

Public Document Pack



BROMSGROVE DISTRICT COUNCIL

MEETING OF THE AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

THURSDAY 16TH JANUARY 2025

AT 6.00 P.M.

PARKSIDE SUITE - PARKSIDE

MEMBERS: Councillors H. D. N. Rone-Clarke (Chairman), S. T. Nock (Vice-Chairman), R. Bailes, S. M. Evans, D. J. A. Forsythe, D. Hopkins, C.A. Hotham, D. J. Nicholl, S. R. Peters and J. D. Stanley

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 5th December 2024 (Pages 5 - 16)

4. **Standards Regime - Monitoring Officers' Report** (Pages 17 - 20)
5. **Financial Compliance Report** (Pages 21 - 36)

Appendix B – 2023/24 Statement of Accounts to follow in a supplementary papers pack.
6. **Capital Strategy 2025-26 including Treasury Management Strategy** (Pages 37 - 40)

Appendices to follow in a supplementary papers pack.
7. **Risk Champion Update** (Pages 41 - 42)
8. **Audit, Standards and Governance Committee Work Programme** (Pages 43 - 44)

Sue Hanley
Chief Executive

Parkside
Market Street
BROMSGROVE
Worcestershire
B61 8DA

8th January 2025

**If you have any queries on this Agenda please contact
Sarah Woodfield**

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GUIDANCE ON FACE-TO-FACE MEETINGS

**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.**



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BROMSGROVE DISTRICT COUNCIL

MEETING OF THE AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

5TH DECEMBER 2024, AT 6.00 P.M.

PRESENT: Councillors S. T. Nock (Chairman), R. Bailes, S. M. Evans,
D. J. A. Forsythe, D. Hopkins, S. R. Peters and J. D. Stanley

Observers: Councillor S.R. Colella

Officers: Mr P. Carpenter, Mr C. Green, Mrs D. Goodall,
Mr J. Murray (on Microsoft Teams) and Mrs S. Woodfield

36/23

APOLOGIES FOR ABSENCE AND NAMED SUBSTITUTES

Apologies for absence were received on behalf of Councillors C.A. Hotham, H.D.N. Rone-Clarke, D.J. Nicholl and Parish Councils' Representative M. Worrall.

Due to political balance changes the Chairman requested that a revised Member list be circulated to the Chairman and Vice Chairman. The Democratic Services Officer noted the matter and agreed to make the necessary arrangements.

37/23

DECLARATIONS OF INTEREST AND WHIPPING ARRANGEMENTS

There were no declarations of interest nor of any party whip.

38/23

TO CONFIRM THE ACCURACY OF THE MINUTES OF THE AUDIT, STANDARDS AND GOVERNANCE COMMITTEE MEETING HELD ON 10TH OCTOBER 2024

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

39/23

GRANT THORNTON - EXTERNAL AUDIT BACKSTOP REPORT

The Council's external auditor Grant Thornton presented the External Audit Backstop Report to the Board as follows:

- One of the legislative reporting requirements the Council had not achieved was the delivery of the 2020/21 Statement of Accounts, as such, the Council was issued with a Section 24 Statement. The Section 24 Statement was extended to also include the 2021/22 and

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2022/23 financial years in the 2021/22 and 2022/23 Draft External Auditors Report.

- Draft 2020/21 and 2021/22 accounts had been presented and placed on the Councils Website and the 30 days public consultation period was fulfilled. The draft 2022/23 accounts were published on the Councils website for public consultation on the 22 November 2024 which gave only 14 days, not the full 30 days, of public consultation before the Government would impose the Backstop date of the 13th December 2024.
- The report and specifically the appendices set out the External Auditors view of the accounts within the revised accounting arrangements due to the Government imposed backstop date for the delivery of accounts up to the 2022/23 financial year.
- The Council's External Auditors Grant Thornton, under the present backstop legislation, delivered a "Disclaimer Opinion" for all three years accounts. The Council, its Members, Officers and Stakeholders were to understand and approve the contents of the documents and the context within which they were made.

During consideration of the report, Members wished to express their thanks to the Finance Team and the External Auditors Grant Thornton for the work carried out. Members noted how much had been achieved since the Council had been issued with a Section 24 Notice.

RECOMMENDED that

- 1) The "Disclaimer Opinion" from the External Auditors for the 2020/21 Accounts is accepted.
- 2) The "Disclaimer Opinion" from the External Auditors for the 2021/22 Accounts is accepted.
- 3) The "Disclaimer Opinion" from the External Auditors for the 2022/23 Accounts is accepted pending the completion of the Public Inspection Period.
- 4) The "Bromsgrove District Council: Conclusion of the audit for 2020/21, 2021/22 and 2022/23 – letter to those charged with governance on the application of the Local Authority Backstop" is understood, accepted and approved.

40/23

FINANCIAL COMPLIANCE REPORT

The Deputy Chief Executive/Section 151 Officer provided the Financial Compliance Report for Members' consideration as follows:

- One of the legislative reporting requirements the Council had not achieved was the delivery of the 2020/21 Statement of Accounts. As such, the Council was issued with a Section 24 Statement. The Council's External Auditors, Grant Thornton considered that there

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was not sufficient time to conclude the work in advance of the 13 December 2024 backstop deadline. On that basis, their expectation was that they would apply the backstop for the 2020/21, 2021/22 and 2022/23 statement of account years. Given that a number of key audit areas remained outstanding, then their proposed audit reports would be issued as a disclaimer of opinion.

- Draft 2020/21, 2021/22 had been presented and placed on the Councils Website and the 30 days public consultation period fulfilled. The draft 2022/23 accounts were published on the Councils website for public consultation on the 22 November 2024 which would only have 14 days of public consultation before the Government Imposed Backstop date of the 13th December 2024.
- The report set out the Council's Letter of Representation as well as setting out how the Council had complied with the key and Improvement requirements set out in the External Auditor's Annual Reports.
- On the 3rd October 2024, the Council appointed Auditors for 2023/24, onwards Bishop Fleming notified the Council that they were resigning. The Council, following liaison with Public Sector Audit Appointments Limited (PSAA) for the appointment of alternative Auditors. It was confirmed by the PSAA that Ernst and Young would become the Council's External Auditors on the 24th October 2024.
- Ernst and Young noted that the challenging part of the onboarding process, and where they had difficulties elsewhere, would be the need to obtain returns from all elected Members. The typical time taken to obtain responses from Members had ranged from 6-12 months, which would not have met the deadline backstop date.
- The key returns that had not been delivered were the Revenue and Capital Outturn forms for 2021/22 and the VAT returns. Significant work had been undertaken by the Council's Tax advisors PS Tax in liaison with HMRC for the Council to return to normal VAT reporting.
- The financial stability and sustainability of the Council was a core underlying theme of the Council's Risk Management Strategy. The closure of the three years' accounts and submission of an audit opinion was key to ensuring there was external validation to the Council's overall financial position.

During the update Members discussed the following:

- The Chairman wished to express thanks to the Finance Team for the work carried out to the financial accounts.
- Members queried what returns Bromsgrove District Council (BDC) would expect for the Customs and Excise work for previous years. – In response it was noted that the expected return would be 40% for

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BDC and 60% for Redditch Borough Council (RBC), which also included the Housing Revenue Account (HRA) included.

- Members expressed concerns regarding the onboarding process for the newly appointed external auditors Ernst and Young regarding the need to obtain returns from all elected Members as the typical time taken to obtain responses elsewhere had ranged from 6-12 months. – It was explained that electronic forms were being reviewed as an alternative option to expedite the potential issue.
- Members discussed if any monies had been exchanged with the former external auditors Bishop Fleming and if so, could the funds be recovered. - Members noted that monies would be paid back through the Public Sector Audit Appointments Limited (PSAA).
- Members requested that Termination Benefits mentioned in the report be explained in more detail. – It was explained that these were due to past retirements funds.
- Special allowances in the report were also queried. – Members noted these were attributed to the Chairs of Committees.

RESOLVED that

- 1) Following the receipt of the “Disclaimer Opinion” from the External Auditors for the 2020/21 Accounts that these accounts are approved.
- 2) Following the receipt of the “Disclaimer Opinion” from the External Auditors for the 2021/22 Accounts that these accounts are approved.
- 3) That the Chairman of the Audit, Standards and Governance Committee is delegated authority to approve the 2022/23 Accounts following the completion of the Statutory 30-day Public Consultation.
- 4) The External Auditor’s “letter to those charged with governance on the application of the local authority backstop” be noted and outstanding actions followed up in subsequent Audit, Standards and Governance Committee meetings.
- 5) The process for inducting the Council’s new External Auditors, Ernst and Young, be noted.
- 6) The process and progress to date on the delivery of the 2023/24 accounts be noted.

RECOMMENDED that

Cabinet is recommended to approve the following:

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

41/23

INTERNAL AUDIT - PROGRESS REPORT

The Head of Internal Audit presented the Internal Audit Progress report to Members as follows:

- The purpose of the report was to provide an update of the Internal Audit's progress towards meeting its objectives in the audit plan for 2024/25 as approved by the Audit Standards and Governance Committee on 23rd May 2024.
- The Internal Audit Report for Procurement 2024/25 had been finalised.
- Audits for Risk Management, Accounts Payable, Benefits and Council Tax had all been completed and reports were near to completion.
- A full audit team was in place. The newly appointed Senior Auditor was settling into the role. There had been a long-term sickness case, with an agency appointed to cover during the period, however the full-time post had returned to work. The remaining auditor post had been filled and someone appointed to the role. A Chartered Institute of Public Finance and Accountancy (CIPFA) trainee had been on secondment with the Council during January and February 2024. An External Auditor had also been appointed to carry out the Cyber Security Review.
- Results of the internal audit for Procurement, showing as limited assurance within the report was discussed. Members were informed that there had been some improvements since the last audit had been carried out. It was also explained that the Council was reviewing nil compliance, with results showing that record retention was not always evident.
- Following an External Quality Assessment (EQA) the Definition of Priority of Recommendations Table was being amended for future reporting to include a Risk Management Framework, as an enhancement.

Following the presentation, members noted the following:

Progress was requested by Members regarding the recommendation to establish a deadline for Procurement Compliance Among Improving Services showing as a High Priority. – It was noted that this was being monitored carefully and that there was a change to follow up arrangements being put in place and a follow-up audit being carried for the following year. The Deputy Chief Executive/Section 151 Officer added that the Council's Tech One Financial System had working practices in place to monitor spend. Any Council purchase considered without a contract, or if a contract had expired, would be flagged by the Procurement Team with this working practice deficiency demonstrated in

future reports. The Deputy Chief Executive/Section 151 Officer agreed to inform the Portfolio Holders of the matter as an action, as requested by the Chairman.

RESOLVED that the Internal Audit Progress Report 2024/25 be noted.

42/23

RISK MANAGEMENT REPORT/QUARTERLY RISK UPDATE

The Deputy Chief Executive/Section 151 Officer presented the Quarterly Risk Update and in doing so noted that it was the ninth cycle of reviewing Corporate and Departmental Risks since the original baselining of Risks in April 2022. Over the period, the following was noted:

- Departmental ownership of risks and reviews at Management Teams had been held monthly.
- Active review, mitigation and reduction of risks had been carried out ensuring risks were managed as part of the Council's business practice.
- Updating of the 4Risk System, as the Authorities' repository for the information.
- The Officer Risk Group had actively reduced risk numbers through their work and a common approach to risk was being embedded within the Organisation.
- The Risk Level had moved to a Moderate Assurance level in May 2023.
- A follow up Audit had taken place in the 2024/25 financial year.
- As at the end of September 2024 the number of Risks remained at 40 although there were no Red Risks, with 26 Amber Risks and 14 Green risks.
- There was a new risk in finance linked to staff non-compliance of procurement processes which would be mitigated by additional training.
- Given the significant cyber risks faced by Council's, as noted in the Corporate Risks section, it was important Members and Officers engaged to mitigate risk. Using the KnowBe4 functionality and associated penetration tests were assisting in mitigating the risk for both Members and Staff.
- The Council's insurers highlighted Under-Insurance of Council assets due to incomplete assets and the use of Artificial Intelligence.

Following the presentation of the report, Members raised questions and made comments regarding several risks or potential risks.

Members queried if the Council's IT Department was reviewing the use of Artificial Intelligence (AI). – It was suggested that this was being considered for Job Descriptions within the Finance Department which then went through an approval process, although Councils and their insurers did have concerns regarding the decision-making process, ensuring that final checks were reviewed by Council Staff. Other areas for consideration were data cleansing, council tax records, business rates and the national fraud initiative.

RESOLVED that the present list of Corporate and Departmental Risks and their associated mitigations and request any additional risks to be considered be noted.

43/23

Q2 - SAVINGS REPORT

The Deputy Chief Executive/Section 151 Officer presented the Q2 Savings Report to Members as follows:

- As part of the 2024/25 budget, which was agreed at Council in February 2024, there were several saving options approved through the two-tranche process to deliver the balanced budget for the year. Additionally, an Improvement Recommendation in the Interim Auditors Annual Report on Bromsgrove District Council 2021/22 and 2022/23 would be part of the Audit, Governance and Standards Committee on a quarterly basis.
- The Council's Q2 financial position would be reported to Cabinet on the 10th December 2024. The report set out that the overspend position had increased to a £344k overspend position.
- The position at year end 2023/24 was that two Amber items required careful monitoring for the Service Review and the Capacity Grid Project. The Red Finance item would not be delivered; however, additional resource was in place to get the accounts up to date.
- The largest savings in recent years were on pension costs which linked to the 2023 triennial revaluation, with the revised figures running for three years. There was a risk for the 2026/27 financial year that the figures will go up when the next triennial revaluation took place.

The following items would require careful tracking in the financial year:

- Delivery of the 7% increases on Fees and Charges.
- The deliverability of the new Planning income increases.

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- Delivery of Parking increases were projecting to be circa £100k below the budgeted amount, which were signified as Red, although this would be reviewed through the Christmas period.
- The Environment Partnership would be level risk Red until the partnership began.

Following the presentation, Members raised the following points:

- It was queried if the suggested additional 1% Government Grant Increase would be considered for Council Tax period of 2025/26.
– It was noted that this would be considered at Cabinet and would be a positive for the Council, with an additional £92k for two-tranche of the budget plan.
- The Chairman raised the detail in the report regarding the deliverability of Parking increases projecting to be circa £100k below the budgeted amount, signified as Red. It was stressed that Members had expressed their concerns during numerous Committee meetings as a matter of concern. - It was advised that at Quarter 2 the projected income for the year was circa £200k under budget, however, was more than the actual parking figures for 2023/24, being linked to significant other changes in Parking provision. The difference would improve as Penalty Charge Notice (PCNs) income usually returned circa £100k a year, which would bring the deficit back to around the £100k figure.

RECOMMENDED that the Q2 position on the 2024/25 Departmental Savings Programme, including any potential implications for future years be noted.

44/23

RISK CHAMPION UPDATE

The Council's Risk Champion, Councillor R. Bailes presented to the Board as follows:

- It was felt that the role of Risk Champion was to promote, challenge and drive improvement of the Council's Risk Management process.
- To focus most effectively, Members were advised to focus less on concern with little influence and more on high influence and concern.
- All Council presented papers had reference to Risk and it was for Members to examine if risk was being mitigated sufficiently and to raise concerns if it felt appropriate. Identifying real as opposed to perceived risk was something that all Members should consider.

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- With collective Member experience and interests to provide healthy challenges was paramount for mitigating risk.

The following actions had taken place following appointment of the Risk Champion role:

- Regular meetings had been set up with the Section 151 Officer.
- Access to the Corporate Risks System, reviewing areas in Housing, Planning and Workforce Planning.
- When reviewing the actions in Workforce Planning, it was noted that two cases had not been updated for over 200 days. Actions for new in Post and illness was reviewed. It was highlighted that support for new in post should be reviewed to manage key risks.
- Review of the Risk Management Report being presented to the Audit, Standards and Governance Committee meeting. It was felt that a traffic light system should be introduced to demonstrate and highlight change to risk. Consistency of how risk is reported was also suggested as an area for improvement. – It was agreed that this would be reviewed, in particular for Climate Change and Equalities.
- It was felt that there was a training requirement for Members to establish how to raise a potential risk concern and it was suggested the matter would be raised at the Member Development Group. – The Head of Internal Audit agreed that the role of Members to scrutinise risk was important, with due diligence in areas potentially with no direct risk or not of significant risk. It was noted that all decisions carried risk and was important to identify these in areas during the decision-making process.

RESOLVED that the Risk Champion update be noted.

45/23

WHISTLEBLOWING

The Whistleblowing report was presented by the Deputy Chief Executive/Section 151 Officer and noted the following:

- The Chair of the Audit, Standards and Governance Committee requested that Council's Whistleblowing be brought to the Committee for Review. The Chair queried where the present Whistleblowing Policy was in order for Staff, Members and the Public to access.

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- Whistleblowing Policies were part of the wider Council's Human Resources Policies. Browne Jacobson were commissioned by the Council to review the policies in 2024 and initial drafts of the wider policies had been received by the Council.
- The final version of the Whistleblowing Policy as agreed by the Board set out the following:
 - What Whistleblowing and a Whistleblower is/are.
 - How Whistleblowing links to the equality's legislation.
 - How to raise concerns.
 - Protections for Whistleblowers.
 - Other Whistleblowing reporting routes.
 - How the overall process works.
- The Policy was to be located on the ORB under the "Working for Us" section. The Whistleblowing Policy related to staffing, as Members were covered by the Members Code of Conduct.
- The Policy would be presented to the Unions at the joint meeting in December 2024 for their comment and approval. Once the policy had been reviewed, it would replace the older version.

During consideration of the report, the following was discussed by Members:

- Members were pleased that there was a section incorporated in the report for "If an employee preferred not to raise a concern with their line manager or superior". It was also requested that "Head of Internal Audit" be added as an additional contact to the section. The matter was noted and agreed be actioned.
- If "What Is Whistleblowing" in the report include "Not Exhaustive" to the list of examples for serious misconduct or malpractice. – It was agreed this would be reviewed as an action.
- If a glossary for Protection of Harassment and Victimisation be added to define the difference. – It was agreed this would be noted as an action.

RESOLVED that

- 1) The progress on the updated Whistleblowing Policy; and
- 2) The progress on where the Whistleblowing Policy can be accessed be noted.

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AUDIT, STANDARDS AND GOVERNANCE COMMITTEE WORK PROGRAMME

The Audit, Standards and Governance Committee Work Programme was reviewed by Members.

The Deputy Chief Executive/Section 151 Officer reported Members were to note in advance of the forthcoming Audit, Standards and Governance meeting held on 16th January 2025, that reviewing the option of reverting back to four meetings a year, would be a matter for discussion.

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

The meeting closed at 7.40 p.m.

Chairman

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MONITORING OFFICER'S REPORT

Relevant Portfolio Holder	Councillor K. May
Portfolio Holder Consulted	Yes
Relevant Head of Service	Claire Felton
Report Author Claire Felton	Job Title: Assistant Director of Legal, Democratic and Procurement Services Contact email: c.felton@bromsgroveandredditch.gov.uk
Wards Affected	N/A
Ward Councillor(s) consulted	N/A
Relevant Council Priority	Sustainable
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 meeting of the Committee in October 2024.

2.2 It has been proposed that from 2024-25 a report of this nature be presented to the Committee on a quarterly basis 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.

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. COUNCIL PRIORITIES - IMPLICATIONS

Relevant Council Priorities

- 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 the Council is sustainable.

Climate Change Implications

- 5.2 There are no specific climate change implications.

6. OTHER IMPLICATIONS

Equalities and Diversity Implications

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

Operational Implications

Member Complaints

- 6.2 Since the last report the Council received three new complaints. Each complaint was assessed and found not to be a member conduct matter.

Constitution Review

- 6.3 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.
- 6.4 The next meeting of the CRWG is due to take place on 29th January 2025. Any recommendations arising from this meeting will be reported to the Council meeting due to take place on 19th February 2025.

Member Development

- 6.5 The Member Development Steering Group (MDSG) is responsible for co-ordinating Member training, induction and ICT support. The group meets throughout the year.
- 6.6 The next meeting of the MDSG is due to take place on Monday 20th January 2025.

Member Training

- 6.7 A Member training programme was arranged for 2024/25. This programme was organised in accordance with arrangements requested by the MDSG. In line with the approach agreed by the MDSG, a lot of this training has been delivered jointly with Redditch Borough Council.
- 6.8 The MDSG has previously requested that the majority of training should be delivered in person. However, Members can opt to attend most training sessions remotely, with the link to the session provided on request.
- 6.9 The training sessions that have taken place since the last Monitoring Officer's report or which are shortly due to take place include:
- Member Safety Training – 4th November 2024
 - Member Training – Appointments – Tuesday 19th November 2024
 - Member Planning Training – Thursday 9th January 2025
 - Training for Members of the Shareholders Committee – Thursday 6th February 2025

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6.10 Training continues to be offered by the Local Government Association (LGA) to elected Members. This training is promoted to Members throughout the year.

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.

9. REPORT SIGN OFF

Department	Name and Job Title	Date
Portfolio Holder	Councillor K. May, Leader and Cabinet Member Strategic Partnerships and Governance	6/1/25
Lead Director / Head of Service	Claire Felton - Head of Legal, Democratic and Property Services	
Financial Services	N/A	
Legal Services	Nicola Cummings, Principal Solicitor (Governance)	23/12/24

BROMSGROVE DISTRICT COUNCIL

Audit, Standards and Performance Committee 16th January 2025

Accounting Policies Report

Relevant Portfolio Holder		Councillor Steve Colella Finance Portfolio Holder
Portfolio Holder Consulted		Yes
Relevant Head of Service		Debra Goodall
Report Author	Job Title: Assistant Director Finance & Customer Services Contact email: Debra.Goodall@bromsgroveandredditch.gov.uk Contact Tel:	
Wards Affected		All
Ward Councillor(s) consulted		No
Relevant Strategic Purpose(s)		All
Non-Key Decision		
If you have any questions about this report, please contact the report author in advance of the meeting.		

1. RECOMMENDATIONS

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

- 1) That the Committee note that the 2022/23 Accounts, following delegated approval, have been signed off.
- 2) That the Committee note the position in relation to the delivery of the 2023/4 Accounts
- 3) Following the delivery of receipt of “Disclaimer Opinion’s” from the External Auditors for the 2020/21 and 21/22 Accounts, as approved at the Committee meeting on the 5th December, the subsequent “Disclaimer Opinion” of the 22/23 Accounts on the 3rd January and the provision of the 2023/24 Accounts for Public Consultation on by the 17th January 2025 as per the backstop regulations, that Audit, Standards and Governance Committee meetings revert to being quarterly in nature.
- 4) The ongoing process for inducting the Council’s new External Auditors, Ernst and Young, be noted.

To **RECOMMEND** to Cabinet

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

2. BACKGROUND

- 2.1 From a Governance point of view, the financial framework under which the Council works is set out in the Constitution. In addition to this there are legislative reporting requirements which set out what needs to be done and by when. The Accounting Policies report which was tabled at the Audit, Standards and Governance Committee on the 1st June set out the

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Financial Governance Framework, and associated references to key documentation, that the Council, it's Member and Officers work to. These 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.

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

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

2.5 With the Council having provided its accounts as per “backstop legislation” up to the 2023/24 financial year requirements, it is proposed that the frequency of Audit Committee meetings reverts to quarterly. It is important though that the processes that were put in place following the issuing of the Section 24 Statement are continued via this quarterly Financial Compliance Report.

2.5 The 2024/5 budget was approved at Council on the 21st February 2024.

Legislative Requirements

2.6 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.

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

Agenda Item 5

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

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

Agenda Item 5

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

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

This data for Sept 24 to March 25 is set out in **Appendix A** in Calendar format.

Budget

- Delivered by 11th March in preceding financial year – **2024/5 Budget and MTFP delivered 21st Feb 2024. Tranche 1 2025/26 delivered in January 2025.**
- Council Tax Base – Yearly – **2024/25 delivered on 17th January 2024**
- Council Tax Resolution – **Yearly 2024/5 delivered on 21st February 2024**
- Council Tax Billing – Yearly (2 weeks before 1st DD is due to be taken) – **Bills distributed in March 2024**
- **Policies**
 - Treasury and Asset Management Strategies
 - 23/24 Draft Outturn Report **delivered September 24.**
 - 24/25 Strategy Approved **delivered 21st Feb 2024.**
 - 25/26 Strategy – **Coming to this Committee for approval.**
 - 24/5 Council Tax Support Scheme **approved on 24th January 2024. 25/6 Approved at Cabinet in January 2025**
 - Minimum Revenue Provision – yearly – **Approved as part of the 2024/5 MTFP, with 2025/6 included in the 25/26 Treasury and Asset Management Strategy.**
 - Financial Monitoring – **2024/5 Q1 Finance and Performance Report delivered to Cabinet Sept 24. Q2 on 10th Dec 24.**
 - Risk Management – **Q1 2024/5 delivered July 2024, Q2 in Dec 24..**
 - Savings Report – **23/4 Outturn Report delivered in May 2024, Q1 24/5 in Sept 24, Q2 in Dec 24**
 - Financial Controls (still in development)
 - Clearance of suspense accounts – See the chart at the end of this Report for progress.
 - Bank Reconciliation - **linked to above point although a separate stream assessing/clearing 2023/4 and prior year items.**
 - Over £500 spending.
 - **Updated to October 2024.**

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

- Closure
 - **2020/21 to 22/23 implication of Audit Opinions**
- Government Returns
 - VAT – Monthly
 - **discussions ongoing with HMRC since mid summer 2024 with final versions provided to get transactions up to date on the 19th December 2024.**
- Revenue Outturn Reports

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- **Still to be delivered for 21/22.**
- Whole of Government Accounts Returns
 - **Still to be delivered**

2.8 The key returns that have still not been delivered are the Revenue and Capital Outturn forms for 2021/22 and the VAT returns. Significant work has been undertaken by the Council’s Tax advisors PS Tax in liaison with HMRC in order for the Council to return to normal VAT reporting and final version working papers have been provided to HMRC on the 19th December 2024.

Update on the Statement of Accounts

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

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

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

2.11 The Council, as set out at the meeting on the 5th December has received “Disclaimer Opinions” for the 2020/21, 2021/22, and 2022/23. The Council will not have an opinion from it’s new External Auditors until the onboarding process is complete. An update on this is onboarding is given in a later Section of this report.

2.12 The council’s position on these key Closure deliverables are as follows:

- Closure 2020/21
 - Reported as per the 5th December Audit Committee and Disclaimer Opinion received and approved.
- Closure 2021/22
 - Reported as per the 10th December Audit Committee and Disclaimer Opinion received and approved.

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- Closure 2022/23
 - Reported as per the 5th December Audit Committee and “Disclaimer Opinion” received and approved following the completion of the public consultation period on the 7th January 2025.

- 2.13 As per the requirement of the Draft External Auditors Report 21/22 and 22/23 on the 27th November 2023, the External Auditors made a further written recommendation of the Authority under section 24 of the Local Audit and Accountability Act 2014 in relation to its financial systems and governance arrangements. They recommended that the authority should produce “true and fair” draft accounts for 2020/21, 2021/22 and 2022/23 signed off by the S151 Officer and supported by high quality working papers. This has now been complied with although given the instigation by the Government of the backstop date and the requirement of “disclaimer opinion” audits across the Country it is not clear how the new Auditors will frame their 2023/4 External Audit Report in respect of this matter.

- 2.14 As has been reported previously the combined 2021/21 & 2022/23 Draft External Audit Report set out that:
 - The S24 Recommendation still in place and extended for 2021/2 and 2022/3 Accounts.
 - 5 of the 6 2020/21 Key Recommendations either delivered or now linked to Improvement Recommendations.
 - 9 of 13 2020/21 Improvement Recommendations either fully or partially delivered.
 - There was one new Key Recommendation – linked to Workforce Strategy.
 - There were ten updated Improvement Recommendations.

- 2.15 In terms of those Draft External Audit Reports the following progress has been made against recommendations (Key and Improvement):
 - The Accounting Policies Report goes to every Audit Committee.
 - The key closure deliverables for each financial year are clearly set out. The owners of these deliverables are the S151 and Deputy S151 Officers.
 - Progress on key financial and compliance indicators are reported monthly to CMT and to both Audit Committees bi-monthly by the S151/Deputy 151 Officers. There is a requirement to report all finance deliverables as per the Recommendations of the Audit Task Group.
 - Delivery of Financial training detailed in this document will move staff to right level of skills.
 - TechOne has been upgraded to version 23A in July 2023.
 - Quarterly combined financial and performance monitoring started in the 2022/23 financial year and has continued in 2024/5 with Q1 and Q2 delivered.
 - The 2024/5 MTFP process has been completed in both Councils and the 2025/6 process started.
 - Risk workshops are still to be run to assess Risk Appetite of Cabinet and Audit Committees. This will happen across both Councils now the Redditch elections have been completed.
 - A Treasury Management strategy, half yearly report, and outturn report are now part of the work programme. 2024/5 Half Yearly Reports have been delivered.
 - To address staffing issues, additional posts have been recruited to as the team looks to start to move any from its reliance on external agency/consultants.

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In terms of more specific items:

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

2.16 It was confirmed by the PSAA that Ernst and Young would become the Councils External Auditors on the 24th October, and that the onboarding process has now starting.

2.17 Ernst and Young note that the challenging part of the onboarding process, and where they have had difficulties elsewhere, will be the need to obtain returns from all elected members. The typical time taken to obtain responses from all members elsewhere has ranged from 6-12 months, which we will need to significantly shorten in order to meet the backstop date, and they will appreciate our assistance on this. What has worked elsewhere in shortening these timescales is making completion a step at a physical council meeting when most members would be present. The Officer and Member Onboarding questionnaire has been circulated in November but there are still Members and Officers to still respond. Ernst and Young need this completing before they can start any work on the 2023/24 Accounts.

2.18 In terms of the 2023/4 Closure position, discussions are still to be held with Ernst and Young on the actual programme, pending onboarding, but all parties are aware of the backstop date of the 28th February 2025 by what public consultation will have to have been completed. Accounts have been provided for Public Consultation by the 17th January "backstop" due date.

2023/24 Accounts will be provided in Appendix B once completed

Closure 2023/24 high level deliverables:

- Draft provisional Outturn Report presented to Cabinet in July 2024.
- RO/CO Returns have been provided to Government.
- Draft Accounts planned to be available for public consultation in early January in order to comply with Backstop requirements.

Update On 2024/25 Budget

BROMSGROVE DISTRICT COUNCIL

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- 2.23 The Councils 2024/25 Budget was approved on the 21st February 2024 at Council. Budgets were loaded onto TechOne in March. The 2025/26 budget process is again being delivered as a two Tranche process
- 2.22 Quarter One 2024/5 Financial and Performance monitoring went to Cabinet in September 2024. Quarter 2 2024/5 Financial and Performance monitoring went to Cabinet in December 2024.

Compliance Items

- 2.23 In their meeting in January 2024, Members requested further training to ensure they were informed in their decision making in this committee. Two sessions have been held in May and July.
- 2.24 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 and the Combined 2021/22 & 2022/23. These items are being measured to improve how we work and change behaviours. This will lead to an improved financial health/knowledge across both Councils. Not all these measures can be put in place instantly but there should be the full suite by the middle of the summer (Debt indicators depend on the clearing of suspense and the updating of the bank reconciliations).

Training:

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

New tranches of training are being organised

Treasury Management

- The 2023/4 Outturn Report was approved by Cabinet in September (Council in October).
- The 2024/5 Strategies were approved by Council in February.
- The 2025/6 Draft Strategies are on today's agenda for approval.
- The Q1 and Q2 2024/5 positions have been reported in the Finance and Performance Reports.

Errors:

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

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Procurement:

- The new 'No Compliance No Order' process has been live since April 2023.
- The number of contracts in place is growing regularly and we are confident that this process is having a positive effect. We hope that eventually we get to the place where the number of orders coming to procurement for approval as contracts are not in place are minimal.
- Council in February approved an increase of the Key Decision Level from £50k to £200k. The Finance and Performance Monitoring Reports now set out:
 - All contracts requiring renewal over the next year that are over the present £200k threshold and these are placed on the forward plan.
 - All contracts requiring renewal over the next year that are between £50k and £200k for reference.
 - All contracts that are being procured by Redditch over this period that relate to Bromsgrove Services.

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

Summary

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

4. LEGAL IMPLICATIONS

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

5. STRATEGIC PURPOSES - IMPLICATIONS

Relevant Strategic Purpose

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

BROMSGROVE DISTRICT COUNCIL

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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 and 2024/25 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 and part of this Committees remit to scrutinise. The closure of the four years accounts up to 2023/24 and submission of an audit opinion up to 2022/23 is key to ensuring there is external validation to the Councils overall financial position.

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

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

8. BACKGROUND PAPERS

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

Section 24 Report to Audit and Council – November/December 2022.

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

Finance Recovery Report – July 2023, October 2023, September 2024 – Cabinet

Programme Management Office Requirements – June 2023 – Cabinet

Approvals to Spend Report - July 2023 – Cabinet

9. Appendices

Appendix A – Calander of Financial Requirements – Sept 24 – March 25

Appendix B – 2023/24 Statement of Accounts (once completed)

BROMSGROVE DISTRICT COUNCIL

Audit, Standards and Performance Committee 16th January 2025

Appendix A – Calendar of Financial Requirements

JANUARY 2025				
MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
30	31	1	2	3
6 Quarterly Borrowing and Lending	7	8	9	10 Council Tax and NDR Collection – Q3 (QRC3)
13	14	15	16	17 Capital Payments and Receipts Q2 (CPR3)
20	21	22	23	24 Quarterly Revenue Update – Q3 and 4 (QRU3)
27	28	29	30	31 Non-Domestic Rates Forecast (NDR1)

FEBRUARY 2025				
MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
27	28	29	30	31
3	4	5	6	7
10	11	12	13	14
17	18	19	20	21
24	25	26	27	28

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MARCH 2025				
MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
24	25	26	27	28
3	4	5	6	7
10	11	12	13	14
17	18	19	20	21
24	25	26	27	28
31	1	2	3	4

Council Tax
Requirement /
Parish Council Tax
(CTR1/2/3/4)

Capital
Estimates
Return
(CER)

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Appendix B – 2023/24 Statement of Accounts (once completed)

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BROMSGROVE DISTRICT COUNCIL

AUDIT, STANDARDS and GOVERNANCE COMMITTEE

16th JAN 2025

Capital Strategy 2025/26 Including Treasury Management Strategy

Relevant Portfolio Holder		Councillor Colella – Cabinet Member for Finance and Governance
Portfolio Holder Consulted		Yes
Relevant Head of Service		Debra Goodall
Report Author	Job Title: Assistant Director Finance & Customer Services Contact email: Debra.goodall@bromsgroveandredditch.gov.uk Contact Tel:	
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. Audit, Standards and Governance Committee are asked to RECOMMEND TO COUNCIL that

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

2. BACKGROUND

- 2.1 The report for 2025/26 is required following changes in the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Ministry of Housing Communities and Local Government guidance. It combines an overview of how capital expenditure, capital financing, treasury and other investment activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability. The strategies set limits and indicators that embody the risk management approach that the Council believes to be prudent. The strategies are set against the mid-term financial strategy, the context of the UK economy and projected interest rates.
- 2.2 The Council are required to set a balanced operating budget. The role of the treasury function is to manage cash flow within the authority so that the demands of expenditure can be met. The policies included in this report set out the criteria in which the Council can manage its Treasury management function.
- 2.3 The CIPFA Code of Practice for Treasury Management in Public services (the CIPFA TM Code) and the Prudential Code require local

authorities to set the Treasury Management Strategy Statement (TMSS) and Prudential Indicators each financial year. The TMSS also incorporates the Investment Strategy as required under the CLG's Investment Guidance. In addition, the Council has to receive a report on treasury management, and this is reported on a quarterly basis which is included within the Quarterly Monitoring Report.

2.4 CIPFA has defined Treasury Management as:

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

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

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

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

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

2.8 The Council has closed its 2020/21, 2021/22, 2022/23 Accounts and the 2023/24 accounts are out for consultation to comply with the Governments “backstop requirements”. However, like many other Councils, “Disclaimer Opinions” have been received for 2020/21 through to 2022/23 as per the “backstop requirements” and the implications of these opinions are still not clear. The Strategies will be updated, if required, once the Accounts have been closed and approved.

3. LEGAL IMPLICATIONS

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

4. STRATEGIC PURPOSES - IMPLICATIONS

Relevant Strategic Purpose

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

Climate Change Implications

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

5. OTHER IMPLICATIONS

Equalities and Diversity Implications

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

Operational Implications

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

6. RISK MANAGEMENT

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

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

7. APPENDICES and BACKGROUND PAPERS (to follow)

Appendix A – Capital Strategy 2025/26

Appendix B – Treasury Management Strategy 2025/26

Appendix C – Minimum Revenue Provision Statement 2025/26

Appendix D – Investment Strategy 2025/26

BROMSGROVE DISTRICT COUNCIL

AUDIT, STANDARDS and GOVERNANCE COMMITTEE

16th JAN 2025

9. REPORT SIGN OFF

Department	Name and Job Title	Date
Portfolio Holder	Cllr Colella	
Lead Director / Assistant Director	Pete Carpenter	
Financial Services	Debra Goodall	
Legal Services	Claire Felton	
Policy Team (if equalities implications apply)		
Climate Change Officer (if climate change implications apply)		

Appendix 1 Member Risk Champion – Roles and Responsibilities

The overall purpose of the role of the Member Risk Champion is to promote, encourage, challenge and drive improvement of the Council's Risk Management processes. The Champion will work closely with Member colleagues and officers in meeting the risk management responsibilities.

The Risk Champion at the Council is expected to provide regular updates at every meeting of the Committee in respect of their work as Risk Champion. This could take the form of written or verbal updates to the Committee.

The main responsibilities of the Member Risk Champion are:

- to promote the Council's Risk Management Strategy and acting as a recognised point of contact for risk related questions.
- to help ensure the Council's risk management systems are operating effectively and to report to the Audit, Standards and Governance Committee as to the robustness or otherwise of those systems.
- to encourage Member colleagues to raise the profile of risk at both formal and informal council meetings thereby embedding the risk management throughout the Council.
- to raise and maintain an awareness of all matters connected with risk management.
- to take a lead role in the development of all members in relation to risk management.

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AUDIT, STANDARDS & GOVERNANCE COMMITTEE – WORK PROGRAMME 2024/25

20th March 2025

- Standards Regime – Monitoring Officer's Report
- Risk Management Report / Corporate Risk Register
- External Audit Backstop Report
- Internal Audit Progress Report
- Financial Compliance Report
- Risk Champion Update
- Committee Work Programme

Other items:

- Audit, Standards and Governance Committee Annual Report 2024/25

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