



## **BROMSGROVE DISTRICT COUNCIL**

### **MEETING OF THE AUDIT, STANDARDS AND GOVERNANCE COMMITTEE**

**THURSDAY 14TH SEPTEMBER 2023**

**AT 6.00 P.M.**

**PARKSIDE SUITE - PARKSIDE**

**MEMBERS:** Councillors D. J. Nicholl (Chairman), H. D. N. Rone-Clarke (Vice-Chairman), R. Bailes, S. M. Evans, D. J. A. Forsythe, D. Hopkins, B. Kumar, B. McEldowney, S. T. Nock, J. D. Stanley, D. G. Stewart and M. Worrall (Parish Councils' Representative)

### **AGENDA**

- 1. Apologies for Absence and Named Substitutes**
- 2. Declarations of Interest and Whipping Arrangements**

To invite Councillors to declare any Disclosable Pecuniary interests or Other Disclosable Interests they may have in items on the agenda, and to confirm the nature of those interests.
- 3. To confirm the accuracy of the minutes of the Audit, Standards and Governance Committee meeting held on 17th July 2023 (Pages 5 - 10)**
- 4. Standards Regime - Monitoring Officer's Report (Pages 11 - 16)**
- 5. Dispensations Report - Individual Member Dispensations (Pages 17 - 26)**
- 6. Grant Thornton - External Audit Progress Report and Sector Update (Pages 27 - 36)**
- 7. Internal Audit - Progress Report (Pages 37 - 62)**

8. **Financial Compliance Report including update on Statements of Accounts** (Pages 63 - 72)
9. **Financial Savings Monitoring Report** (Pages 73 - 78)
10. **Risk Champion - Verbal Update Report** (Councillor B. McEldowney)
11. **Audit, Standards and Governance Committee Work Programme** (Pages 79 - 80)

Sue Hanley  
Chief Executive (Interim)

Parkside  
Market Street  
BROMSGROVE  
Worcestershire  
B61 8DA

6th September 2023

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 see the agenda for this meeting via 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.

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#### **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.



## **INFORMATION FOR THE PUBLIC**

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- You can have access, upon request, to the background papers on which reports are based for a period of up to six years from the date of the meeting. These are listed at the end of each report.
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- You have access to a list specifying those powers which the Council has delegated to its Officers indicating also the titles of the Officers concerned, as detailed in the Council's Constitution, Scheme of Delegation.

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- Meeting Agendas
- Meeting Minutes
- The Council's Constitution

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## **BROMSGROVE DISTRICT COUNCIL**

### **MEETING OF THE AUDIT, STANDARDS AND GOVERNANCE COMMITTEE**

**17TH JULY 2023, AT 6.00 P.M.**

PRESENT: Councillors H. D. N. Rone-Clarke (Vice-Chairman), R. Bailes, S. M. Evans, D. J. A. Forsythe, D. Hopkins, R. J. Hunter (substitute), B. Kumar, B. McEldowney, S. T. Nock, J. D. Stanley, D. G. Stewart and M. Worrall (Parish Councils' Representative)

Observers: Councillor C. A. Hotham

Officers: Ms M. Howell, Mrs. C. Green, Ms H. Tiffney and Mrs. J. Bayley-Hill

16/23 **APOLOGIES FOR ABSENCE AND NAMED SUBSTITUTES**

Apologies for absence were received from Councillor D. J. Nicholl, whose substitute was Councillor R. J. Hunter.

17/23 **DECLARATIONS OF INTEREST AND WHIPPING ARRANGEMENTS**

There were no declarations of interest nor of any whipping arrangements.

18/23 **TO CONFIRM THE ACCURACY OF THE MINUTES OF THE AUDIT, STANDARDS AND GOVERNANCE COMMITTEE MEETING HELD ON 1ST JUNE 2023**

The minutes of the meeting of the Audit, Standards and Governance Committee held on 1<sup>st</sup> June 2023 were submitted for Members' consideration.

**RESOLVED** that the minutes of the meeting of Audit, Standards and Governance Committee held on 1<sup>st</sup> June 2023 be approved as a correct record.

19/23 **STANDARDS REGIME - MONITORING OFFICERS' REPORT**

The Senior Solicitor presented the report, which set out the key standards regime matters since the previous report to the Committee in June 2023.

In response to a question, the Senior Solicitor undertook to confirm the number of Member complaints received since March. She also briefly explained the role of the Monitoring Officer in dealing with complaints,

pointing out that she could have the support of an Independent Person in considering them. Councillor C Hotham, Cabinet Member for Finance and Enabling, reported that the Council would shortly be asked to agree to join with the County and other Worcestershire District Councils in accessing a pool of Independent Persons when dealing with complaints.

**RESOLVED** that the report be noted.

20/23

## **DISPENSATIONS REPORT - INDIVIDUAL MEMBER DISPENSATIONS**

The Committee considered the report of the Monitoring Officer that asked the Committee to grant Individual Member Dispensations and Outside Body Appointment Dispensations. This followed a report to the Committee in June 2023 on the subject of general dispensations, which proposed the matter be considered again to enable members to request any specific individual dispensations at this meeting.

During consideration of the report, Councillor C Hotham reminded members that individual councillors had to request that the Committee consider a dispensation. If they did not do so they risked not being able to discuss certain matters at committee/council meetings. The Committee agreed the Chairman's suggestion that Officers write to the Group Leaders asking them to remind relevant councillors of this obligation.

**RESOLVED** that

- 1) any Individual Member Dispensations (IMDs) and Outside Body Appointments dispensations requested by Members up to the point of the meeting, and as advised by the Monitoring Officer at the meeting, be granted under section 33 (2) of the Localism Act 2011, to allow those Member(s) to participate in and vote at Council and Committee meetings in the individual circumstances detailed;
- 2) it be noted that all dispensations granted by the Committee take effect on receipt of a written request from Members for such a dispensation and where Members may have a Disclosable Pecuniary Interest in the matter under consideration, which would otherwise preclude such participation and voting;
- 3) it be noted that the dispensations referred to at resolution (1), will remain valid until the first meeting of the Audit, Standards and Governance Committee following the next District Council Elections in 2027 unless amended by the Committee prior to that date; and

- 4) the Monitoring Officer write to each political Group Leader asking them to remind Members of their obligation to request appropriate dispensations.

21/23

## **QUARTERLY RISK UPDATE**

The Committee considered the quarterly risk update which set out corporate and departmental risks since the report to Committee in June 2023.

In presenting the report, the Head of Finance and Customer Services highlighted that Officers had worked to reduce the number of risks through proactive management. The risk level had moved up from limited to moderate assurance in May 2023.

There had been no changes to the number of corporate risks since the last report. The cyber risk had moved from amber to red due to the increased risk in this area despite all the mitigations put in place. In response to a question about this, the Head of Finance and Customer Services reported that this was an issue across the public and private sectors, not specific to the Council.

In April 2022 there had been 122 departmental risks. Use of the 4Risk system was helping manage and reduce these. At 22<sup>nd</sup> June 2023 there were 43 departmental risks, one of which was red, relating to 'revenues – performance indicator data is not robust'. The most significant departmental risk currently was safeguarding which would need to be reviewed at the next quarter's meeting to decide whether it should be escalated to a corporate risk.

In response to a question for detail about why the statutory inspection policy referred to in paragraph 3.8 of the report was red, the Head of Finance and Customer Services undertook to provide more detail to Councillor McEldowney outside the meeting. Committee members sought reassurance that the risks involved in this were being managed appropriately and that this could be improved.

Planning Services was showing as Amber in terms of being placed into special measures, and a member of the Committee asked what actions were being taken to improve the service. The same member also asked for more detail about the causes of the increase in fires referred to at paragraph 3.21 of the report.

The Head of Finance and Customer Services responded that the increase in fires had been attributed to electrical equipment. With reference to the planning service, efforts were being made to attract and retain skilled planning officers in a competitive market.

Councillor Evans asked what had caused the increase in the number of amber risks for housing between March and July. He also asked what

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had been removed from amber under Community Services. The Head of Finance and Customer Services agreed to provide the relevant detail outside the meeting.

The Committee noted concern expressed by Councillor R A Bailes at the number of housing risks. She referred to discussion at an Overview and Scrutiny meeting where the potential to bring the service into the Council had been considered. She suggested that this approach would itself involve risks.

Other issues raised by the committee during consideration of the report included:

- whether councillors would be accessing the KnowBe4 system; it was noted that training sessions were currently being rolled out to officers and councillors;
- where risks relating to council play equipment were covered. The Head of Finance and Customer Services reported that it was likely to be in risk no. ENV10, but she undertook to check this and confirm. The Committee agreed that its concern that risk assessments and any remedial actions should be up to date would be recorded in the minutes and communicated to officers;
- whether PAT testing of electrical equipment was up to date in the Council; the Head of Finance and Customer Services reported that regular PAT testing did take place, but she would check and confirm the current status of this corporately;
- whether the Council had reviewed its practices in the light of recent reports of vapes and lithium batteries causing fires in bin lorries; this would be reviewed by officers.

**RESOLVED** that the present list of Corporate and Departmental Risks be noted and additional risk requests considered.

22/23

## **INTERNAL AUDIT PROGRESS REPORT**

The Committee considered the Internal Audit Progress Report, which summarised progress in the delivery of the Internal Audit Plan 2022/23 as at the end of June 2023. Details of the 6 audits completed since the previous reports were included at appendix 3 to the report.

Several pieces of work were nearing completion, which would finalise the 2022/23 plan. The 2023/24 plan had commenced, and some testing had been carried out.

In response to a question about reference in the report to other key audit work and providing support as a critical appraisal, the Audit Team Leader reported that the Internal Audit team offered a critical review when new systems or procedures were being put in place. This would

provide advice on the control environment and the risks at the start of the project.

**RESOLVED** that the report be noted.

23/23

## **ACCOUNTING POLICIES REPORT INCLUDING UPDATE ON STATEMENTS OF ACCOUNTS**

The Committee considered the Accounting Policies Report which noted, as at the end of June, progress with the 2020/21 Statement of Accounts, the 'budget book' for 2023/24 and key deliverables as required by legislation and government.

Issues raised during consideration of the report included:

- how the update to the TechOne system would improve processes. The Head of Finance and Customer Services explained that the Council had not kept up to date with updates in the past which had led to some issues with the system. The current update would improve its functionality. It was intended to keep pace with upgrades as they happened in future;
- with reference to budget manager closure training, a member asked what percentage of those eligible to attend was represented by the 83 staff members who attended the training. The Head of Finance and Customer Services undertook to check this information;
- it was requested that details of action being taken to address issues relating to recruitment referred to in paragraph 2.10 of the report be reported back to Members.

**RESOLVED** that:

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

24/23

## **RISK CHAMPION - VERBAL UPDATE REPORT (COUNCILLOR B. MCELLOWNEY)**

Councillor McEldowney did not have an update to provide at this meeting as he was in the process of becoming acquainted with the role of Risk Champion.

25/23

## **AUDIT, STANDARDS AND GOVERNANCE COMMITTEE WORK PROGRAMME**

The Committee Work Programme was submitted for Members' consideration.

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**RESOLVED** that the Audit, Standards and Governance Committee Work Programme be noted.

The meeting closed at 6.53 p.m.

Chairman

### Audit, Standards & Governance Committee

14<sup>th</sup> September 2023

#### MONITORING OFFICER'S REPORT

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

#### 1. RECOMMENDATIONS

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

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

#### 2. BACKGROUND

- 2.1 This report sets out the position in relation to key standards regime matters which are of relevance to the Audit, Standards and Governance Committee since the last update provided at the ordinary meeting of the Committee in July 2023.
- 2.2 It has been proposed that a report of this nature be presented to each meeting of the Committee to ensure that Members are kept updated with any relevant standards matters.
- 2.3 Any further updates arising after publication of this report, including any relevant standards issues raised by Parish Councils, will be reported verbally by Officers at the meeting.

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**14<sup>th</sup> September 2023**

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### **3. FINANCIAL IMPLICATIONS**

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

### **4. LEGAL IMPLICATIONS**

4.1 Chapter 7 of Part 1 of the Localism Act 2011 ('the Act') places a requirement on authorities to promote and maintain high standards of conduct by Members and co-opted (with voting rights) Members of an authority. The Act also requires the authority to have in place arrangements under which allegations that either a district or parish councillor has breached his or her Code of Conduct can be investigated, together with arrangements under which decisions on such allegations can be made.

### **5. STRATEGIC PURPOSES - IMPLICATIONS**

#### **Relevant Strategic Purpose**

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

#### **Climate Change Implications**

5.2 There are no specific climate change implications.

### **6. OTHER IMPLICATIONS**

#### **Equalities and Diversity Implications**

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

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### **Operational Implications**

#### Member Complaints

- 6.2 Since the last meeting of the Committee, the Monitoring Officer has not received any new complaints.

#### Constitution Review

- 6.4 The Constitution Review Working Group (CRWG) is responsible for reviewing the content of the Council's constitution. Any proposed changes arising from meetings of the group are reported for the consideration of Council.
- 6.5 The CRWG has most recently met on 31<sup>st</sup> August and has various additional meetings scheduled throughout the year to provide Members with an opportunity to review the content of the Council's constitution.
- 6.6 During the meeting of the CRWG held in August, Members discussed a range of matters including the external review of the Council's Planning Committee, arrangements for considering Motions and Questions on Notice at Council meetings and arrangements for live streaming meetings. The recommendations arising from this meeting will be considered at the next ordinary meeting of Council in October 2023.

#### Member Development

- 6.7 The Member Development Steering Group (MDSG) is responsible for co-ordinating Member training, induction and ICT support. The group meets throughout the year. The next meeting of the group in the 2023/24 municipal year is due to take place on 30<sup>th</sup> October 2023.

#### Member Training

- 6.8 Following the local elections in May 2023, a comprehensive Member training programme has been arranged for both new and returning Members. This programme was organised in accordance with arrangements requested by the MDSG.

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The training sessions that have recently taken place or are due to take place soon include:

- Appointments Committee training on Tuesday 5<sup>th</sup> and Wednesday 6<sup>th</sup> September 2023
- Members' Code of Conduct Training – Tuesday 10<sup>th</sup> and Thursday 19<sup>th</sup> October 2023
- Planning Enforcement Training – Monday 23<sup>rd</sup> October 2023
- Carbon Literacy Training – Thursday 2<sup>nd</sup> November 2023
- Modern.gov App training – November (date to be confirmed)

6.9 As requested by the MDSG, many of the training sessions that are due to be delivered to Members in 2023 will be provided as joint training to Members from both Bromsgrove District Council and Redditch Borough Council. However, there are some sessions, such as the Overview and Scrutiny training, where Members agreed that bespoke training should be provided to Bromsgrove Members only and, in these cases, separate training has been arranged.

### **7. RISK MANAGEMENT**

- 7.1 The main risks associated with the details included in this report are:
- Risk of challenge to Council decisions; and
  - Risk of complaints about elected Members.

### **8. APPENDICES and BACKGROUND PAPERS**

No appendices.

Chapter 7 of the Localism Act 2011.

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### 9. REPORT SIGN OFF

| Department                      | Name and Job Title  | Date                           |
|---------------------------------|---|--------------------------------|
| Portfolio Holder                | Councillor Charles Hotham                                       | 6 <sup>th</sup> September 2023 |
| Lead Director / Head of Service | Claire Felton - Head of Legal, Democratic and Property Services | 6 <sup>th</sup> September 2023 |
| Financial Services              | N/A   |                                |
| Legal Services                  | Claire Felton - Head of Legal, Democratic and Property Services | 6 <sup>th</sup> September 2023 |

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#### LOCALISM ACT 2011 – STANDARDS REGIME – INDIVIDUAL MEMBER DISPENSATIONS AND OUTSIDE BODY DISPENSATIONS

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

#### 1. RECOMMENDATIONS

The Committee is asked to **RESOLVE** that

- 1) (any Individual Member Dispensations (IMDs) and Outside Body Appointments dispensations requested by Members up to the point of the meeting, and as advised by the Monitoring Officer at the meeting, be granted under section 33 (2) of the Localism Act 2011, to allow those Member(s) to participate in and vote at Council and Committee meetings in the individual circumstances detailed;
- 2) it be noted that all dispensations granted by the Committee take effect on receipt of a written request from Members for such a dispensation and where Members may have a Disclosable Pecuniary Interest in the matter under consideration, which would otherwise preclude such participation and voting; and

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**3) it be noted that the dispensations referred to at resolution (1), will remain valid until the first meeting of the Audit, Standards and Governance Committee following the next District Council Elections in 2027 unless amended by the Committee prior to that date.**

**2. BACKGROUND**

- 2.1 To consider the granting of any new Individual Member Dispensations (IMDs) requested by Members up to the point of the meeting, and which will be detailed by the Monitoring Officer at the meeting. To also consider granting Outside Body Appointment Dispensations.
- 2.2 This item follows a previous report on individual members' dispensations which was considered by the Audit, Standards and Governance Committee at a meeting held in July 2023. Since that meeting, additional queries had been made regarding granting of individual dispensations. As a result, the decision was taken to present another report on Individual Member Dispensations and Outside Body Dispensations at the September meeting of the Committee to provide new Members with time to consider whether they wished to request any outstanding Individual Member or Outside Body Dispensations. Members. Please note that any new requests need to be submitted in writing to the Monitoring Officer before the meeting on 14<sup>th</sup> September 2023 in order to be considered by the Committee.
- 2.3 Please note that Individual Member Dispensations (IMDs) and Outside Body Appointment Dispensations granted at the last meeting of the Audit, Standards and Governance Committee in July 2023 remain valid until the first meeting of the Audit, Standards and Governance Committee following the next District Council Elections in 2027 unless amended by the Committee prior to that date. The requests granted at that meeting are detailed in paragraph 3.6 of the report.
- 2.4 This report is to consider any requests submitted in writing after the last meeting of the Committee on 17<sup>th</sup> July 2023, which are set out in paragraph 3.8 of the report.

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**3. OPERATIONAL ISSUES**

Background

- 3.1 Under s31 (4) of the Localism Act 2011 a Member who has a DPI in a matter under consideration is not permitted to participate in the discussion or vote on the matter unless s/he has first obtained a dispensation under s33.
- 3.2 Section 33 (2) includes a number of situations where a dispensation can be considered, but should be granted "only if, after having regard to all relevant circumstances" the Committee considers that one of those situations applies. The consideration of whether to grant a dispensation under s33 was previously delegated to the former Standards Committee.
- 3.3 The statutory grounds under s33 (2) for the granting of a dispensation are where the authority –
- “(a) considers that without the dispensation the number of persons prohibited by section 31(4) from participating in any particular business would be so great a proportion of the body transacting the business as to impede the transaction of the business,
  - (b) considers that without the dispensation the representation of different political groups on the body transacting any particular business would be so upset as to alter the likely outcome of any vote relating to the business,
  - (c) considers that granting the dispensation is in the interests of persons living in the authority’s area,
  - (d) if it is an authority to which Part 1A of the Local Government Act 2000 applies and is operating executive arrangements, considers that without them dispensation each member of the authority’s executive would be prohibited by section 31(4) from participating in any particular business to be transacted by the authority’s executive, or

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- (e) considers that it is otherwise appropriate to grant a dispensation.”
  
- 3.4 Since the introduction of the current standards regime in 2012, the Audit, Standards and Governance Committee has been responsible for considering the granting of dispensations in circumstances where the Monitoring Officer feels that a dispensation may be warranted. This function was previously carried out by the former Standards Committee.
  
- 3.5 Dispensations, all of which require the advance approval of the Committee and a subsequent written request from the Member to the Monitoring Officer, currently fall within four categories:
  - (i) General Dispensations
  - (ii) Council Tax Arrears
  - (iii) Individual Member Dispensations
  - (iv) Outside Body Appointment Dispensations
  
- 3.6 The table below sets out the Individual Member Dispensations and Outside Body appointment dispensations that were agreed for Members at the last meeting of the Audit, Standards and Governance Committee held in July 2023. These dispensations will apply until the next District Council elections in 2027 unless amended by the Committee prior to that date.

| Councillor(s)        | Relevant DPI  | Reason for dispensation  |
|----------------------|---|--|
| S Baxter             | Vice President of the National Association of Local Councils. | To allow participation in debates involving Parish Councils within the district. |
| S Baxter and B Kumar | President and Chair respectively of the Worcestershire        | To allow participation in debates involving                                      |

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|                          |   |  |
|--------------------------|---|--|
|                          | County Association of Local Councils.   | Parish Councils within the district.   |
| B McEldowney             | Chair of Bromsgrove and Redditch Area County Association of Local Councils (CALC) | To allow participation in discussions related to Parish Councils within the Bromsgrove District.                 |
| B Kumar and B McEldowney | The Artrix Holding Trust (Bromsgrove Arts Development Trust)                      | To allow participation in debates concerning the Artrix theatre generally but not in relation to funding issues. |
| S. Colella               | Employee of South Staffordshire Water   | To discuss potable water issues that are related to planning policies and planning matters.                      |

3.7 In relation to Independent Member Dispensations, Officers have contacted all Members to ask whether they wish to seek to add any further dispensations.

3.8 The new Individual Member Dispensations / Outside Body Dispensations requests received prior to the publication of the agenda for this meeting of the Audit, Standards and Governance Committee are listed in the table below. The Committee is asked to consider, and if minded to do so, agree to grant the below requests. Any further requests in writing received by the Monitoring Officer after the publication of this meeting's agenda will be reported to Members at the meeting.

| <b>Councillor(s)</b> | <b>Relevant DPI</b>  | <b>Reason for dispensation</b>  |
|----------------------|--|---|
| D. Nicholl           | The Artrix Holding Trust (Bromsgrove Arts Development Trust) | To allow participation in debates concerning the Artrix theatre generally but |

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|             |  |  |
|-------------|--|--|
|             |  | not in relation to funding issues.   |
| J. Robinson | Employed by National Highways              | To allow participation in Planning Committee where National Highways are a consultee or an applicant.        |
| J. Robinson | Spouse employed by Birmingham City Council | To allow participation in Planning Committee where Birmingham City Council are the applicant or a consultee. |
| S. Robinson | Employed by Birmingham City Council        | To allow participation in Planning Committee where Birmingham City Council are the applicant or a consultee. |
| S. Robinson | Spouse employed by National Highways       | To allow participation in Planning Committee where National Highways are a consultee or an applicant.        |

**Explanatory Notes:**

Councillor Josh Robinson is a member of Planning Committee. After joining the Council in May 2023, he changed jobs and is now working for National Highways. This creates a Disclosable Pecuniary Interest (DPI) under the category of paid employment and, on advice from the Monitoring Officer, Councillor Robinson has been declaring an interest and leaving the room for any Planning Committee reports where National Highways are a consultee. Councillor Robinson's day to day

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work is related to the Dartford Crossing in Kent and he has no connections with any projects relating to Worcestershire, or to the team that respond to planning consultations.

Councillor Siobhan Robinson is a trained substitute for Planning Committee. She is employed by Birmingham City Council as a teacher at a school in Northfield. This also creates a DPI under the category of paid employment and at the Planning Committee meeting on 4<sup>th</sup> September advice was given that Cllr Siobhan Robinson could not have taken part in consideration of a planning application made by Birmingham City Council.

Officers would also point out that because Councillors Josh Robinson and Siobhan Robinson are married to each other, under the Code they both also have DPs in the others employment. Therefore, the request for dispensations in this instance covers both their own employment and that of the other spouse as set out in the table.

- 3.9 The new Local Government Association (LGA) Model Code of Conduct was considered at the Audit, Standards and Governance Committee meeting held on 12<sup>th</sup> April 2022. It was recommended by the Committee that the Council adopt the new Model Code. The new Model Code of Conduct was subsequently presented at the Council meeting held on 18<sup>th</sup> May 2022 with Members agreeing to adopt the LGA Model Code of Conduct. As a result of this adoption Members are now required to complete an 'Other Registerable Interests' (ORI) form to declare any ORIs.

#### **4. FINANCIAL IMPLICATIONS**

- 4.1 There are no specific financial implications.

#### **5. LEGAL IMPLICATIONS**

- 5.1 Section 33 of the Localism Act 2011 provides that dispensations can be granted in respect of Disclosable Pecuniary Interests ("DPs").

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5.2 Section 33 (1) requires that a Member must make a written request for a dispensation.

5.3 Section 33 (3) provides that a dispensation must specify the period for which it has effect, and that period may not exceed 4 years.

**6. OTHER - IMPLICATIONS**

**Relevant Strategic Purpose**

6.1 The issues detailed in this report help to ensure that there is an effective and sustainable Council.

**Climate Change Implications**

6.2 There are no specific climate change implications.

**Equalities and Diversity Implications**

6.3 There are no specific equalities and diversity implications.

**7. RISK MANAGEMENT**

7.1 The granting of dispensations by the Committee will, subject to receipt of a written request from Members for such a dispensation, clarify, for the avoidance of any doubt, Members' ability to participate in and vote at Council and Committee meetings on certain matters as part of the Council's decision-making process, where such Members have a DPI which would otherwise preclude them from so participating / voting.

**8. APPENDICES and BACKGROUND PAPERS**

Background Papers

- Section 33 of the Localism Act 2011.
- Section 106 of the Local Government Finance Act 1992.
- The report to the Audit, Standards and Governance Committee meeting held on 30<sup>th</sup> May 2023 on the subject of general dispensations.
- The report to the Audit, Standards and Governance Committee meeting held on 17<sup>th</sup> July 2023 on the subject of individual member dispensations.

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**9. REPORT SIGN OFF**

| <b>Department</b>               | <b>Name and Job Title</b>                                     | <b>Date</b>                    |
|---------------------------------|---|--------------------------------|
| Portfolio Holder                | Councillor Charles Hotham                                     | 6 <sup>th</sup> September 2023 |
| Lead Director / Head of Service | Claire Felton, Head of Legal Democratic and Property Services | 6 <sup>th</sup> September 2023 |
| Financial Services              | Pete Carpenter, Interim Section 151 Officer                   | 6 <sup>th</sup> September 2023 |
| Legal Services                  | Claire Felton, Head of Legal Democratic and Property Services | 6 <sup>th</sup> September 2023 |

## Audit, Standards & Governance Committee 2023

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### Grant Thornton – External Audit Progress Report & Sector Update

|  |  |
|--|--|
| Relevant Portfolio Holder  | Councillor Charles Hotham  |
| Portfolio Holder Consulted   | Yes  |
| Relevant Head of Service   | Michelle Howell, Head of Finance and Customer Services   |
| Report Author:<br>Jackson Murray,<br>Grant Thornton  | Job Title: Key Audit Partner<br>Contact email:<br><a href="mailto:jackson.murray@uk.gt.com">jackson.murray@uk.gt.com</a> |
| Wards Affected   | All Wards  |
| Ward Councillor(s) consulted   | No   |
| Relevant Strategic Purpose(s)  | An effective and sustainable Council   |
| Non-Key Decision   |  |
| If you have any questions about this report, please contact the report author in advance of the meeting. |  |

#### 1. RECOMMENDATIONS

The Committee is asked to note updates in the report as included in Appendix 1.

#### 2. FINANCIAL IMPLICATIONS

2.1 There are no financial implications arising out of this report.

#### 3. LEGAL IMPLICATIONS

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

#### 4. STRATEGIC PURPOSES - IMPLICATIONS

##### Relevant Strategic Purpose

4.1 The issues detailed in this report help to ensure that the Council is effective and sustainable.

##### Climate Change Implications

4.2 There are no Climate Change implications arising out of this report.

## **Audit, Standards & Governance Committee 2023**

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### **5. OTHER IMPLICATIONS**

#### **Equalities and Diversity Implications**

- 5.1 There are no Equality and Diversity implications arising out of this report.

#### **Operational Implications**

- 5.2 The report attached at Appendix 1 provides Members with a report on progress in the external auditor's delivery of its responsibilities as the Council's external auditors. It sets out key audit deliverables and a sector update which includes a number of matters that are relevant to Local Government.

### **6. RISK MANAGEMENT**

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

### **7. APPENDICES and BACKGROUND PAPERS**

Appendix 1 - Grant Thornton – Bromsgrove District Council Audit  
Progress Report and Sector Update

# Bromsgrove District Council Audit Progress Report and Sector Update

September 2023



# Contents

| Section                    | Page |
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| Introduction               | 3    |
| Progress at September 2023 | 4    |
| Audit Deliverables         | 6    |

The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Authority or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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# Introduction

## Your key Grant Thornton team members are:

### Jackson Murray

Key Audit Partner

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### Kirsty Lees

Manager

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

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

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

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# Progress at September 2023

## Financial statements audit

At the May 2023 Audit, Standards and Governance Committee we summarised the issues that we and the current finance team have faced to date in respect of the 2020/21 financial statements and the transfer of data from the legacy financial ledger system, eFinancials, to the new TechnologyOne system that was undertaken in February 2021.

Since that meeting we have continued to face challenges in obtaining sufficient, appropriate evidence to support the data transfer and to allow us to begin our 2020/21 financial statements audit. In July 2023 we met with key members of the finance team, ICT and the project manager involved in the ERP implementation. This was helpful in advancing the understanding of the processes involved and the information available to us. TechnologyOne representatives were invited but did not attend.

Subsequent to that meeting, colleagues from our Digital Audit team have reviewed reports run from the legacy eFinancials system, confirming that the SQL script applied was appropriate to deliver the data expected. They have then compiled that data made available to us to date – namely periods 1 to 11 of the 2020/21 financial year. The Council is currently unable to provide us with data included in period 0, and therefore we cannot undertake any work on the balance sheet entries as these transactions are critical to allowing us to understand the balance sheet position. The Council continue to attempt to reinstate their business objects licence in order to run a period 0 report and export it to excel, as the SQL script is returning nil entries.

Alongside the work to progress our audit of the data transfer, we agreed that financial statement audit team colleagues would undertake work on specific areas of the 2020/21 financial statements for two weeks from 14 August 2023, including land and building valuations, the defined benefit pension liability, payroll, senior officer remuneration and housing benefit expenditure. We agreed that supporting working papers would be made available to us by this date in order to facilitate this work. On 15 August 2023, we confirmed that we would be redirecting the audit team to other work as insufficient working papers had been provided to us, and those that had were not of the expected quality; for example the valuation report on the Council's land and buildings was not the final version and included comments suggesting information was still outstanding. Management could not provide the final valuation report to us at this point.

We had planned to return to the financial statements audit in October 2023, with this running through to February 2024. The time that was reallocated would need to be added to this plan, extending the date of the potential 2020/21 audit opinion further into 2024.

## Value for Money

Colleagues in our Value for Money team have begun our work, and we will be reporting our commentary on arrangements for the 2021/22 and 2022/23 financial years in a Joint Auditors Annual Report. We expect to report in this calendar year. Our interim Auditors Annual Report for 2020/21, issued in October 2022, reported a significant weakness in arrangements that had come to our attention for 2021/22 in respect of a lack of timely and relevant financial monitoring reporting.

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# Progress at September 2023

## Other areas

### Certification of claims and returns

We certify the Authority's annual Housing Benefit Subsidy claim in accordance with procedures agreed with the Department for Work and Pensions (DWP). We expect to conclude our work on the 2021/22 subsidy claim within the next month.

## Audit Fees

We have previously discussed the fee impact of the delays in financial reporting, our VFM findings for 2020/21 and the related written recommendations under section 24 of the Local Audit and Accountability Act 2014, and the likely challenges of auditing transactions processed in the new system with management and the Audit, Standards and Governance Committee. The fee we originally proposed in our Audit Plan for 2020/21 in April 2022 was £61,272. The final proposed fee will need to be agreed following the completion of any audit, however in May 2023 we confirmed to the Committee that given the work already performed to date this could exceed £100k.

Any proposed fee variations must first be discussed with management before consideration by Public Sector Audit Appointments Limited (PSAA). We have agreed with officers that we will seek an interim fee variation via PSAA. We will first agree this with the Director of Resources, before reporting this to the Committee as those charged with governance and submitted to PSAA for their consideration.

# Audit Deliverables

| 2020-21 deliverables   | Proposed date | Status               |
|--|---------------|----------------------|
| <p><b>Audit Plan</b></p> <p>We are required to issue a detailed audit plan to the Audit, Standards and Governance Committee setting out our proposed approach in order to give an opinion on the Authority’s 2020-21 financial statements and to issue a commentary on the Authority's value for money arrangements in the Auditor's Annual Report.</p>  | April 2022    | Completed            |
| <p><b>Interim Audit Findings</b></p> <p>We will report to you the findings from our audit work to date within our Progress Report.</p>   | May 2023      | Completed            |
| <p><b>Audit Findings Report</b></p> <p>The Audit Findings Report will be reported to the Audit, Standards and Governance Committee.</p>  | November 2023 | Delayed - 2024       |
| <p><b>Auditors Report</b></p> <p>This includes the opinion on your financial statements.</p>   | November 2023 | Delayed - 2024       |
| <p><b>Interim Auditor’s Annual Report</b></p> <p>This report communicates the key outputs of the audit, including our commentary on the Authority's value for money arrangements.</p>  | November 2023 | In progress          |
| 2021-22 and 2022-23 audit-related deliverables   | Proposed date | Status               |
| <p><b>Housing Benefit Subsidy – certification for 2021-22</b></p> <p>This is the report we submit to Department of Work and Pensions based upon the mandated agreed upon procedures we are required to perform. The detailed testing of the Authority’s workbooks has been completed. The remaining tasks left to complete include the completion of the Module 2 checklist, and the drafting of the HBAP report. All work is subject to quality review.</p> | July 2023     | In progress, delayed |
| <p><b>Housing Benefit Subsidy – certification for 2022-23</b></p> <p>This is the report we submit to Department of Work and Pensions based upon the mandated agreed upon procedures we are required to perform. We have been provided with the Authority’s subsidy claim form from which we have selected initial samples. The Authority’s Housing Benefit team is currently undertaking the detailed work for these samples.</p>                            | November 2023 | Not yet due          |



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#### THE INTERNAL AUDIT PROGRESS REPORT

|  |  |
|--|--|
| Relevant Portfolio Holder  | Councillor C. A. Hotham, Portfolio Holder for Finance and Enabling   |
| Portfolio Holder Consulted   | Yes  |
| Relevant Head of Service   | Peter Carpenter, s151 Officer  |
| Report Author  | Job Title: Head of Internal Audit Shared Service<br>Worcestershire Internal Audit Shared Service<br>Contact email: <a href="mailto:andy.bromage@worcester.gov.uk">andy.bromage@worcester.gov.uk</a><br>Contact Tel: 01905 722051 |
| Wards Affected   | All Wards  |
| Ward Councillor(s) consulted   | No   |
| Relevant Strategic Purpose(s)  | Good Governance & Risk Management underpins all the Strategic Purposes.  |
| Non-Key Decision   |  |
| If you have any questions about this report, please contact the report author in advance of the meeting. |  |

#### 1. RECOMMENDATIONS

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

**1) the report is noted.**

#### 2. BACKGROUND

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

This section of the report provides commentary on Internal Audit's performance for the period 01<sup>st</sup> April 2023 to 31<sup>st</sup> July 2023.

##### Summary Dashboard 2023/24:

|  |                         |
|--|-------------------------|
| Total reviews planned for 2023/24                  | 12 (minimum)            |
| Reviews finalised to date for 2023/24:             | 1 (Grant Certification) |
| Assurance of 'moderate' or below:                  | 0                       |
| Reviews awaiting final sign off:                   | 0                       |
| Reviews ongoing:                                   | 6                       |
| Reviews to commence (Q3):                          | 3                       |
| 'High' Priority recommendations reported 2023/24:  | 0                       |
| Satisfied 'High' priority recommendations to date: | N/a                     |
| Plan delivery to July 2023:                        | 19%                     |

### **Audit, Standards & Governance Committee**

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Since the last progress report presented to the Committee, one Grant Certification has been completed and six 2023/24 reviews are progressing. One 2022/23 report has been finalised and three are awaiting management sign off.

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

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

#### 2022/23 AUDITS

The review finalised since the last committee update is:

- Benefits (Significant)

The reviews awaiting management sign off are:

- ICT (Moderate)
- Council Tax (Moderate)
- National Non-Domestic Rates (Significant)

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

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

A rolling programme of testing has been taking place during quarters 1 and 2 and is set to continue through quarter 3 for Debtors, Creditors and Payroll. The results will be reported in quarter 4. Due to circumstances and Officer availability at Bromsgrove District Council, two reviews have been delayed i.e. Organisational Processes and Anti-fraud and Corruption. These are now scheduled to commence in quarter 3.

Critical review audits are designed to add value to an evolving Service area. Depending on the transformation that a Service is experiencing at the time of a scheduled review a decision is made regarding the audit approach. Where there is significant change taking place due to transformation, restructuring, significant legislative updates or a comparison required a critical review approach will be used. To assist the service area to move forwards challenge areas will be identified using audit review techniques. The percentage of critical reviews will be confirmed as part of the overall outturn figure for the audit programme. The outturn from the reviews will be reported in summary format as part of the regular reporting.

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

Follow up reviews are an integral part of the audit process. There is a rolling programme of review that is undertaken to ensure that there is progress with the implementation of the agreed action plans (Appendix 4). The outcomes of the follow up reviews are reported in full (Appendix 5) so the general direction of travel and the risk exposure can be considered by Committee. An escalation process involving CMT and SMT is in place to ensure more effective use of resource regarding follow up to reduce the number of revisits necessary to confirm the recommendations have been satisfied.

#### 3.4 AUDIT DAYS

Appendix 1 provides a summary of delivery. At the 31<sup>st</sup> July 2023 a total of 44 days had been delivered against an overall target of 235 days for the year.

#### 3.5 OTHER KEY AUDIT WORK

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

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

#### **National Fraud Initiative**

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

**Monitoring**

- 3.7 To ensure the delivery of the 2023/24 plan and any revision required there continues to be close and continual monitoring of the plan delivery, forecasted requirements of resource – v – actual delivery, and where necessary, additional resource will be secured to assist with the overall Service demands. The Head of Internal Audit Shared Service remains confident his team will be able to provide the required coverage for the year to ensure an internal audit opinion can be reached using reviews from the authority's core financial systems, as well as other systems which have taken place. Changes to the plan will be discussed with the s151 Officer and reported to Committee.

**4. FINANCIAL IMPLICATIONS**

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

**5. LEGAL IMPLICATIONS**

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

**6. STRATEGIC PURPOSES - IMPLICATIONS**

**Relevant Strategic Purpose**

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

**Climate Change Implications**

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

**7. OTHER IMPLICATIONS**

**Equalities and Diversity Implications**

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

**Operational Implications**

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

**8. RISK MANAGEMENT**

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

- Insufficiently complete the planned programme of audit work within the financial year leading to an inability to produce an annual opinion; and,
- a continuous provision of an internal audit service is not maintained.

**9. APPENDICES and BACKGROUND PAPERS**

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

Appendix 2 ~ 2023/24 Plan progress.

Appendix 3 ~ 2022/23 Finalised audit reports including definitions.

Appendix 4 ~ Follow Up Programme Overview.

Appendix 5 ~ Follow Up Reports recently issued.

#### APPENDIX 1

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

| Audit Area  | 2023/24<br>Plan Days | Days used<br>to 31 <sup>st</sup> July<br>2023 |
|---|----------------------|---|
| Core Financial Systems (see note 1)   | 77                   | 6   |
| Corporate Audits  | 71                   | 3   |
| Other Systems Audits (see note 2)   | 59                   | 27  |
| <b>SUB TOTAL</b>  | <b>207</b>           | <b>36</b>                                     |
|   |                      |   |
| Audit Management Meetings/<br>Corporate Meetings / Reading/<br>Annual Plans, Reports and Audit<br>Committee Support | 28                   | 8   |
| Other chargeable (see note 3)   | 0                    | 0   |
| <b>SUB TOTAL</b>  | <b>28</b>            | <b>8</b>                                      |
| <b>TOTAL</b>  | <b>235</b>           | <b>44</b>                                     |

Audit days used are rounded to the nearest whole.

Note 1: Core Financial Systems are audited predominantly in quarters 3 and 4 to maximise the assurance provided for Annual Governance Statement and Statement of Accounts but not interfere with year-end. A rolling programme continues regarding Debtors, Creditors and Payroll to maximise coverage and sample size. The overall results will be reported during Q4.

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

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

**BROMSGROVE DISTRICT COUNCIL**

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**APPENDIX 2**

**2023/24 Internal Audit Plan**

| Audit Area                                   | Corporate Link | Risk Register Reference   |  | Proposed Resource 2023/24 | Indicative Planned Qtr. | Progress To Date          |
|--|----------------|---|--|---------------------------|-------------------------|---------------------------|
| <b>FINANCIAL</b>                             |                |   |  |                           |                         |                           |
| Debtors (note 1)                             | Enabling       | COR17 - Resolution of the approved Budget Position in both Councils |  | 14*                       | 1 to 3                  | Ongoing Rolling programme |
| Main Ledger/Budget Monitor/Bank Rec (note 1) | Enabling       | COR17 - Resolution of the approved Budget Position in both Councils |  | 17*                       | 3                       | To commence Q3            |
| Creditors (note 1)                           | Enabling       | COR17 - Resolution of the approved Budget Position in both Councils |  | 14*                       | 1 to 3                  | Ongoing Rolling programme |
| Treasury Management                          | Enabling       | COR17 - Resolution of the approved Budget Position in both Councils |  | 6*                        | 2                       | Planning                  |
| Council Tax                                  | Enabling       | COR17 - Resolution of the approved Budget Position in both Councils |  | 8*                        | 2 to 3                  | To commence Q3            |
| Benefits                                     | Enabling       | COR17 - Resolution of the approved Budget Position in both Councils |  | 10*                       | 2 to 3                  | To commence Q3            |
| NNDR   | Enabling       | COR17 - Resolution of the approved Budget Position in both Councils |  | 8*                        | 2 to 3                  | To commence Q3            |
| <b>Sub TOTAL</b>                             |                |   |  | <b>77</b>                 |                         |                           |

**BROMSGROVE DISTRICT COUNCIL**

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| Audit Area   | Corporate Link                            | Risk Register Reference  |  | Proposed Resource 2023/24 | Indicative Planned Qtr. | Progress To Date  |
|--|---|--|--|---------------------------|-------------------------|---|
|  |   |  |  |                           |                         |   |
|  |   |  |  |                           |                         |   |
| <b>CORPORATE</b>                                   |   |  |  |                           |                         |   |
| IT Audit   | Fundamental to strategic purpose delivery | COR18 – Protection from Cyber Attack   |  | 15*                       | 3 - 4                   | Planning  |
| Risk Management Embedding (note 2)                 | Fundamental to strategic purpose delivery | S151 request   |  | 10*                       | 3 - 4                   | To commence Q3  |
| Corporate anti-fraud and corruption                | Fundamental to strategic purpose delivery | COR – Cost of Living   |  | 5*                        | 3                       | Delayed to Q3   |
| Procurement and Contract Management (Note 3)       | Fundamental to strategic purpose delivery | COR16 – Management of Contracts & S151 request   |  | 8*                        | 4                       | To commence Q4  |
| Corporate Data Quality and Usage (Critical Friend) | Fundamental to strategic purpose delivery | S151 request   |  | 10*                       | 4                       | To commence Q4  |
| Projects – Levelling Up                            | Fundamental to strategic purpose delivery | COR22 - Delivery of Levelling up, Towns Fund and UK Shared Prosperity Fund work & S151 request |  | 8*                        | 2                       | Planning  |
| Grants (Various incl. Disabled Facilities Grants)  | Enabling                                  | COR17 - Resolution of the approved Budget Position in both Councils                            |  | 10                        | 1 to 4                  | Grant Certification Completed July 2023. Further work to be undertaken during year. |
| <b>Sub TOTAL</b>                                   |   |  |  | <b>71</b>                 |                         |   |
|  |   |  |  |                           |                         |   |
|  |   |  |  |                           |                         |   |

**BROMSGROVE DISTRICT COUNCIL**

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| Audit Area                                | Corporate Link                            | Risk Register Reference                                   |     | Proposed Resource 2023/24 | Indicative Planned Qtr. | Progress To Date |
|---|---|---|-----|---------------------------|-------------------------|------------------|
| <b>Worcester Regulatory Services</b>      |   |   |     |                           |                         |                  |
| New Online System                         | Statutory and Regulatory Requirement      | COR15 – Impact to changes in Partner Funding Arrangements |     | 12                        | 2                       | Testing Ongoing  |
| <b>Sub TOTAL</b>                          |   |   |     | <b>12</b>                 |                         |                  |
| <b>Service Delivery</b>                   |   |   |     |                           |                         |                  |
| <b>Human Resources</b>                    |   |   |     |                           |                         |                  |
| Organisational Processes                  | Fundamental to strategic purpose delivery | COR19 – Adequate Workforce Planning & S151                |     | 5                         | 3                       | Delayed to Q3    |
| <b>Sub TOTAL</b>                          |   |   |     | <b>5</b>                  |                         |                  |
| Advisory, Consultancy & Contingency       | Operational support                       | N/a   | N/a | 10                        | 1 - 4                   | Ongoing          |
| Fraud & Investigations incl. NFI          | Operational support                       | N/a   | N/a | 10                        | 1 - 4                   | Ongoing          |
| Completion of prior year's audits         | Operational support                       | N/a   | N/a | 8                         | 1                       | Ongoing          |
| Report Follow Up (all areas)              | Operational support                       | N/a   | N/a | 10                        | 1 - 4                   | Ongoing          |
| Statement of Internal Control             | Operational support                       | N/a   | N/a | 4*                        | 1 & 4                   | Q1 completed     |
| <b>Sub TOTAL</b>                          |   |   |     | <b>42</b>                 |                         |                  |
| Audit Management Meetings                 | Operational support                       | N/a   | N/a | 28                        |                         | Ongoing          |
| Corporate Meetings / Reading              | Operational support                       | N/a   | N/a |                           |                         |                  |
| Annual Plans, Reports & Committee Support | Operational support                       | N/a   | N/a |                           |                         |                  |
| <b>Sub TOTAL</b>                          |   |   |     | <b>28</b>                 |                         |                  |
| <b>TOTAL CHARGEABLE</b>                   |   |   |     | <b>235</b>                |                         |                  |

**Explanatory Notes:**

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

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

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

Note 3: Procurement – ensuring embedding continues.

Appendices A & B are indicated below and can be applied to all 2023/24 reports.

**Appendix A**

**Definition of Audit Opinion Levels of Assurance**

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

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

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

**2022/23 Audit Reports.**  
Recently Finalised reports.

## **Worcestershire Internal Audit Shared Service**



**Bromsgrove**  
District Council  
[www.bromsgrove.gov.uk](http://www.bromsgrove.gov.uk)

### **Final Internal Audit Report Benefits 2022-23 Date: 23rd August 2023**

**Distribution:**

To: Customer Support Manager

CC: Head of Finance and Customer Services  
Interim Section 151 Officer

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**1. Introduction**

- 1.1 The audit of the Benefit process was carried out in accordance with the Worcestershire Internal Audit Shared Service Audit Plan for Redditch Borough Council for 2022/23 approved before the Audit, Governance and Standards Committee on 28<sup>th</sup> July 2022 and for Bromsgrove District Council to the Audit, Standards and Governance Committee on 21<sup>st</sup> July 2022. The audit was a risk-based systems audit of the Benefits System as operated by Redditch Borough Council and Bromsgrove District Council.
- 1.2 This review relates to the strategic purposes of:
- BDC Plan 2019-23: Strategic Purpose - Work and Financial Independence. Priorities - Financial Stability.
  - RBC: Plan 2020-24: Strategic Purposes - Aspiration, Work & Financial independence
- 1.3 There are no Corporate Risks relevant to this review. There were 2 Service Risks relevant to this review.

- BEN 1 Fail to effectively resource the service to meet demands
- BEN 7 Benefit Subsidy

1.4 This review was undertaken during the month(s) of November 2022 to May 2023.

## **2. Audit Scope and objective**

2.1. This review has been undertaken to provide assurance that progress has been made in response to the 2021/22 audit recommendations and assurance on the processing of new and change of circumstance Housing Benefit & Council Tax Support claims for working age and pension age claimants.

2.2. The scope covered:

- A review of the updated position in relation to the 2021/22 audit recommendations.
- A review of new and change of circumstance Housing Benefit & Council Tax Support claims for working age and pension age claimants to ensure that backdated claims have been applied correctly, relevant evidence recorded and that processing days are within reasonable timescales.
- Compliance with internal processes and external legislation to allow accurate processing of new claims and changes of circumstance focusing on rent allowances, income/allowance information and disregards.
- Awards are being made in line with the Council Tax Reduction Scheme.
- Access controls to the system are appropriate and are effective - including remote working arrangements. (Access controls will be reviewed in more detail within the ICT Audit 2023/24).

2.3. This reviewed covered the period from 1st April 2022 to the 18<sup>th</sup> May 2023.

2.4. This review did not cover:

- The process of recovery, including the classification of overpayments and its effect on subsidy.
- Payments made under the discretionary hardship scheme.
- Reconciliations as this will be carried out within the Core Financial Audits.

### **3. Audit Opinion and Executive Summary**

3.1. From the audit work carried out we have given an opinion of **significant assurance** over the control environment in this area. The level of assurance has been calculated using a methodology that is applied to all Worcestershire Internal Audit Shared Service audits and has been defined in the “Definition of Audit Opinion Levels of Assurance” table in Appendix A. However, it should be noted that statements of assurance levels are based on information provided at the time of the audit.

3.2. We have given an opinion of **significant assurance** in this area because generally there is a sound system of internal control in place but that our testing has identified isolated weaknesses in the design of controls and / or inconsistent application of controls in a small number of areas.

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

- Processing of the Council Tax Reduction Scheme claims with good meaningful file notes.
- The processing of new claims and changes of circumstance focusing on rent allowances, income/allowance information and disregards
- The speed of processing during Quarter 3 2022/23 (DWP published figures)

3.4. The Benefits team are still waiting the outcome from the proposed re-structure that has taken over 3 years to complete. This has left certain staff in secondment roles and carrying out duties that are not within their current job role description. This has led to ongoing pressures within the quality assurance team.

The service does not have specific key performance indicators regarding the speed of processing of new Housing Benefit and change of circumstances claims. However, the number of days taken to process claims is tracked on the dashboard and published nationally. The review found that the allocation of work was being monitored but there were some processing times that have taken longer than would have liked due to the volume of work received.

The review did identify a potential for a break down in controls when granting officers access to the OpenRevs system due to the current process which excludes approval from the revenues and benefits team for staff outside of their service that require access to the system. Therefore, this will be looked at in more details within the ICT audit planned for quarter 2 2023/24

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

|   | <b>Priority<br/>(see Appendix B)</b> | <b>Section 4<br/>Recommendation<br/>number</b> |
|---|--------------------------------------|--|
| <b>Previous Audit 2021/22 Follow Up</b>   |                                      |  |
| Ref 1 Outstanding Work Queue/Backlogs<br>Ref 3 Dashboard – Performance Measures | <b>Medium</b>                        | <b>1</b>                                       |
| <b>New Matters Arising 2022/23</b>  |                                      |  |
| Backdating New Housing Benefit Claims   | <b>Medium</b>                        | <b>2</b>                                       |

**4. Detailed Findings and Recommendations**

The issues identified during the audit have been set out in the table below along with the related risks, recommendations, management responses and action plan. The issues identified have been prioritised according to their significance / severity. The definitions for high, medium, and low priority are set out in the “Definition of Priority of Recommendations” table in Appendix B.

| Ref.  | Priority                                 | Finding  | Risk   | Recommendation   | Management Response and Action Plan   |
|---|--|--|--|--|---|
| <b>Issues brought forward from previous audit 2021/22</b> |  |  |  |  |   |
| 1   | <b>M</b><br><br>(Based on 2021/22 Audit) | <p><b>Follow Up 2021/22 - Update</b></p> <p><b>Ref 1 Outstanding Work Queue/Backlogs</b></p> <p>At the time of review the outstanding work is manageable and not considered to be a backlog. However, there were a handful of cases that are older than desired for Bromsgrove District Council (The bulk of the items within the work queue dated back 6 weeks for both Redditch Borough Council and Bromsgrove District Council).</p> <p><b>Ref 3 Dashboard – Performance Measures</b></p> | <p>This has the potential to increase the average processing times which are reported to Department Work &amp; Pensions and published in the public domain which could lead to reputational damage and Department Working &amp; Pensions intervention.</p> | <p><b>Follow up action completed.</b><br/>As per the previous management response. Continue to monitor workloads, identifying any cause for delays in processing to see if any further controls can be put in place to reduce times.</p> <p><b>Previous management action in progress</b><br/>As per the previous management response. Ensure there is commentary against the Change of Circumstance</p> | <p><b>Responsible Manager:</b><br/>We consistently monitor workloads alongside performance and accuracy. By doing this we are aware of natural annual peaks of work; annual upratings for example.</p> <p>We hold quarterly engagement calls with the DWP and they are pleased with our performance and all of their indicators show us as “green” meaning they have no concerns.</p> <p>The measures dashboard is updated and current, there can be some delay due to the publishing of DWP performance stats.</p> |

|  |   |   |  |   |  |
|--|---|---|--|---|--|
|  |   | A review of the Speed of processing for New Claims measure has not been updated with commentary since November 2022 for Bromsgrove and January 2023 for Redditch. There is no commentary against the Change of Circumstance speed of processing for both Authorities. | Lack of transparency and context which could lead to inaccurate assumptions by senior managers and Members that review this information and Service performance.   | and New Claims speed of processing for both councils to ensure the measures are meaningful.   | <b>Implementation date:</b><br><br>Ongoing action.   |
| <b>New matters arising 2022/23 Audit</b> |   |   |  |   |  |
| 2  | M | <b>Backdating New Housing Benefit Claims</b><br><br>Out of a sample of 25 claims for each authority, testing identified 2 New Claims for Bromsgrove District Council & 1 for Redditch Borough Council that were not backdated correctly.                              | Failure to apply the backdate correctly can result in an inaccurate award and subsidy loss to the Councils. Also, inaccuracies can increase external audit sampling and increase external audit costs to the Authorities for benefit work. | Feedback and provide training to agency workers on backdating claims. Check a sample of claims to ensure quality assure the accuracy. | <b>Responsible Manager:</b><br><br>There are different rules for HB and LCTS, and there are also different rules for working and none working age claimants meaning this is a complex area of work.<br><br>We will undertake additional accuracy checks of new claims to make sure they are awarded from the correct date.<br><br>We will also sample check from the subsidy claim of claims that have been processed as backdated to ensure these have been done correctly. |

|  |  |  |  |  |  |
|--|--|--|--|--|--|
|  |  |  |  |  | <p>From these checks we will be able to establish if the issue is isolated or a wider team issue.</p> <p>We will look to hold a quiz/workshop in a future team meeting as a training exercise.</p> <p><b>Implementation date:</b></p> <p>July 2023 - Ongoing</p> |
|--|--|--|--|--|--|

**5. Independence and Ethics:**

- WIASS confirms that in relation to this review there were no significant facts or matters that impacted on our independence as Internal Auditors that we are required to report.
- WIASS conforms with the Institute of Internal Auditors Public Sector Internal Audit Standards as amended and confirms that we are independent and able to express an objective opinion in relation to this review.
- WIASS confirm that policies and procedures have been implemented to meet the IIA Ethical Standards.
- Prior to and at the time of the audit no non-audit or audit related services have been undertaken for the Council within this area of review.

**Head of Internal Audit Shared Services**

**APPENDIX A**

**Definition of Audit Opinion Levels of Assurance**

| <b>Opinion</b>               | <b>Definition</b>  |
|------------------------------|--|
| <b>Full Assurance</b>        | <p>The system of internal control meets the organisation's objectives; all of the expected system controls tested are in place and are operating effectively.</p> <p>No specific follow up review will be undertaken; follow up will be undertaken as part of the next planned review of the system.</p>   |
| <b>Significant Assurance</b> | <p>There is a generally sound system of internal control in place designed to meet the organisation's objectives. However isolated weaknesses in the design of controls or inconsistent application of controls in a small number of areas put the achievement of a limited number of system objectives at risk.</p> <p>Follow up of medium priority recommendations only will be undertaken after 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>                    |
| <b>Moderate Assurance</b>    | <p>The system of control is generally sound however some of the expected controls are not in place and / or are not operating effectively therefore increasing the risk that the system will not meet its objectives. Assurance can only be given over the effectiveness of controls within some areas of the system.</p> <p>Follow up of high and medium priority recommendations only will be undertaken after 3 to 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p> |
| <b>Limited Assurance</b>     | <p>Weaknesses in the design and / or inconsistent application of controls put the achievement of the organisation's objectives at risk in many of the areas reviewed. Assurance is limited to the few areas of the system where controls are in place and are operating effectively.</p> <p>Follow up of high and medium priority recommendations only will be undertaken after 3 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>                                       |
| <b>No Assurance</b>          | <p>No assurance can be given on the system of internal control as significant weaknesses in the design and / or operation of key controls could result or have resulted in failure to achieve the organisation's objectives in the area reviewed.</p> <p>Follow up of high and medium priority recommendations only will be undertaken after 3 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>  |

**APPENDIX B**

**Definition of Priority of Recommendations**

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

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

|     | <b>Year of Review</b> | <b>Review Area</b>                 | <b>Assurance</b> | <b>Follow Up Position</b> | <b>Indicative Date of Follow Up</b> |    | <b>Position and Conclusion</b>  |
|-----|-----------------------|------------------------------------|------------------|---------------------------|-------------------------------------|----|---|
| BDC | 21/22                 | Procurement                        | Limited          | 2 <sup>nd</sup>           | May-23                              | Q1 | All points implemented – Report - Appendix 5<br>No further action required  |
| BDC | 21/22                 | General Data Protection Regulation | Moderate         | 2 <sup>nd</sup>           | Jul-23                              | Q2 | 1 recommendation implemented and 2 partially implemented. Further follow up to be arranged and linked to GIS/Gazetteer Phase 1. |
| BDC | 22/23                 | GIS/Gazetteer Phase 1              | Critical Review  | 1 <sup>st</sup>           | Jan-24                              | Q4 | To be arranged and linked to the General Data Usage review.   |
| BDC | 22/23                 | Accounts Payable                   | Moderate         | 1 <sup>st</sup>           | Nov-23                              | Q3 | To be included in 23/24 Audit   |
| BDC | 22/23                 | IT Review                          | Moderate         | 1 <sup>st</sup>           | Jan-24                              | Q4 | To be included in 23/24 Audit   |
| BDC | 22/23                 | Treasury Management                | Significant      | 1 <sup>st</sup>           | Jul-23                              | Q2 | To be included in 23/24 Audit   |
| BDC | 22/23                 | Accounts Receivable                | Limited          | 1 <sup>st</sup>           | Dec-23                              | Q3 | To be included in 23/24 Audit   |
| BDC | 22/23                 | Council Tax                        | Moderate         | 1 <sup>st</sup>           | Nov-23                              | Q3 | To be included in 23/24 Audit   |

---

|     | <b>Year of Review</b> | <b>Review Area</b>            | <b>Assurance</b> | <b>Follow Up Position</b> | <b>Indicative Date of Follow Up</b> |    | <b>Position and Conclusion</b> |
|-----|-----------------------|-------------------------------|------------------|---------------------------|-------------------------------------|----|--------------------------------|
| BDC | 22/23                 | National Non-Domestic rates   | Significant      | 1 <sup>st</sup>           | Nov-23                              | Q3 | To be included in 23/24 Audit  |
| BDC | 22/23                 | Benefits                      | Significant      | 1 <sup>st</sup>           | Nov-23                              | Q3 | To be included in 23/24 Audit  |
| BDC | 22/23                 | Workshop Licensing Compliance | Critical Friend  | 1 <sup>st</sup>           | Dec-23                              | Q3 | To be arranged                 |
| BDC | 22/23                 | Fuel Usage and Efficiency     | Moderate         | 2 <sup>nd</sup>           | Sept-23                             | Q2 | To be arranged                 |
| BDC | 22/23                 | WRS- Animal License Activity  | Critical Friend  | 1 <sup>st</sup>           | Sept-23                             | Q2 | To be arranged                 |

Note:

There are no exceptions to report.

2023/24 Review areas will be added to the table when they become due for a follow up visit.

**Follow Up Reports**

**Appendix 5**

There are no follow up reports to include in this report.

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**Audit, Standards &  
Governance Committee**

**14<sup>th</sup> September 2023**

**Accounting Policies Report**

|  |   |
|--|---|
| Relevant Portfolio Holder  | Councillor Charlie Hotham,<br>Finance and Enabling Portfolio Holder   |
| Portfolio Holder Consulted   | Yes   |
| Relevant Head of Service   | Michelle Howell   |
| Report Author:<br>Michelle Howell  | Job Title: Head of Finance & Customer Services<br>Contact email: michelle.howell@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, Standards and Governance and Committee RECOMMEND that:**

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

**2. BACKGROUND**

2.1 From a Governance point of view, the financial frame work under which the Council works is set out in the Constitution. In addition to this there are legislative reporting requirements which set out what needs to be done and by when. The Accounting Policies report which was tabled at the Audit, Standards and Governance Committee on the 1<sup>st</sup> June set out the Financial Governance Framework, and associated references to key documentation, that the Council, it's Members and Officers work to. This are (in summary):

- **The Budget and Policy Framework Procedure Rules.** These set out: The framework for Cabinet 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 15 of the Constitution. These “operational policies” run to 36 pages and set out how the organisation financially runs it's “day to day” business.
- **Finance Protocols** which set out requirements and expectations of the Finance Team and Services in terms of financial administration and demarcation of duties.

**Audit, Standards &**

**Governance Committee**

**14<sup>th</sup> September 2023**

- 2.2 One of the legislative reporting requirements the Council has not achieved is the delivery of the 2020/21 Statement of Accounts. As such, the Council was issued with a Section 24 Statement. Redditch Borough Council (RBC) were also issued with a Section 24 Statement for the same non delivery of the 2020/21 accounts which is understandable given that officers support both Councils via a shared service.
- 2.3 As reported in previous Audit, Standards and Governance Committee meetings in January, March and July draft 2020/21 accounts will be presented to the Council's External Auditors once they have completed their work on the data take on balances. An update on this work is contained in this report.
- 2.4 The 2023/24 budget was approved at Council on the 22<sup>nd</sup> February 2023. An update on the "budget book", which will provide more clarity to Officers and Members, is contained in this report.

**Legislative Requirements**

- 2.5 The previous section sets out how the Council works, however equally important are the Central Government Legislative Requirements to which we deliver to and are compared to other Councils across the Council. This section lists those key deliverables.
- 2.6 The following are key legislative deliverables and the Councils delivery against them to August 2023:
- **Budget**
    - Delivered by 11<sup>th</sup> March in preceding financial year – ***delivered Feb 2023***
    - Council Tax Base – Yearly – ***2023/24 delivered in January 2023***
    - Council Tax Resolution – ***Yearly 2023/24 delivered in February 2023***
    - Council Tax Billing – Yearly (2 weeks before 1<sup>st</sup> DD is due to be taken) – ***Bills distributed in March 2023***
  - **Closure**
    - Draft 2022/23 Accounts delivered by end of July in order for 22/23 RO forms to be delivered.
    - Draft 2020/21 Accounts to be delivered to Audit following validation of the data take on balances for which work is currently ongoing.
    - Audit Completed by 30<sup>th</sup> November ***but dependent on previous years being completed (see closure section)***
  - Government Returns
    - VAT – Monthly
      - ***Still to be delivered for 20/21 – dependent on closure of accounts***
    - Revenue Outturn Reports – July
      - ***Still to be delivered for 20/21 – dependent on closure of accounts***

**Audit, Standards &**

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**14<sup>th</sup> September 2023**

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

**Audit, Standards &  
Governance Committee**

**14<sup>th</sup> September 2023**

- **Policies**
  - Treasury and Asset Management Strategies
    - Initial Strategies as part of the MTFP – **2023/4 Strategy Approved in March 2023**
    - Half Yearly Report
      - **Update provided in Q1 Revenue Return**
    - Yearly Outturn Report
      - **To be produced in September**
  - Council Tax Support Scheme – Yearly – **Approved in Jan 2023 after consultation**
  - Minimum Revenue Provision – yearly – **Approved as part of the 2023/4 to 2025/6 Medium Term Financial Plan**

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

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

- Financial Monitoring – **delivered quarterly to Cabinet – due to Summer Holidays Q1 23/4 will go to Cabinet in September.**
- Risk Management – **delivered quarterly to this Committee.**
- Financial Controls (still in development)
  - Clearance of suspense accounts - **return to being up to date expected by end of this calendar year**
  - Bank Reconciliation - **linked to above point although a separate stream assessing/clearing 2023/4 items**
- Over £500 spending.
  - **Updated to July 2023**

2.8 The key returns that have still not been delivered are the Revenue Outturn forms for 2020/21 and 2021/22 and the VAT returns. We have now delivered the draft CO forms for 2020/21 - 2022/23 however final CO and draft RO returns cannot be submitted until the accounts are audited. Although the Government now allow these returns to be completed based on estimates, the level of uncertainty due to the Cash Receipting means these cannot be completed until the External Auditors sign off the Councils take on balances and the Council provides the draft accounts to Audit for each Council.

**Update on the Statement of Accounts**

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

- Closure 2020/21
  - Agreement of Treatment of Take on Balances – This was expected to be completed by July, but joint work is still being undertaken by the Council and External Auditors to validate these balances.
  - Provision of Draft 2020/21 Accounts to Audit (to begin Audit) July 23. This is dependent on the External Auditors confirmation that they have approved both Council's take-on balances work. The auditors are having issues in how they need to test the transactional data due to their "normal" models not working on our data. Some transactional testing and data extraction has taken place in August but this has been limited.
  - 2020/21 Audit – September to November 23 (estimated)
  - Sign Off of 20/21 Accounts - November 2023
- Closure 2021/22
  - Updated Outturn position – August 2023
  - Draft Accounts to Auditors November 2023 (following external Auditors sign off of 20/21 Accounts)
  - Audit of Accounts December to April
  - Sign off of the Accounts – May/June 2024 (will need to be completed by 31<sup>st</sup> March)
- Closure 2022/23
  - Budget Manager Closure Training – 23rd-28th March 2023 – 83 staff attended closure training at the end of March.
  - Provisional Outturn Report – Cabinet Report for 13th September 2023. This will show draft outturn as well as identifying transactions in suspense to be cleared. This will enable the 2022/23 Revenue Outturn Report to be presented to DLUHC.
  - Draft 2022/23 Accounts to Audit – June 24 (following External Auditors sign off 21/22 Accounts)
  - Sign off of the Accounts – November 2024 (will need to be completed by 30<sup>th</sup> September)

2.10 The July report set out reservations across the Sector from Councils, Auditors, the Financial Standards Authority (FSA), Public Sector Audit Appointments (PSAA) and DLUHC on the delays in the Audit of Statutory Council accounts. There are over 500 Audit Opinions still outstanding for English Councils for 2021/22 and earlier. Add to this the 424 Audits due to be completed by November 2023 for the 2022/23 financial year, and a severe impact can be seen on the sector. Both the PSAA and FSA have highlighted the following key issues to be resolved including:

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- Having a Workforce Strategy that improves attractiveness and prestige in the local government and audit profession.
- Identification of changes required to promote high standards and financial reporting and audit in the public interest.
- Creating a roadmap securing sustainable reforms underpinned by an agreed vision and purpose of financial reporting and audit.

2.11 At the Local Government Conference in July and subsequently, DLUHC have stated that they are moving to rectify these backlogs by changing how audits are performed over the medium term. DLUHC are concerned that the most time should be spent on auditing more recent accounts, so scopes of audits will be reduced (still to be confirmed) however Auditors will still be expected to serve S114 and other Statutory Recommendations. The governments' view is that Audits will be given statutory deadlines for completion as follows:

- 2015/16 through to 2019/20 must be signed off by the 30<sup>th</sup> December 2023
- 2020/21 and 2021/22 by the 31<sup>st</sup> March 2024
- 2022/23 by the 30<sup>th</sup> September 2024

Looking at these proposed timescales there will be the requirement to speed up slightly the agreed timetable we have agreed with our External Auditor by circa 2 months to deliver to these new statutory timetables. These timescales are expected to be agreed in September 2023.

2.12 We have upgraded the TechOne system, moving from the present version which is 20b to 23a over the weekend of the 7<sup>th</sup> to 10<sup>th</sup> July. This upgrade has given access to more functionality and resolve a number of issues being experienced which have been resolved in later issues of TechOne. We have only been able to upgrade the system following the resolution of cash receipting issues and movement of this part of the solution to steady state running.

2.13 Once the External Auditors sign off the data take on balances the draft 2020/21 Accounts will be submitted. The Council has not submitted them yet as if the External Auditors have issues with the data take on balances and the draft accounts had been submitted then this could lead to qualified accounts.

2.14 Work is under way on the 2021/22 Accounts although they cannot be finalised until the audit of the 2020/21 Accounts is complete.

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**Update On 2023/24 Budget**

- 2.15 The Councils 2023/24 Budget was approved in February. Budgets are loaded onto TechOne and a draft budget book is now being prepared to assist in Members and Officers understanding of budgets.
- 2.16 Quarter One 2023/4 financial and performance monitoring will go to Cabinet in September.
- 2.17 A report went to Cabinet in June which set out new arrangements to managing projects as per the recommendation in the Audit Task Group Report that came to this Committee in March. Project updates will now be part of the quarterly finance and performance reporting.

**Compliance Items**

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

**Training:**

- Number on Closure Training 23, 24, 27, 28 March – by Service Area – 83 attended.
- Mandatory Budget Manager Training (including the use of TechOne) – August /September after the upgrade - by Service Area – Corporate Finance team trained on budget loading processes in April but issues due to cash receipting changes have led to budgets were not loaded until June.
- Mandatory Financial Awareness Training – August/September after the upgrade – by Service Area
- Number on Payments Purchase Order Training (Monthly) by Service Area.

**Errors:**

- Non delivery of GPC Card Data (monthly basis) – will begin at the end of Quarter 1.
- Mis-codings on TechOne per month – by Service Area - will begin at the end of Quarter 1.

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**Procurement:**

- The new 'No Compliance No Order' process has been live since April 2023.
- Many departments are now proactively getting quotations for lower value works. A lot of the issues we have are now training issues that are being resolved.
- The number of contracts in place is growing regularly and we are confident that this process is having a positive effect. We hope that eventually we get to the place where the number of orders coming to us is minimal.
- A report went to Cabinet in July setting out new government procurement requirements that the Council are addressing, many of which come into force on the 1<sup>st</sup> April 2024. The Q1 Finance and Performance Monitoring Report Finance which will go to Cabinet on the 13<sup>th</sup> September sets out:
  - All contracts requiring renewal over the next year that are over the £50k threshold.
  - All contracts that are being procured by Redditch over this period that relate to Bromsgrove Services.

**Summary**

- 2.19 This report sets out the policies (local and national) that underpins the Council finances and the key deliverables. A significant change since the July Report has been the new Government timescales to catch up on Audit delivery and the fact that the Council and its External Auditors will need to speed up their joint timetable by 2 months. This report is now updated for data as at the end of August and is delivered to each Audit, Standards and Governance Committee at Bromsgrove to updates it on progress against targets and also alert them to any issues and risks.

**3. FINANCIAL IMPLICATIONS**

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

**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 District and our communities. Our Financial monitoring and strategies are integrated within all our Strategic Purposes.

**Climate Change Implications**

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

**6. OTHER IMPLICATIONS**

**Equalities and Diversity Implications**

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

**Operational Implications**

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

**7. RISK MANAGEMENT**

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

**8. BACKGROUND PAPERS**

Accounting Policies Report – July 2023 – Audit, Standards and Governance Committee

Accounting Policies Report – June 2023 – Audit, Standards and Governance Committee

Finance Recovery Report – July 2023 – Cabinet

Programme Management Office Requirements – June 2023 – Cabinet

Approvals to Spend Report - July 2023 – Cabinet

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#### Financial Savings Monitoring Report

|  |  |
|--|--|
| Relevant Portfolio Holder  | Councillor C. A. Hotham – Portfolio Holder for Finance and Governance  |
| Portfolio Holder Consulted   | Yes  |
| Relevant Head of Service   | Michelle Howell  |
| Report Author:<br>Michelle Howell  | Job Title: Head of Finance & Customer Services<br>Contact email:<br><a href="mailto:michelle.howell@bromsgroveandredditch.gov.uk">michelle.howell@bromsgroveandredditch.gov.uk</a> |
| 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, Standards and Governance **RECOMMEND** that:

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

#### 2. BACKGROUND

- 2.1 As part of the 2023/24 budget, which was agreed at Council in February 2023, there were a number of savings options approved through the two tranche process to deliver the balanced budget for the year. Savings from both tranches of the budget process have been combined in Appendix A.
- 2.2 The Quarter 1 2023/24 Finance and Performance Monitoring report was on the Cabinet Agenda for the 13<sup>th</sup> September.
- 2.3 The financial section of the report sets out progress against budget. The £11.9m original revenue budget included in the table below is the budget that was approved by Council in March 2022. The projected outturn figure at Q1 is a £788k overspend. The overspend in general is due to two main factors:
- An assumption on the Local Government Pay Award, which at Circa 6% is significantly more than our 2% assumption.
  - Additional costs of maintaining the fleet.
- 2.4 The full year effect of a £788k overspend will need to be mitigated. In our original MTFP assumptions for 2023-26 we set up a Utilities Reserve of £1,053k which we assume reduces by £351k a year to

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mitigate increased costs. Given that this increase has not happened to this magnitude it is proposed in the Q1 Monitoring and Performance Report going to Cabinet that the assumed yearly drawdown of £351k of this reserve is used to mitigate the overspend position. **This leaves a £437k overspend position.** The ongoing 2023/24 pay increases position, once it is finalised and ratified later this year, would then need to be resolved as part of the 2024/25 MTFP process.

| Service Description                                    | 2023-24<br>Approved<br>Budget | 2023-24<br>Approved<br>Budget Q1 | Payroll<br>Assumptions | Utilities &<br>Vehicle Hire<br>Assumption | Q1<br>Adjusted<br>Spend | Q1<br>Variance<br>to Budget | Full Year<br>Variance<br>to Budget |
|--|-------------------------------|----------------------------------|------------------------|---|-------------------------|-----------------------------|------------------------------------|
| Business Transformation and Organisational Development | 1,813,586                     | 453,397                          | 12,800                 |   | 466,197                 | 12,801                      | 51,202                             |
| Community and Housing GF Services                      | 1,102,638                     | 275,660                          | 2,900                  |   | 278,560                 | 2,901                       | 11,602                             |
| Corporate Services                                     | 1,446,605                     | 361,651                          | 3,300                  |   | 364,951                 | 3,300                       | 13,199                             |
| Environmental Services                                 | 3,410,080                     | 852,520                          | 108,800                | 43,750                                    | 1,005,070               | 152,550                     | 610,200                            |
| Finance and Customer Services                          | 1,401,756                     | 350,439                          | 21,000                 |   | 371,439                 | 21,000                      | 84,000                             |
| Legal, Democratic and Property Services                | 1,181,962                     | 295,491                          | 17,400                 | -26,250                                   | 286,640                 | -8,851                      | -35,402                            |
| Planning, Regeneration and Leisure Services            | 1,349,503                     | 337,376                          | 13,300                 |   | 350,676                 | 13,300                      | 53,201                             |
| Regulatory Client                                      | 239,870                       | 59,968                           | 0                      |   | 59,968                  | 0                           | 0                                  |
| Starting Well  | 0                             | 0                                | 0                      |   | 0                       | 0                           | 0                                  |
|  | <b>11,946,000</b>             | <b>2,986,500</b>                 | <b>179,500</b>         | <b>17,500</b>                             | <b>3,123,533</b>        | <b>197,001</b>              | <b>788,002</b>                     |
| Corporate Financing                                    | -11,946,000                   | -2,986,500                       | 0                      | 0   | -2,986,500              | 0                           | 0                                  |
| <b>Overall Total</b>                                   | <b>0</b>                      | <b>0</b>                         | <b>179,500</b>         | <b>17,500</b>                             | <b>137,033</b>          | <b>197,001</b>              | <b>788,002</b>                     |

2.5 Departmental Savings are shown to be on track for delivery as per the data contained in Appendix A. There are three items highlighted in yellow which require careful monitoring.

- Service Reviews (£140k in 23/4)
- Finance Vacancies (£100k in 23/4)
- Capacity Grid old debt recoupment (£200k in 23/4)

### 3. FINANCIAL IMPLICATIONS

3.1 The savings have significant financial implications if not delivered.

3.2 The Council presently has an estimated £5.226m in General Fund Reserves to cover one off issues, and £5.502m in Earmarked Reserves for specific purposes. These are the only recourse, apart from additional reductions in spending/additional income, that the Council has to mitigate the present overspend position. The £5.226m General Fund figure includes accounting for the additional £437k overspend.

3.3 There should be clarity by the Q2 Finance and Performance Monitoring report, which will be reported to Cabinet in November, on the actual impact of the 2023/24 Pay Award.

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### **4. LEGAL IMPLICATIONS**

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

### **5. STRATEGIC PURPOSES - IMPLICATIONS**

#### **Relevant Strategic Purpose**

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

#### **Climate Change Implications**

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

### **6. OTHER IMPLICATIONS**

#### **Equalities and Diversity Implications**

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

#### **Operational Implications**

- 6.2 Operational implications will have been dealt with as part of the 2022/23 Budget process.

### **7. RISK MANAGEMENT**

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

### **8. APPENDICES and BACKGROUND PAPERS**

Appendix A – Bromsgrove Savings Monitoring 2022/23

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**9. REPORT SIGN OFF**

| <b>Department</b>   | <b>Name and Job Title</b> | <b>Date</b> |
|---|---------------------------|-------------|
| Portfolio Holder  | Councillor C. A. Hotham   | 6/9/23      |
| Lead Director / Head of Service                               | Pete Carpenter            | 5/9/23      |
| Financial Services  | Michelle Howell           | 5/9/23      |
| Legal Services  | Claire Felton             | 6/9/23      |
| Policy Team (if equalities implications apply)                | N/A                       |             |
| Climate Change Officer (if climate change implications apply) | N/A                       |             |

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

|   | 2023/24<br>£000 | 2024/25<br>£000 | 2025/26<br>£000 | RAG<br>Status | Narrative  |
|---|-----------------|-----------------|-----------------|---------------|--|
| <b>Phase 1 Savings</b>                      |                 |                 |                 |               |  |
| Environmental Services Partnership          | 0               | -25             | -50             | Green         | Future year savings                                |
| Service Reviews                             | -140            | -330            | -405            | Yellow        | Being Monitored                                    |
| Town Hall                                   | -70             | -70             | -70             | Green         | On track at Redditch for savings delivery          |
| Finance Vacancies                           | -100            | -100            | -100            | Yellow        | Being Monitored                                    |
| MRP   | -100            | -100            | -100            | Green         | On Track for Delivery                              |
| Pension Fund                                | -663            | -663            | -663            | Green         | On track as per actuarial triennial report         |
| Engage Capacity Grid (One Off)              | -200            | -200            | 0               | Yellow        | Being Monitored                                    |
| 10% Increase in Fees and Charges            | -382            | -389            | -390            | Green         | On Track - all implemented and being monitored     |
| <b>Tranche 1 Total</b>                      | <b>-1,655</b>   | <b>-1,877</b>   | <b>-1,778</b>   |               |  |
| <b>Phase 2 Savings</b>                      |                 |                 |                 |               |  |
| Additional Pensions Savings                 | -356            | -356            | -356            | Green         | On track as per updated actuarial triennial report |
| Conversion of 50% of Utilities to a Reserve | -351            | -351            | -351            | Green         | Reserve change done as part of 23/4 budget process |
| <b>Tranche 2 Total</b>                      | <b>-707</b>     | <b>-707</b>     | <b>-707</b>     |               |  |
| <b>Total Departmental Savings</b>           | <b>-2,362</b>   | <b>-2,584</b>   | <b>-2,485</b>   |               |  |
| <b>Government Funding</b>                   |                 |                 |                 |               |  |
| New Homes Bonus                             | -127            |                 |                 | Green         | As per Local Government Settlement                 |
| Services Grant                              | -68             |                 |                 | Green         | As per Local Government Settlement                 |
| Funding Guarantee                           | -1,027          |                 |                 | Green         | As per Local Government Settlement                 |
| C Tax Base Reduction                        | 24              |                 |                 | Green         | As per Local Government Settlement                 |
| Business Rates/Investment Inc Re-baseline   | -300            | -200            | -200            | Green         | As per Local Government Settlement                 |
| Future Years Settlements - assumption       |                 | -1,000          | -1,000          | Yellow        | Estimate - which 20% lower than 23/4 Amount        |
| <b>Total Government Funding</b>             | <b>-1,498</b>   | <b>-1,200</b>   | <b>-1,200</b>   |               |  |

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## BROMSGROVE DISTRICT COUNCIL

### **AUDIT, STANDARDS & GOVERNANCE COMMITTEE – WORK PROGRAMME 2023/24**

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#### **14<sup>th</sup> September 2023**

Standing items:

- Standards Regime – Monitoring Officer’s Report
- External Audit (Grant Thornton) – Progress Update
- Submission of Statements of Accounts (Verbal Update)
- Internal Audit Progress Report
- Financial Compliance Report
- Financial Savings Monitoring Report
- Risk Champion Update
- Committee Work Programme

Other items:

- Members’ Dispensations Report (Personal Dispensations)

#### **27<sup>th</sup> November 2023**

Standing items:

- Standards Regime – Monitoring Officer’s Report
- Risk Management Report / Corporate Risk Register
- External Audit (Grant Thornton) – Progress Update
- Submission of Statements of Accounts (Verbal Update)
- Internal Audit Progress Report
- Financial Compliance Report
- Risk Champion Update
- Committee Work Programme

Other items:

- Annual Review from the Local Government Ombudsman

#### **18<sup>th</sup> January 2024**

Standing items:

- Standards Regime – Monitoring Officer’s Report
- Risk Management Report / Corporate Risk Register
- External Audit (Grant Thornton) – Progress Update
- Submission of Statements of Accounts (Verbal Update)
- Internal Audit Progress Report
- Financial Compliance Report
- Risk Champion Update
- Committee Work Programme

Other items:

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## **AUDIT, STANDARDS & GOVERNANCE COMMITTEE – WORK PROGRAMME 2023/24**

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### **7<sup>th</sup> March 2024**

- Standards Regime – Monitoring Officer’s Report
- Risk Management Report / Corporate Risk Register
- External Audit (Grant Thornton) – Progress Update
- Submission of Statements of Accounts (Verbal Update)
- Internal Audit Progress Report
- Financial Compliance Report
- Risk Champion Update
- Committee Work Programme

Other items:

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\*postponed