfully renewed our Cyber insurance. It seems that the markets have settled down following the issues we had in renewing in 2022 and the premium has only increased marginally.
- 3.25 There is not significant change since the Q2 Report. The Council are in their final year of the present insurance contracts. The Council is now running a year after other

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****5th March 2025**

Worcestershire Councils who are renewing in this financial year. As such, the Council is just renewing/extending its contracts for a single year. An issue still remains Property information. Insurers are requesting significantly more detail and it will take 12 months to get data to the required standard. This issue does highlight a deficiency in property data capture – which links to the Corporate Customer Risk linked to data. A risk still remains that prospective insurers might not be interested in insuring all aspects of our work.

- 3.26 The increases in fires seen in recent reports, linked to our Housing Stock, have reduced as have Damp/Mould claims and it should be noted that we have the lowest claims levels across Worcestershire for Parks and Open.
- 3.24 In assessing renewal data we have seen a large reduction in trips/slips, although this could be due to more of the population working from home and potholes is not the issue in Redditch that it is in other areas.
- 3.27 It is important when fighting claims that we maintain the correct records and the new CIVICA Housing system will help with this.

Our insurers are highlighting 2 major risks for the sector:

- Under-Insurance of Council assets due to incomplete assets. Insurers are now starting to intimate that they will only insure to a certain level and not the full value if the data is not fully updated.
- The use of Artificial Intelligence – as it is not clear on what decisions are being made with this data and what the risks implications are because of this

The Risk Management Framework

- 3.28 Risk Management Training. Given the active management of risks by service departments, we have seen numbers of departmental risks reduced by over 50% although Corporate Risks have increased by 20%. There is the requirement for Corporate Risk training (Members and Officers) and existing processes need further embedded in the organisations to increase assurance. This will be organised once both Council's Corporate Strategies have been finalised.

4. Legal Implications

- 4.1 No Legal implications have been identified.

5. Financial Implications

- 5.1 The Council spend significant sums insuring itself and must also hold Reserves to mitigate the costs of risks should they happen. A comprehensive Risk Management approach ensures risk and its consequences, including financial ones, are minimised.

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****5th March 2025****6. Strategic Purpose Implications****Relevant Strategic Purpose**

- 6.1 A comprehensive Risk Management approach ensures **Risk and its Consequences** is minimised for the Council.

Climate Change Implications

- 6.2 The green thread runs through the Council plan. This includes risks linked to activities and actions that link to our climate.

7. Other Implications**Customer / Equalities and Diversity Implications**

- 7.1 If risks are not mitigated it can lead to events that have Customer/Equalities and Diversity implications for the Council.

Operational Implications

- 7.2 Risks are inherent in almost all the Councils operational activities and therefore significant risks need to be identified, monitored and mitigated.

8. RISK MANAGEMENT

- 8.1 This report is about Risk Management, its quantification and mitigation across Council services.

- 8.2 These risks are monitored, reported and mitigated through the processes and officers set out within this report.

9. APPENDENCES

Appendix A – Present Departmental Risks

Appendix B – Previous Risk Management Reports

Appendix C – WRS Risk Report

AUTHOR OF REPORT

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REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****5th March 2025****Appendix A - Present Departmental Risks**

Council	Q4	Q1	Q2	Q3	Risk Description	Corp Risk
Both	BEN 1	BEN 1	BEN 1	BEN 1	Fail to effectively resource the service to meet demand	COR 9
Both	BEN 3	BEN 3	BEN 3	BEN 3	Impact of Welfare Reform Act	
Both	BEN 6	BEN 6	BEN 6	BEN 6	Impact of ELF scheme	
Both	BEN 7	BEN 7	BEN 7	BEN 7	Benefits subsidy	
Both					Failure to deal with complaints to customers satisfaction	
Both	CUS 7	CUS 7	CUS 7	CUS 7	Fail to ensure the adequate security arrangements for Customer Service Centres	COR 9
Both	REV 4	REV 4	REV 4		Failure to effectively manage change	
Both	REV 7	REV 7	REV 7	REV 7	Performance Information data is not robust	
Both	REV 11	REV 11	REV 11	REV 11	Reduced collection rates	
Both					Maintenance and Recovery of Collection Performance Post Covid	
Both	REV 17	REV 17	REV 17	REV 17	Failure of corporate Fraud and Compliance team	
Both	REV18	REV18	REV 18	REV 18	Data Compliance	COR24

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****5th March 2025**

Both	FIN 1	FIN 1	FIN 1	FIN 1	Fail to provide adequate support to managers to manage their budgets	COR10
Both	FIN4	FIN4	FIN 4	FIN 4	Fail to effectively manage high value procurements resulting in breach of EU procurement rules.	COR16
Both	FIN7	FIN7	FIN 7	FIN 7	Purchasing Non Compliance	COR16
Both	ENV 7	ENV 7	ENV 7	ENV 7	Fail to adequately maintain and manage car parking and On Street enforcement	
Both	ENV 9	ENV 9	ENV 9	ENV 9	Avoidable damage to fleet arising from staff behaviour and none compliance	
Both	ENV 10	ENV 10	ENV 10	ENV 10	Fail to ensure adequate Health & Safety across the service	COR 9
Both	ENV 11				Fail to engage with the WCC regarding land associated with highway maintenance	
Both	ENV 20	ENV 20	ENV 20	ENV 20	Workforce planning	COR19
Both	ENV22	ENV 22	ENV 22	ENV 22	PDMS - New Environmental database	
Both	ENV26	ENV 26	ENV 26	ENV 26	Environmental Enforcement	
Both	L&C 2	L&C 2	L&C 2	L&C 2	Fail to ensure the health & safety of the Public / Staff and visitors using services (meeting regulatory requirements)	COR 9
Both	LED 9	LED 9	LED 9	LED 9	Failure to ensure that Council Owned buildings, Property Assets and Facilities remain fit for purpose now and for the future.	
Both	LED 10	LED 10	LED 10	LED 10	Fail to optimise the income from Commercial properties	

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****5th March 2025**

Both	LED 11	LED 11	LED 11	LED 11	Fail to effectively manage property assets	
Both	LED 12	LED 12	LED 12	LED 12	Fail to effectively manage the disposal of assets as part of asset disposal programme	
Both	LED 13	LED 13	LED 13	LED 13	Leisure Contracts	COR16
Both	ICT 7	ICT 7	ICT 7	ICT 7	Failure to identify, maintain and test adequate disaster recovery arrangements	COR18
Both	ICT 15	ICT 15	ICT 15	ICT 15	Members and Data protection Training	
Both	PLA 11	PLA 11	PLA 11	PLA 11	Loss of effective Building Control service due to changes in legislation / Hackett / Grenfell	COR19
Red	HOU 2	HOU 2	HOU 2	HOU 2	Fail to effectively manage housing repairs and maintenance	COR14
Both	HOU 7	HOU 7	HOU 7	HOU 7	Fail to manage impact of increasing homelessness cases and Recruitment challenges	COR19
Red	HOU 8	HOU 8	HOU 8	HOU 8	Inability to collect rent and rent arrears	
Red	HOU 9	HOU 9	HOU 9	HOU 9	Fail to effectively management leaseholder properties	
Both	HOU 10	HOU 10	HOU 10	HOU 10	Fail to effectively manage capital projects (also the right contracts are put in place, internal and external)	
Red	HOU 11	HOU 11	HOU 11	HOU 11	Potential for an increase in right buys	
Red	HOU 12	HOU 12	HOU 12	HOU 12	Failure to Achieve CQC Compliance at St Davids House	COR14
Both	HOU 14	HOU 14	HOU 14	HOU 14	Failure to complete annual gas Safety Inspections	COR14

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****5th March 2025**

Red	HOU 15	HOU 15	HOU 15	HOU 15	Risk of legionella in housing with communal facilities	COR14
Red	HOU 16	HOU 16	HOU 16	HOU 16	Housing Revenue Account	
Both	HOU 19	HOU 19	HOU 19	HOU 19	Failure to comply with Charter for Social Housing and the Regulator	COR14
Both	HOU 21	HOU 21	HOU 21	HOU 21	Non-compliance with Asbestos Regulations	COR14
Both	HOU 22	HOU 22	HOU 22	HOU 22	Non-compliance with Regulatory Reform (Fire Safety) Order 2005 - Blocks of flats and communal entrances	COR14
Both	HOU 27	HOU 27	HOU 27	HOU 27	Failure to comply with IEE regulations	COR14
Both	HOU 28	HOU 28	HOU 28	HOU 28	Damp and Mould In Council Housing	COR14
Both	COM 3	COM 3	COM 3	COM 3	Safeguarding - Inadequate child and adult protection systems/process.	COR14
Red	COM 16				Lifeline - Impact of the telephony network digital upgrade on the service	
Both	COM 17	COM 17	COM 17	COM 17	Starting Well Partnership – underperformance of contract	COR16
Both	COM 18	COM 18	COM 18	COM 18	Social Prescribing – underperformance of contract	COR16
Both	HR 2	HR 2	HR 2	HR 2	Fail to monitor and respond to changes in employment legislation	COR14

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****5th March 2025****Appendix B - Previous Quarters Risk Reports**

The baseline risks April 2022 are included in the following table – this is prior to any Risk Board meetings.

Original Baseline April 2022

Service Area	Red	Amber	Green	Total
Customer Access and Financial Support	12	20	13	45
Finance	0	0	4	4
Environmental Services	0	2	11	13
Leisure & Cultural Services	0	3	3	6
Legal, Equalities and Democratic Services	0	0	7	7
ICT	2	4	5	11
Planning Services	0	1	1	2
Housing	1	11	11	23
Community Services	1	1	5	7
HR	0	0	1	1
Total	16	42	61	119

After the Risk Board on the 22nd June, the following changes have been made which saw the number of risks reduce as follows to 96 Risks

Service Area	Red	Amber	Green	Total
Customer Access and Financial Support	0	6	12	18
Finance	0	2	2	4
Environmental Services	0	2	11	13
Leisure & Cultural Services	0	3	3	6
Legal, Equalities, Democratic Services & Property	0	3	9	12
ICT	2	6	2	10
Planning Services	0	2	1	3
Housing	1	10	10	21
Community Services	0	2	6	8
HR	0	0	1	1
Total	3	36	57	96

The departmental red risks are:

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****5th March 2025**

- REV7 - Revenues - Performance Indicator data is not robust
- ICT 7 - Failure to identify, maintain and test adequate disaster recovery arrangements
- ICT 11 - System functionality to manage records

After the Risk Board on the 21st September, the following changes have been made which saw the number of risks reduce as follows to 83 Risks

Service Area	Red	Amber	Green	Total
Customer Access and Financial Support	1	5	13	19
Finance	0	2	2	4
Environmental Services	0	1	11	12
Leisure & Cultural Services	0	1	0	1
Legal, Equalities, Democratic Services & Property	0	1	9	10
ICT	2	4	4	10
Planning Services	0	1	0	1
Housing	1	9	7	17
Community Services	0	2	6	8
HR	0	0	1	1
Total	4	26	53	83

Red Departmental Risks were:

- REV7 - Revenues - Performance Indicator data is not robust.
- ICT7 - IT - Failure to identify, maintain and test adequate disaster recovery arrangements.
- ICT11 - IT – System functionality to manage records.
- Hou26 - Housing – Failure to deliver a service to QCQ requirements at St David's House.

After the Risk Board in December, the number reduced to 62.

Service Area	Red	Amber	Green	Total
Customer Access and Financial Support	1	5	10	16
Finance	0	2	2	4
Environmental Services	0	5	3	8
Leisure & Cultural Services	0	1	0	1
Legal, Equalities, Democratic Services & Property	0	1	5	6
ICT	0	2	2	4
Planning Services	0	1	0	1
Housing	0	9	6	15
Community Services	0	1	5	6
HR	0	0	1	1
Total	1	27	34	62

Red Risks – 1 in total

- REV7 - Revenues - Performance Indicator data is not robust

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****5th March 2025**

After the Risk Board on the 22nd March, the following changes have been made reducing the overall number of departmental risks to 58.

Service Area	Red	Amber	Green	Total
Customer Access and Financial Support	1	6	9	16
Finance	0	2	0	2
Environmental Services	0	5	3	8
Leisure & Cultural Services	0	1	0	1
Legal, Equalities, Democratic Services & Property	0	3	2	5
ICT	0	2	1	3
Planning Services	0	1	0	1
Housing	0	10	5	15
Community Services	0	1	5	6
HR	0	0	1	1
Total	1	31	26	58

-
- **Red Risks – 1 in total**
- REV7 - Revenues - Performance Indicator data is not robust

Position as at 30th September 2023

Service Area	Red	Amber	Green	Total
Customer Access and Financial Support	1	6	6	13
Finance	0	1	1	2
Environmental Services	0	5	1	6
Leisure & Cultural Services	0	1	0	1
Legal, Equalities, Democratic Services & Property	0	3	2	5
ICT	0	2	1	3
Planning Services	0	1	0	1
Housing	0	10	5	15
Community Services	0	1	3	4
HR	0	0	1	1
Total	1	30	20	51

Red Risks – 1 in total

REV7 - Revenues - Performance Indicator data is not robust

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****5th March 2025**Position as at the 31st December 2023

Service Area	Red	Amber	Green	Total
Customer Access and Financial Support	1	6	4	11
Finance	0	1	0	1
Environmental Services	0	5	1	6
Leisure & Cultural Services	0	1	0	1
Legal, Equalities, Democratic Services & Property	0	3	2	5
ICT	0	2	0	2
Planning Services	0	1	0	1
Housing	0	10	5	15
Community Services	0	1	3	4
HR	0	0	1	1
Total	1	30	16	47

Red Risks – 1 in total

REV7 - Revenues - Performance Indicator data is not robust

Position as at the 31st March 2024

Service Area	Red	Amber	Green	Total
Customer Access and Financial Support	2	5	3	10
Finance	0	2	1	3
Environmental Services	0	6	1	7
Leisure & Cultural Services	0	1	0	1
Legal, Equalities, Democratic Services & Property	0	3	2	5
ICT	0	2	0	2
Planning Services	0	1	0	1
Housing	0	10	5	15
Community Services	0	2	2	4
HR	0	0	1	1
Total	2	32	15	49

Red Risks – 2 in total

REV7 - Revenues - Performance Indicator data is not robust. The risk Revenues Data Compliance has been added and is also Red.

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****5th March 2025**Position as at the 30th June 2024

Service Area	Red	Amber	Green	Total
Customer Access and Financial Support	1	5	4	10
Finance	0	2	1	3
Environmental Services	0	5	1	6
Leisure & Cultural Services	0	1	0	1
Legal, Equalities, Democratic Services & Property	0	3	2	5
ICT	0	2	0	2
Planning Services	0	1	0	1
Housing	0	9	6	15
Community Services	0	1	2	3
HR	0	0	1	1
Total	1	29	17	47

Red Risks – 1 in total

REV18 - Revenues - Revenues Data Compliance

REDDITCH BOROUGH COUNCIL

Audit, Governance and Standards Committee

5th March 2025

Appendix C - Worcester Regulatory Services Risks

Risk Description	Consequences	When is this likely to happen	Current Position			Control measures
			Likelihood	Impact	Matrix RAG Status	
Loss of Data through IT failures or Cyber Incident	Disruption to Service Provision. Inability to produce records and data.	On-going	Low	High	Amber	Cyber-attacks are a growing threat. Wyre Forest ICT has effective processes and business continuity plans in place. WFDC upgraded relevant systems including Windows. The service moved to Office 365 during 2021/22, which provides better access to a range of provisions including Microsoft Teams and Power BI. Cyber security training is delivered regularly and risks identified are tackled.
Issues with the WRS database system	Impact on work planning. Self-help may not enable savings required	On-going	Low	High	Amber	New contract in place. The system provides the necessary functionality and will allow the enablement of data transfer from electronic forms which is currently in development. Complexities might arise with potential new service areas not currently catered for within the database or where existing partner databases have to be maintained in addition.
Effective and efficient Business Continuity arrangements in place	Disruption to service if e.g., Major Power failures or other reasons that access to Wyre Forest House is not possible.	On-going	Very Low	Medium	Amber/Red	The pandemic has shown that we were well prepared for the need to maximise working from home and now all staff, including some previously regarded as office based can do this. Touchdown stations remain available in partner council locations. WRS Managers do need to redraft contingency plans in the event of a prolonged IT failure or cyber-attack that will allow services to be maintained. This is the greatest risk facing local authorities currently and is one we all need to move forward with.
Maintain our capacity to achieve service delivery	Disruption to service e.g., Major staff sickness (e.g., flu pandemic) or Unable to recruit or retain suitably qualified staff.	On-going	Low	Medium	Amber	The pandemic response has shown that the service was well-placed to respond to what was required. Consultants are available to provide short term cover and, whilst this worked well in peacetime to cover peak demand periods, the pandemic has revealed the

REDDITCH BOROUGH COUNCIL

Audit, Governance and Standards Committee

5th March 2025

						<p>limits to this type of capacity. These pressures will only be resolved in the longer term by local and central government investing in additional capacity and additional training to bring more people into the regulatory professions.</p> <p>Having taken on contracts with additional authorities the demand has increased, and neighbouring authorities have lost the ability to assist with some technical specialisms. This is the double-edged sword of effectively operating as a centre of excellence. Whilst we have good resource of our own, in event of an issue, there are limits to who we can ask for help but it does mean that we are better resourced and qualified than would be possible if we didn't provide such services for income.</p> <p>Regional and sub-regional groups are in place so can provide shared resources for local authorities if required.</p> <p>Effective training and development processes are in place to ensure recruitment and retention of staff. There is increased training budget pressure, reduced technical knowledge in neighbouring authorities and increased importance in maintaining heightened skills for contractual obligations and commercial edge.</p> <p>Regular inventory and maintenance of equipment is undertaken. In the future, budget for replace may be an issue but would be a relatively small amount for partners to share.</p>
Pest contractors cease operations.	Disruption to service. Negative media coverage. Increased public health risks	On-going	Low	High	Green	The Pest control framework contract has multiple pest control suppliers so the loss of one allows work to be moved to the others. This should limit or eliminate risk, although the unlikely loss of multiple companies might create capacity issues.
Effective and efficient contract arrangement for dog control	Disruption to service if no kennels available. Negative media coverage.	On-going	Low	High	Amber	There have been significant increases in numbers of stray dogs, dog disease, breed and behavioural complexities and supplier contracts are restricted by

REDDITCH BOROUGH COUNCIL

Audit, Governance and Standards Committee

5th March 2025

	Increased public health risks						distance. Retendering for conventional contracts in kennelling and support services remains difficult and consideration may be given to creating our own capacity. Contractual obligations provide additional pressure. The current kennelling contracts are to be extended until April 2025.
Hosting support does not deliver necessary financial and HR support to ensure efficient management	Efficiency of management reduced; staffing issues remain unaddressed, and performance suffers	On-going	Low	High	Amber		Issues with the new BDC finance system have mainly been resolved, however some workarounds remain in place due to some unforeseen issues. We need to improve communication with our hosts to ensure the needs of the shared service do not get missed during any significant changes to systems or processes.
One or more partners continue to be under great financial pressure and may consider alternatives to the partnership to deliver their service	Creates reputational issues for remaining partners and increases the need to manage overheads. Difficulties in delivering highly varied levels of service	On-going	Medium	High	Amber		New legal agreement limits variations in contribution before partners must move to contractual relationship but this is quite high before it kicks in (20%.) Leanness of organisation minimises overheads and focuses resource at the front line. Growth strategy should generate income to support partners in the future but there are limits to this without additional capacity being added to the system. Invest to save capacity has been committed by partners to see if this achieves the necessary outcomes but even this is now fully occupied.
Robust arrangements in place in relation to obtaining legal advice and monitoring legislative changes.	Loss of cases is costly and damages reputation.	On-going	Low	Medium	Green		Continued close working with BDC legal team and other partners who don't use BDC for advocacy. Technical and legal training days for staff. Difficulty in keeping informed of Case Law developments. Membership and attendance of Officer Technical Groups outside the County does assist.
Service provision complies with Government requirements, New performance regimes are introduced that the service is not staffed to address	Intervention by Government bodies Other national bodies seek to introduce similar frameworks to the FSA Code to get what they regard	On-going	Low	High	Amber		Limited detail of what is required for statutory minima can make decision making difficult around what is required in law as a minimum. The LGA is clearly aware of impact of budget reductions on regulation and has made it clear

REDDITCH BOROUGH COUNCIL

Audit, Governance and Standards Committee

5th March 2025

	<p>as suitable minimum levels of service.</p> <p>We understand that Government is asking its central competent bodies to ensure that regulatory regimes are fit for purpose and do not pose a risk to UK exports post BREXIT as the UK no longer has the cover of the EU taking on this role. This may make new codes or performance frameworks in areas outside of food law more likely.</p> <p>NB: Food Standards Agency is addressed below.</p>					<p>Government cannot expect what it had previously. Fewer interventions/ audits by government.</p> <p>The Service has developed systems that follow the principles of the requirements of bodies like FSA so can show some level of compliance, but service isn't operating to the letter of the current Code. This has been noted by the Agency and they are now seeking to drive all authorities back into line with the Code, with the threat of ministerial direction if required. The major changes envisaged for the Code have been delayed until 2027. And whilst this change is likely to move closer to the WRS model of operation, it is unlikely to wholly embrace the intelligence-led approach. See below for specific risk.</p> <p>Environmental reporting for Local Air Quality Management, Pollution Prevention and Control and Private Water Supply Inspection reports to Defra and DWI have received positive responses with no issues of concern raised by these bodies*.</p>
<p>Compliance with Food Code of Practice</p>	<p>Adverse comments following audits. FSA, can seek ministerial direction to make LAs comply with its Code of Practice</p>	<p>On-going</p>	<p>High</p>	<p>High</p>	<p>Amber/ Red</p>	<p>This is a subset of the section above line as FSA is the only body currently with a statutory code that LAs must have significant regard to, plus it has the power to apply for Ministerial Orders to force LAs to comply with the letter of the Code.</p> <p>Until recently the Agency appears to have been happy to allow LAs to experiment as long as they abide by the spirit of the code and resource the function at a reasonable level. It has now changed tack and is seeking to push local authorities to operate much more closely to the letter of the code in an effort to create additional resource. A paper went to the FSA Boar at the end of 2023, expressing concern about resourcing levels in both Env Health and Trading</p>

REDDITCH BOROUGH COUNCIL

Audit, Governance and Standards Committee

5th March 2025

						<p>Standards resulting in a public call for local and central government to work together to remedy this.</p> <p>The partners are looking to make a significant investment in resources to address most of the Agency's concerns, but it will not allow full compliance with the Code. Having said this, there is limited risk in the variations that will remain in place and full compliance with the code would require a full redesign of operations within Community EH and further financial investment.</p>
Failure to deliver external contract work at the level expected by the business or local authority with whom we have the contract	Damage to reputation, loss of future income streams, financial impact of paying damages	On-going	Low	High	Green	<p>Ensure contract negotiations are clear on performance criteria and these are clearly recorded in the final documentation. Monthly reviews against performance criteria. Select staff to ensure competence of those undertaking work outside Worcestershire. Maintain strong links with the customer's monitoring staff. Intervene early with corrective action</p>
Local government Re-organisation	Ensuring the statutory regulatory functions are accommodated in any new unitary arrangements to meet the requirements of the new structure	On-going	High	Medium/ Low	Green/ Amber	<p>There is little for officers to do before any decisions on structures and timetable are made. The structuring of the shared service means that integration of these elements into one authority would be relatively straight-forward should a decision be taken on a unitary county model and, in the eventuality of multiple unitary authorities being the chosen model, the option to retain shared arrangement would remain, although it seems unlikely given previous re-organisations elsewhere.</p>

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Financial Savings Monitoring Report Q3

Relevant Portfolio Holder	Cllr Ian Woodall Executive Member for Finance
Portfolio Holder Consulted	Yes
Relevant Head of Service	Debra Goodall
Report Author: Debra Goodall	Job Title: Head of Finance & Customer Services Contact email: debra.goodall@bromsgroveandredditch.gov.uk
Wards Affected	All
Ward Councillor(s) consulted	No
Relevant Strategic Purpose(s)	All
Key Decision / 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) The Q3 position on the 2024/25 Departmental Savings Programme be noted, including any potential implications for future years.

2. BACKGROUND

- 2.1 As part of the 2024/25 budget, which was agreed at Council in February 2024, 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**. To these those 2023/4 savings items relating to future years have been added.
- 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. This was delivered in the 2023/4 financial year and this is the first report of the 2024/5 year.
- 2.3 The Quarter 2 2024/25 Finance and Performance Monitoring report was reviewed by Executive in November 2024.
- 2.4 The Quarter 2 position was a £299k overspend. The £10.8m full year revenue budget included in the table below is the budget that was approved by Council in February 2024.

REDDITCH BOROUGH COUNCIL**Audit, Governance and Standards Committee****5th March 2025**

- 2.5 Overall, the Council is currently forecasting a full year revenue overspend of £138k at Quarter 3. This is mainly due to the additional fleet costs described below. This position will continue to be reviewed particularly given the impact of the increasing costs linked to inflation and further updates will be provided to Councillors throughout 2024/25. This compares to an overspend position of £299k at Q2 (a £161k decrease).

Service Description	2024-25 Approved Budget	2024-25 Approved Q3 Budget	Q3 Adjusted Spend	Q3 Budget Variance	Full Year Forecast	Full Year Budget Variance
Business Transformation and Organisational Development	1,781,837	1,336,378	1,441,760	105,382	1,856,453	74,616
Community and Housing GF Services	1,742,562	1,306,921	1,009,408	-297,513	1,858,454	115,892
Corporate Services	-1,996,267	-1,497,200	981,049	2,478,249	-2,295,037	-298,770
Environmental Services	2,701,088	2,025,817	2,813,034	787,217	3,844,342	1,143,254
Financial and Customer Services	2,067,408	1,550,556	-4,663,136	-6,213,692	2,914,686	847,278
Legal, Democratic and Property Services	2,098,369	1,573,776	1,679,193	105,417	2,233,969	135,600
Planning, Regeneration and Leisure Services	1,067,182	800,387	949,043	148,656	1,166,359	99,177
Regulatory Client	562,038	421,529	333,132	-88,397	605,598	43,560
Rubicon Client	777,747	583,310	1,145,995	562,685	777,747	0
Starting Well	0	0	73,377	73,377	0	0
Grand Total	10,801,965	8,101,474	5,762,855	-2,338,619	12,962,571	2,160,606

Service Description	2024-25 Approved Budget	2024-25 Approved Q3 Budget	Q3 Adjusted Spend	Q3 Budget Variance	Full Year Forecast	Full Year Budget Variance
Corporate Financing	-10,801,965	-8,101,474	-7,276,672	824,802	-12,824,004	-2,022,039
Grand Total	-10,801,965	-8,101,474	-7,276,672	824,802	-12,824,004	-2,022,039
TOTALS	0	0	-1,513,817	-1,513,817	138,567	138,567

- 2.6 The above overspends of £2.161m are offset by additional income of £2.022m in Corporate Financing from additional grant income £1.69m together with increased investment interest receivable £248k and lower interest payable £82k.
- 2.7 This includes overspends as follows:

Business Transformation £75k overspend

Within Business Transformation, HR is overspending by £191k due to salaries and professional fees, while there are underspends in Corporate Staff Costs of £84k due to vacancies and £32k within Commercialism due to savings on professional fees.

Community and Housing GF Services £116k overspend

Within Community and Housing GF Services there is a projected overspend due to expenditure on telephones £21k, loss on income on Community Transport of £27k, additional utility expenditure in Street Lighting of £19k and temporary accommodation £295k offset by salary savings of £246k.

Corporate Services £298k underspend

Within Corporate Services, the main variance is due to savings on pensions £347k as there are a number of staff vacancies. Postage costs have increased by £31k while there is an expected overspend on external audit costs of £18k.

Environmental Services £1,143k overspend

Within Environmental Services there are a number of variances as detailed below:

- Redditch Waste Collection Team is forecast to overspend by £207k due to additional fuel costs of £24k, costs linked to delayed fleet replacement programme £87k, fleet maintenance of £84k and vehicle hire £12k.
- Redditch Place Teams is forecast to overspend by £226k due to an income shortfall of £18k on bulky waste, £51k on fleet maintenance, £21k on General Materials and increased shared service charges of £136k.
- There is a drop in expected income from Bereavement Services and Cremation Fees of £159k, increase in utility expenditure of £97k and professional fees of £50k.
- Shared Service arrangements across a number of departments are forecast to overspend by £404k. This is linked to the delayed fleet replacement programme which is being finalising for the wider ES fleet but has knock on implications in other areas.

Financial and Customer Services £847k overspend

Within Finance and Customer Services, there are overspends in Finance due to agency staff £853k which are offset by salary savings of (£153k) due to issues with recruitment in finance which is a national issue and therefore we have higher agency staff costs as a result of this. There are also overspends on ICT purchases £327k and costs relating to TechOne £76k offset by additional income due to £256k shared services.

Legal and Democratic Services £136k overspend

Legal, Democratic and Property Services are forecast to overspend £136k. While there are some underspends due to staff savings within Learning Online £43k and savings in Property Services of £14k on agency costs, these savings are offset by additional expenditure within Building Management due to agency and shared services £70k, expenditure within Elections of £67k, salary overspends within Building Services of £14k, salary overtime in Council Market £10k and £32k in various smaller overspends.

Planning, Leisure & Culture Services £99k overspend

Within Planning, Leisure & Culture Services there are a number of variances:

- Allotments expenditure overspend £23k due to agency staff

- Parks Team Leisure is forecast above budget at £45k due to agency staff
- Sports Development is projected to overspend £31k due to additional general expenditure

Regulatory Client £44k overspend

Within Regulatory Client, there are overspends in Pest Control £8k and Pollution £13k due to additional professional fees while there are additional costs for WRS amounting to £23k.

Rubicon Client £0k overspend

Within Rubicon Client, while there are overspends of £89k on the Management Fee and £40k on General Fees, these overspends are covered by the Rubicon Reserve of £580k.

Starting Well £0k overspend

Within Starting Well, there are overspends on salaries amounting to £86k which are offset by additional income for room hire at £12k. These additional costs are grant funded.

- 2.8 The position at year end 2023/24 in terms of departmental savings was that the two Amber items still require careful monitoring:
- The Service Review figures have been analysed following Establishment Review work undertaken in the second half of 2024. The combination of spending on establishment salaries and Agency is above the budgeted figures and as such this is still a significant risk.
 - The Capacity Grid project, recouping old Council Tax and Business Rates debt is nearing the end of its allocated time. As per the Council Tax Resolution Report that went to Council on the 24th February we have a surplus in the collection fund of £1.004m, of which £0.125m relates to Redditch Borough Council. Overall amounts for all members of the collection fund are significantly higher than expected.
- 2.9 The Red item in relation to finance will not be delivered. Additional resources has been bought in, and all accounts up to the 2023/24 financial year have now been closed. This task was completed in January 2025. In 2025/26 we will now be able to move back to the correct establishment.
- 2.10 The 2024/25 position is shown in Appendix A. The vast majority of savings items link either to increases in grant, agreed increases in Tax or items that will not be delivered until future financial years.
- 2.11 As has been stated in previous reports, the largest savings in recent years have been on pension cost which link to the 2023 triennial revaluation. These revised figure run for 3 years and as such are a risk from the 2026/7 year if they change.

Initial advice from actuaries in December is that it is highly likely that these will not change from present levels in the next revaluation.

2.12 The following items still require careful tracking:

- Movement to fill the £400k Town Hall savings with new tenants. Strip out work has started on the building but securing a new anchor tenant must be a priority.
- Validation of delivery of Fees and Charges income. There are delivery issues in a few areas highlighted in Appendix A.
- Increasing Waste Costs and their linkage to the possible Waste partnership. This now might be impacted by Local Government Re-organisation.

3. FINANCIAL IMPLICATIONS

3.1 The savings have significant financial implications if not delivered.

3.2 The Council presently has, following the closure of the 2023/4 accounts, an estimated £7.312m in General Fund Reserves to cover one off issues, and £14.868m in Earmarked Reserves for specific purposes as per the MTFP that was approved in February. These are the only recourse, apart from additional reductions in spending/additional income, that the Council has to mitigate the present overspend position.

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. 2024/25 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 2024/25 Budget process.

Operational Implications

- 6.2 Operational implications will have been dealt with as part of the 2024/25 Budget process.

7. RISK MANAGEMENT

- 7.1 Non delivery of savings options, depending on their financial magnitude can have either a small or significant effect on the Council's finances. As such mitigations need to be in place to deal changes to what was agreed by Council in February 2024.

8. APPENDICES and BACKGROUND PAPERS

Appendix A – Bromsgrove Savings Monitoring 2024/25

9. REPORT SIGN OFF

Department	Name and Job Title	Date
Portfolio Holder	Cllr Ian Woodall	24/02/2025
Lead Director / Head of Service	Pete Carpenter	21/02/2025
Financial Services	Debra Goodall	21/02/2025
Legal Services	Claire Felton	24/02/2025
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

5th March 2025

Appendix A – Redditch Savings Monitoring 2024/25/2

	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	RAG Status	Narrative
23/4 Line Items						
Service Reviews	-140	-330	-405	-405	Yellow	<p>This position, following the establishment review and a review of budgets at Q3, is an overspend against budget and is a risk to be mitigated.</p> <p>This savings was not delivered in 2023/4 as additional resource has been bought in to get the accounts up to date.</p> <p>As per the 2025/26 Council Tax Resolution the Council has a Collection Fund surplus of £1.004m of which £125k related to Redditch.</p> <p>As per the Q3 monitoring, there is a significant overspend in this area (Waste) and the envisioned partnership has not yet materialised</p> <p>This needs to be reviewed in 25/6 budget and the impending Local Government Reorganisation.</p> <p>Not an issue for 24/5, although over £150k is already being delivered. Issue is in the following year.</p>
Finance Vacancies	-100	-100	-100	-100	Red	
Engage Capacity Grid (One Off)	-300	-300	0	0	Yellow	
Environmental Services Partnership	0	-25	-50	-50	Red	
Move to All Out Elections	0	0	-170	-170	Green	
Town Hall	0	0	-400	-400	Yellow	
Total 23/4 Items	-540	-755	-1,125	-1,125		
24/5 Line Items						
Utilities increases		-228	-228	-228	Green	Only 60% drawn down in 23/4 – this is the 40% remainder.
23/4 Inflation Budget		-269	-274	-274	Green	Not drawn down in 23/4, £125k put in for 24/5
7% increase Fees & Charges		-238	-241	-243	Yellow	Significant area of difficulty highlighted in Q3 monitoring returns are in Bulky Waste, Bereavement Services and Allotment Income.
2% C Tax Increase 25/6			-144	-144	Green	This is the present allowable increase level

REDDITCH BOROUGH COUNCIL

Audit, Governance and Standards Committee

5th March 2025

2% C Tax Increase 26/7				-147		This is the present allowable increase level
2% Fees & Charges 25/6			-69	-71		This is future years
2% Fees & Charges 26/7				-74		This is future years
Gov Grant at 23/4 Levels	-148	-148		-148		As per Government Guidance
Council Tax increase to 3%	-67	-67		-67		Allowable in 2024/5
				-60		Not included in original fees and Charges. This was at 23/4 income level at 6 months but not to the level of the 25% increase. Q3 is not flagging a difference.
Planning income 25%	-60	-60				Based on budget review in January
22/23 Pay Award savings	-100	-100		-100		Based on budget review in January
Impact of Budgets on Pay Award	-150	-150		-150		Based on budget review in January
Changes in other Central Grants	-244	-140		-140		As per Government Guidance
Additional Government Grant (Feb 24)	-103	-103		-103		As per Government Guidance
Total 24/5 Items		-1609	-1,725	-1,949		

REDDITCH BOROUGH COUNCIL**AUDIT, GOVERNANCE AND STANDARDS COMMITTEE –
WORK PROGRAMME 2024-25**

8th April 2025

Standing items:

- Feckenham Parish Council Representative's report - Standards Regime
- Risk Management Report / Corporate Risk Register
- Internal Audit Progress Report
- Financial Compliance Report
- Risk Champion Update
- Committee Work Programme

Additional Items:

- Financial Savings Monitoring Report

The Committee is asked that a further meeting date at the end of May be scheduled in next year's Audit, Governance and Standards Committee calendar.

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