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BROMSGROVE DISTRICT COUNCIL

MEETING OF THE AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

THURSDAY 20TH MARCH 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 16th January 2025 (Pages 5 - 16)**

4. **Standards Regime - Monitoring Officers' Report** (Pages 17 - 22)
5. **Internal Audit Progress Report** (Pages 23 - 36)
6. **Financial Compliance Report** (Pages 37 - 50)
7. **Risk Management Report / Corporate Risk Register** (Pages 51 - 76)
8. **Financial Savings Monitoring Report - Q3** (Pages 77 - 84)
9. **Audit, Standards and Governance Committee Annual Report 2024/25**
(Pages 85 - 100)
10. **Risk Champion Update** (Pages 101 - 102)
11. **Audit, Standards and Governance Committee Work Programme** (Pages
103 - 104)

Sue Hanley
Chief Executive

Parkside
Market Street
BROMSGROVE
Worcestershire
B61 8DA

12th March 2025

If you have any queries on this Agenda please contact
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BROMSGROVE DISTRICT COUNCIL

MEETING OF THE AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

16TH JANUARY 2025, AT 6.00 P.M.

PRESENT: Councillors H. D. N. Rone-Clarke (Chairman), S. T. Nock (Vice-Chairman), A. Bailes (Substitute), R. Bailes, S. M. Evans, D. J. A. Forsythe, D. Hopkins, D. J. Nicholl, S. R. Peters, J. D. Stanley and M. Worrall (Parish Representative)

Observers: Councillor S. R. Colella – Cabinet Members for Finance

Officers: Mr P. Carpenter, Ms. N Cummings, D Goodall and Mrs S. Woodfield

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APOLOGIES FOR ABSENCE AND NAMED SUBSTITUTES

Apologies for absence were received on behalf of Councillor C.A. Hotham. It was noted that Councillor A. Bailes was a substitute member for Councillor C.A. Hotham.

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DECLARATIONS OF INTEREST AND WHIPPING ARRANGEMENTS

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

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TO CONFIRM THE ACCURACY OF THE MINUTES OF THE AUDIT, STANDARDS AND GOVERNANCE COMMITTEE MEETING HELD ON 5TH DECEMBER 2024

The minutes of the meeting of Audit, Standards and Governance Committee held on Thursday 5th December 2024 were submitted for Members' consideration.

RESOLVED that the minutes of the Audit, Standards and Governance Committee meeting held on 5th December 2024 be agreed as a true and correct record.

50/23

STANDARDS REGIME - MONITORING OFFICERS' REPORT

The Principal Solicitor for Governance presented the Standards Regime Monitoring Officer's report.

Since the last report the Council had received three new complaints. Each were assessed and found not to be a member conduct matter.

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The next meeting of the Constitution Review Working Group (CRWG) was due to take place on 29th January 2025. Any recommendations arising from that meeting would be reported to the Council meeting due to take place on 19th February 2025.

The next meeting of the Member Development Steering Group (MDSG) was due to take place on Monday 20th January 2025.

Relevant Member training sessions had taken place since the last Monitoring Officer's report, or which were due to take place were detailed in the report.

Following consideration of the report, Members made the following comments:

- It was requested that a list of Members on the Development Steering Group (MDSG) Committee be made available to Members and if the Notes were available for Audit, Standards and Governance Members' consideration? – Officers agreed to review the request as an action.
- Members noted that three complaints had been reported since the last meeting. It was queried if the necessary forms had been completed and how they were assessed? – In response Members were informed that the three complaints within the report were all considered to be non-Member conduct matters, as the individuals were not acting as capacity of Councillor, in which the Code of Conduct only applied. As part of the review, completion of the relevant forms was sometimes requested but were not always a requirement. The Monitoring Officer or Deputy Monitoring Officer initially reviewed the complaint to determine if the complaint could and should be investigated i.e. if the person was acting in capacity as Member. If it was a consideration, the individual would comment in the first instance, where possible.
- Members requested the term "independent person" be explained further. – Members were advised that if a complaint was to be reviewed formally, the views of the Independent Person would be sought.
- Members were also asked to note that a consultation (responses due by 26th February 2025) regarding proposed changes to the Standards Framework would be discussed at a Group Leaders Meeting in early February 2025.
- Members discussed whether an Independent Member with an accountancy background should be present during Audit, Standards and Governance Committee meetings as good practice. – Members were informed that there was a difference between an Independent Member and an Independent Person. The consultation is seeking views on whether Independent Members should be given voting rights.
- Members queried if Parish Councillors were reported as part of the monitoring process. – Members were informed that Parish

Councillors did form part of the monitoring process but confirmed that the three complaints received and contained within the report were confirmed as District Councillors.

- It was queried if County Councillors were part of reporting. – It was confirmed that complaints concerning County Councillors would be sent to the Monitoring Officer at County Council.
- Following Members' consideration of the necessary forms to be completed for a complaint, it was requested that further information be provided to assist Member's understanding of the complaints within the report. – In response the Principal Solicitor for Governance informed the Committee that two of the reports were Member to Member complaints and the other remaining complaint received from the public to a person acting entirely as a member of the public and not as a Member.

The Chairman concluded discussions and suggested that a review of the Standards Regime Monitoring Officer report was required to assist Members' future considerations of the report. It was suggested that further details specifically be included to advise who the complaint was referring to i.e. if a Parish Councillor or a District Councillor and who filed the initial complaint i.e. if from a Member or the Public. It was agreed that this would be reviewed.

RESOLVED that subject to Members' comments, the report be noted.

51/23

FINANCIAL COMPLIANCE REPORT

The Section 151 Officer provided the Financial Compliance Report for Members' consideration.

The Financial Compliance report began in January 2023, following the Section 24 reports which set out how the Council complied with its financial legislative requirements. One of the legislative reporting requirements the Council had not achieved was 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. Following the issuing of the Section 24 Statements and a review of why the Council were issued with the Notice (undertaken by a Task Group of this Committee), the decision was taken to increase the frequency of Audit Committee meetings to six times a year until the Council had rectified its accounts. With the Council having provided its accounts as per the "backstop legislation" up to the 2023/24 financial year requirements, it was proposed that the frequency of Audit Committee meetings revert to quarterly. It was important that the processes that were put in place following the issuing of the Section 24 Statement continue via the quarterly Financial Compliance Report.

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The 2024/25 budget was approved at Council on the 21st February 2024. Table 2.7 of the report sets out the finance legislative requirements up to March 2025, showing that the Council was compliant in terms of delivery and timescales. The report also set out the plethora of financial reports and strategies that were required to be formulated and complied with.

The key returns which 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 His Majesty's Revenue and Customs (HMRC) in order for the Council to return to normal VAT reporting and final version working papers had been provided to HMRC on the 19th December 2024.

The Council's position on the key Closure deliverables were 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.
- 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.
- Closure 2023/24
 - Draft accounts were placed on the Council's website on 15th January 2025. The Council complied with the 2023/24 Backstop requirements for consultation.
 - An opinion from Ernst and Young would not be received until the onboarding process had been completed.

The Assistant Director of Finance and Customer Services presented the 2023/24 accounts for Members' consideration as follows:

- The Expenditure and Funding Analysis in the report showed the outturn position revenue overspend was £1.954m which had moved by £1.150m since reported previously.

Key movements related to:

- £360k additional spending relating to agency costs in Finance.
- £470k Housing Benefit costs associated with Bed and Breakfast.
- £200k costs for the Local Elections.
- £150k expenditure for Artrix Business Rates.

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- Capital outturn showed a £7.1m underspend against a budget of £11.1m with a £4m spend which was due to delays in the commencement of projects and slower spend than anticipated.
- Comprehensive Income and Expenditure Statement for the year ending 31st March 2024 showed Community and Housing GF Services had a reduction in income for 2023/24 mainly due to covid grants. Other operating expenditure had a reduction in losses on disposal for non-current assets in 2023/24. Surplus of Deficit on revaluation of Property, Plant and Equipment had decreased due to a normal year in terms of revaluing.
- Movement in Reserves stayed approximately the same, moving from £11.159m to £11.014m. Balances had increased from £13.104m to £13.520m.
- Balance Sheet Current Liabilities had increased by approximately £7m, mainly for short-term liabilities and short-term creditors due to borrowing from RBC. Provisions decreased due to business rates appeals. Other long-term liabilities related to Pension issues and revalue of opening balances.

During consideration of the report, Members discussed the following:

- Members requested an update regarding the tax rebate from HMRC. – In response Members were informed that delays were due to several queries and assurances required but work was progressing. Members also queried details of when the last rebate had been claimed and how BDC envisaged future reporting would be carried out. – Members noted that past reporting had been carried out on a quarterly basis but future reporting, as of April 2025, would be monthly.
- Members queried why there was no budget included in Election Services for 2023/24. - Members were informed that as Elections were held every four years, funds would be taken out of the general reserve.
- It was queried if the issues with BDC's financial reserves were a national or local issue. – It was reported that the financial issues were typically from Covid, with services for 2020/21 and 2021/22 not being delivered which had also affected the following years productivity.
- Members requested that Risk Workshops included in the report could be explained further. – It was explained that the Risk Workshops were a requirement regarding the Corporate Strategy to assist Members to understand the boundaries in terms of the decision-making process.
- Members highlighted a typographical error on page 32 of the agenda which read: "*Interim Auditors Annual Report on Bromsgrove District Council 2021/22 & 2/22/23*" which should read "*Interim Auditors Annual Report on Bromsgrove District Council 2021/22 & 2022/23*".

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- Members referred to the report in which it stated that in February the Council had approved an increase of the Key Decision Level from £50k to £200k. Members queried if consultancy fees were included as part of the reporting in the section. – The Section 151 Officer responded that if the fees were over the required thresholds, consultancy fees should have been included.
- Challenges with the onboarding process for the new external auditors Ernst and Young was noted and Members queried if the issues related to the Local Authority's signing of the non-disclosure agreement. – It was explained that difficulties had occurred as Members had been approached directly by the external auditors, however, Members were reassured that outstanding forms would be chased and progressed. Members were also informed that compliance checks would also be a future requirement for Member's consideration.
- Members requested a further explanation regarding the £868k overspend for Financial and Customers Services, with salary underspends due to vacancies which were offset by additional agency costs. - In response it was explained that costs were due to the issues with filling permanent posts. Out of 850 substantive posts, approximately 100 posts were covered by agency staff through Opus, mainly within Housing, Planning and Finance which was a national issue. However, posts were being filled by permanent staff, with a turnover rate of 7%.
- Pressures relating to the Artrix for business rates of £150k was raised by the Committee. – Members noted that BDC had been liable for business rates costs when the building was dormant but as the building was occupied, BDC would not be liable for future costs.
- Members also queried and requested a further explanation for the Planning, Regeneration and Leisure Services including additional costs for NWEDR, in Development Management due to Professional Fees overspend of £261k. – The Section 151 Officer agreed to provide a breakdown of costs to Members.
- Members requested what BDCs liability and risks were over the next few years concerning employees' possible unwillingness to join the Council's pension scheme? – In response the Section 151 Officer agreed that it had become a significant issue over the past years. Directors of Finance across Worcestershire held a meeting at the end of December 2024 to discuss the risks for Local Authorities. During the meeting it was discussed that the Government had loosened the length of time funds were required to be solvent. Members also noted that Tranche 1 of the budget for BDC included a £200k increase in budget, however, the full amount may not be required.
- Members noted that Spadesbourne Homes accounts were filed up to September 2024 and queried why accounts hadn't been filed up to March 2024, in line with the other accounts prepared. – Members were informed that there had been some difficulties with Spadesbourne Homes trading within the required financial year and had issues with the contract being signed by Bromsgrove

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District Housing Trust (BDHT). However, the accounting period would be reviewed for future reporting.

RESOLVED 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.

RECOMMENDED that:

Cabinet is recommended to approve the following:

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

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CAPITAL STRATEGY 2025-26 INCLUDING TREASURY MANAGEMENT STRATEGY

The Section 151 Officer presented the Capital Strategy 2025-26 including Treasury Management Strategy report to Members.

The report for 2025/26 was required following changes in the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Ministry of Housing Communities and Local Government guidance. It combined an overview of how capital expenditure, capital financing, treasury and other investment activity contributed to the provision of local public services along with an overview of how associated risk was managed and the implications for future financial sustainability. The strategies set limits and indicators that embodied the risk management approach that the Council believed to be prudent. The strategies were set against the mid-term financial strategy, the context of the UK economy and projected interest rates.

The Council were required to set a balanced operating budget. The role of the treasury function was to manage cash flow within the Authority so that the demands of expenditure could be met. The policies included in the report set out the criteria in which the Council could manage its Treasury management function.

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

The Council regarded the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities would be measured. Treasury management risks were identified in the Council's approved Treasury Management Practices. In formulating the Treasury Management Strategy and the setting of the Prudential Indicators, the Council adopted the Treasury Management Framework and Policy recommended by CIPFA.

The Council had closed its 2020/21, 2021/22, 2022/23 Accounts and the 2023/24 accounts were 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 were still not clear. The strategies would be updated, if required, once the Accounts had been closed and approved.

Given that the Council had only recently delivered its 2023/24 Accounts which did input into the returns, Members were advised that the report would be deferred to written representations.

RECOMMENDED that:

Cabinet are asked to:

- Note the Council's Treasury performance for Q2 of the financial year 2024/25.
- Note the position in relation to the Council's Prudential indicators.

53/23

RISK CHAMPION UPDATE

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

A meeting was arranged with Chris Green, Internal Audit Manager on 3rd January 2025 concerning discussions and confirmations of Audit opinion regarding the risks for 2025/26.

The meeting followed publication of the English Devolution White Paper which impacted on the risk outlook and profile for BDC. The paper published on 16th December 2024 was reviewed by the Risk Champion to assess and highlight the risk appetite and impact to the Council.

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The Risk Champion felt that it was imperative that all Members fully read, digest and understand the outcomes of what was included within the paper. The information given to Local Authorities would have a major impact on all aspects for BDC which had ultimately changed the risk profile and altered the assessment of risks. The Risk Champion advised that all Members should be aware of the changes that would be taking place, to be well informed and to make considered decisions. It was felt that all Members shared accountability to manage risk and considered mitigating future risks to the Council. It was also considered that a Members' role was to serve the residents and manage a smooth transition.

The Risk Champion posed the following rhetorical questions to Members, associated with the White Paper:

1. Have Members read the White Paper?
2. How easy was it to understand?
3. What more can the Council do to assist Members' understanding of what is included in the White Paper?
4. How can Members ensure to act in a fit, legal and decent way?
5. If Members wished to share thoughts with the Risk Champion directly.

The critical risks after consideration of the English Devolution White Paper were identified as follows:

Workforce

1. The effects on workforce which could affect productivity and attendance rates.
2. Would Line Managers be effective in their role to motivate Teams through the changes.
3. Having a fallback position to keep services running if employees considered to leave the Authority.
4. Motivating teams and staff to deliver the required standard.
5. Decision making structure to operate effectively.
6. Would the appointment of future Senior Executives be affected. Would they possess the skills necessary for a different landscape? What was their experience of winding down a service whilst maintaining service delivery?

Operational Impact on District Council

1. Finance and Budget Management had announced changes to the local Government funding. Members were required to assess the impact of the changes through Audit, Standards and Governance Committee.
2. No inflation markers on funding received.
3. Set increases on Council Tax could result in a shortfall of the budget.

4. Projects that were underway and had an extensive completion date.
5. Managing spends appropriately and responsibly for residents.
6. If the Portfolio Holders had the ability to cope with the impact of the extra work considerations required.

Continuity of Council Strategic Plans

1. Making sure that all decisions were made effectively, had longevity and a positive result achieved for residents.
2. Managing the finance and budget decisions were fit, legal and satisfactory.
3. Communication streams were in place for Employees, Members and Residents.
4. Ensuring outstanding projects were delivered on time.
5. Setting up correct channels for due diligence and information sharing with the new Authority and Parish Councils.
6. Completion of outstanding audits contracted to consultants (such as Play Audit).
7. Revising any initiatives or plans that could exceed the handover date.

Members were also informed it was anticipated that The Environment Act was to be published within the following months which would have an impact on risk appetite and operational continuity. It was Members' responsibility to read and understand the contents.

Following consideration of the presentation concerning the Devolution White Paper, Members discussed the following:

- It was suggested that Members may want to discuss their concerns with the Risk Champion on an individual basis. The Chairman added that he would be happy to review and assist the facilitation of any suggestions raised.
- Some Members felt that it was difficult to be pro-active and assess mitigating the risks to the Council without the full facts of the devolution being received. However, other Members felt it was important to be pro-active and that residents had assurances that the Council were being proactive in mitigating the risks.
- The Parish Council's representative raised concerned of how future communications would be facilitated to Parish Councils and agreed that Members should work through reviewing risks diligently and felt it was important a clear direction with good communication of progress should be considered.
- It was suggested that Members of the Audit, Standards and Governance Committee were provided with the specific powers and influence available to assist with scrutinising and mitigating the necessary risks. – The Section 151 Officer advised Members

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that it was important the Local Authority used the available resources in an effective way and followed the necessary policies available. It was agreed that the Section 151 Officer would review the powers of scrutiny available for Members as an action.

- The Chairman concluded that in terms of governance, it was important Members be proactive in reviewing risk as part of their remit.

RESOLVED that the Risk Champion update be noted.

54/23

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE WORK PROGRAMME

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

The Section 151 Officer informed Members that it was envisaged the new appointed external auditors Ernst and Young would be present at the next meeting.

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

The meeting closed at 7.30 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 January 2025.

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 one Member/Member complaint, which was resolved informally and several complaints from members of the public in relation to a District Councillor which is at initial assessment stage.

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 last meeting of CRWG took place on 29th January 2025, at which Members discussed planning site visits, planning call-in processes and a number of matters that had been referred to the CRWG by group leaders for consideration.
- 6.5 A further meeting of the CRWG has been requested by Members, to take place before the end of the municipal year. Any recommendations arising from this meeting will be reported to the Annual council meeting for consideration alongside the annual review of the Scheme of Delegations.

Member Development

- 6.6 The Member Development Steering Group (MDSG) is responsible for co-ordinating Member training, induction and ICT support. The group meets throughout the year.
- 6.7 The latest meeting of the group took place on 20th January 2025. During the meeting, Members discussed training requirement for Councillors in the 2025/26 municipal year. As Members are now mid-way through a 4 year term, the group concluded that it was not necessary to have a lengthy list of training sessions made available during the year. However, some mandatory training has been requested for 2025/26 on the following subjects:

- Code of conduct and standards regime
- Cyber security
- Planning Committee
- Local Government finance

Member Training

- 6.8 A Member training programme was arranged for 2024/25. This programme was organised in accordance with arrangements requested

Audit, Standards & Governance Committee

20th March 2025

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.

- 6.9 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.
- 6.10 The training sessions that have taken place since the last Monitoring Officer's report or which are shortly due to take place include:
- Member Planning Training – Thursday 9th January 2025
 - Training for Members of the Shareholders Committee – Tuesday 4th February 2025
 - Member Cyber Security Training – Wednesday 5th March 2025
 - Member Training – Carbon Reduction – Thursday 6th March 2025
 - Code of Conduct Training – Thursday 8th May 2025
 - Joint RBC/BDC Member Planning Training – Thursday 15th May 2025
- 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	4/3/25
Lead Director / Head of Service	Claire Felton - Head of Legal, Democratic and Property Services	
Financial Services	N/A	N/A
Legal Services	Nicola Cummings, Principal Solicitor (Governance)	26/2/25

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INTERNAL AUDIT PROGRESS REPORT 2024/25

Relevant Portfolio Holder	Councillor S. Colella
Portfolio Holder Consulted	Yes
Relevant Head of Service	Peter Carpenter, S151 Officer
Report Author	Job Title: Head of Internal Audit Shared Service Worcestershire Internal Audit Shared Service Contact email: chris.green@worcester.gov.uk Contact Tel: 07542 667712
Wards Affected	All Wards
Ward Councillor(s) consulted	No
Relevant Strategic Purpose(s)	Good Governance & Risk Management underpins all the Strategic Purposes.
Non-Key Decision	
If you have any questions about this report, please contact the report author in advance of the meeting.	

1. RECOMMENDATION

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

2. BACKGROUND

- 2.1 The purpose of this report is to provide an update of Internal Audit's progress towards meeting its objectives in the audit plan for 2024/25 as approved by the Audit Standards and Governance Committee on 23rd May 2024.
- 2.2 The Council has a legal duty to maintain an adequate and effective Internal Audit service. The primary role of Internal Audit is to provide independent assurance that the Council has put in place appropriately designed internal controls to ensure that:
- The Council's assets and interests are safeguarded;
 - Reliable records are maintained;
 - Council policies, procedures and directives are adhered to; and
 - Services are delivered in an efficient, effective and economic manner

- 2.3 The Internal Audit plan for 2024/25 was approved by the Audit, Standards and Governance Committee on 23rd May 2024. Progress against delivery of that plan is set out at Appendix 1. The plan is on track to be delivered.
- 2.4 Over the coming weeks the draft Internal Audit Plan for 2025/26 will be developed. The intention is to update the approach in line with the recent External Quality Assessment by creating an audit 'universe' of all the areas at the Council which could be audited. Broad risk assessments will be carried out taking into account content on the Council's risk register, the climate in which the Council is operating, Council objectives and service plans, and cumulative audit knowledge and experience (CAKE). This will form the basis for discussions with management and development of the draft plan.
- 2.5 In accordance with Internal Audit Standards members of the Audit, Standards & Governance Committee should be consulted as the Internal Audit plan is developed. Members are welcome to highlight areas for consideration by internal audit either at the meeting or by contacting the Head of Internal Audit by 31st March 2025.

3. Financial Implications

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

4. Legal Implications

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

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

5. STRATEGIC PURPOSES - IMPLICATIONS

Relevant Strategic Purpose

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

Climate Change Implications

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

6. OTHER IMPLICATIONS

Equalities and Diversity Implications

6.1 There are no implications arising out of this report.

Operational Implications

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

7. RISK MANAGEMENT

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

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

8. APPENDICES and BACKGROUND PAPERS

Appendix 1 ~ Internal Audit Progress Report

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Bromsgrove
District Council

www.bromsgrove.gov.uk



INTERNAL AUDIT PROGRESS REPORT APPENDIX 1

Date: March 2025



1. Background

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

2. Performance

2.1 *Will the Internal Audit Plan be delivered?*

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

- 3 assignments are complete;
- 5 draft reports have been issued;
- 8 assignments are in progress and fieldwork is progressing well.
Remaining work is expected to be completed by the end of March for 5 of these assignments, and by the end of April for the remaining 3 assignments.

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



□

2.3 **Performance Indicators**

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

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

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

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

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

At the time of writing there are 19 outstanding internal audit recommendations; however, none of these are currently overdue. The number of outstanding internal audit recommendations has reduced from 25 in November 2024.



3. Internal audit opinions and prioritisation of recommendations

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

Table 1 – Assurance Categories

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

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



Table 2 - Definition of Priority of Recommendations

Risk Level	Definition	Matrix																
H (7-9)	<p>Immediate control improvement required.</p> <p>Fundamental control weaknesses that present a significant material risk to the function or system objectives and requires immediate attention by Senior Management.</p>	<div style="text-align: center;"> <p>RISK ASSESSMENT MATRIX</p> <table border="1" style="margin: auto;"> <tr> <td style="background-color: yellow; text-align: center;">4</td> <td style="background-color: red; text-align: center;">7</td> <td style="background-color: red; text-align: center;">9</td> </tr> <tr> <td style="background-color: green; text-align: center;">2</td> <td style="background-color: yellow; text-align: center;">5</td> <td style="background-color: red; text-align: center;">8</td> </tr> <tr> <td style="background-color: green; text-align: center;">1</td> <td style="background-color: green; text-align: center;">3</td> <td style="background-color: yellow; text-align: center;">6</td> </tr> <tr> <td></td> <td style="text-align: center;">NOTICEABLE</td> <td style="text-align: center;">SIGNIFICANT</td> <td style="text-align: center;">CRITICAL</td> </tr> </table> <p style="text-align: center;">IMPACT</p> </div> <div style="display: flex; align-items: center; justify-content: center; margin-top: 10px;"> <div style="writing-mode: vertical-rl; transform: rotate(180deg); font-size: small; margin-right: 5px;">LIKELIHOOD OF OCCURENCE</div> <table style="margin-right: 10px;"> <tr> <td style="text-align: center;">HIGH</td> </tr> <tr> <td style="text-align: center;">MEDIUM</td> </tr> <tr> <td style="text-align: center;">LOW</td> </tr> </table> </div>	4	7	9	2	5	8	1	3	6		NOTICEABLE	SIGNIFICANT	CRITICAL	HIGH	MEDIUM	LOW
4	7		9															
2	5		8															
1	3	6																
	NOTICEABLE	SIGNIFICANT	CRITICAL															
HIGH																		
MEDIUM																		
LOW																		
M (4-6)	<p>To be monitored closely and cost-effective controls sought.</p> <p>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.</p>																	
L (1-3)	<p>To be reviewed regularly and seek low-cost control improvements.</p> <p>Issues of best practise where some improvement can be made.</p>																	



4. Internal Audit delivery

- 4.1 At the time of report writing 200 productive days had been delivered against the full year plan of 230 days. At this stage it is anticipated that the objective of hitting 90% of the full year plan by 31st March 2025 will be achieved. As a comparison, the full year outturn for 2023/24 was 133 days delivered.

Table 3 - Summary of Days Delivered for 2024/25

Summary of Audit Areas	Plan Budget	Days Delivered as at 07/03/2025
Core Financial Systems	80	80
Corporate Work	68	59
Other systems audits	62	41
Sub total	210	180
Support Budgets including reading, audit management meetings, corporate meetings, annual plans, reports and Audit Committee Support.	20	20
Sub total	20	20
Total Audit Days	230	200

The following table shows the status of each assignment in the annual plan, the budget in days, and the anticipated reporting date. This table will also summarise the findings of each of the audits as they are completed. The table is designed to assist members in building up a picture of the assurance being provided during the course of the year.



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

<u>Audit Area</u>	<u>Budget (Days)</u>	<u>Status</u>	<u>Anticipated Reporting Date</u>	<u>Assurance Rating</u>	<u>Summary of Findings/ Comments</u>
Accounts Payable	10	Draft Report issued		TBC	
Council Tax	10	Draft Report issued		TBC	
Benefits	12	Draft Report issued		TBC	
NNDR	10	Draft Report issued		TBC	
General Ledger	12	Work in Progress	March 2025		
Risk Management Embedding	8	Draft Report issued		TBC	
Cyber & Data Security including Disaster Recovery	12	Work in Progress	April 2025		
Workforce Planning	8	Work in Progress	April 2025		Consultancy review, examining arrangements for delivery of the 82-point plan and comparison with other local authorities.
Procurement and Contract Management	10	Final Report issued	N/A – Final report issued	Limited	Results reported separately and in full at the December 2024 Committee meeting – see Appendix 2.
Insurance	12	Work in Progress	April 2025		



<u>Audit Area</u>	<u>Budget (Days)</u>	<u>Status</u>	<u>Anticipated Reporting Date</u>	<u>Assurance Rating</u>	<u>Summary of Findings/ Comments</u>
Business Continuity and Emergency Planning	10	Work in Progress	March 2025		
Fraud Investigations and NFI	8	Completed for 2024/25	N/A	N/A	
Statements of Internal Control	4	Work in Progress	N/A	N/A	
Statutory Inspections	10	Work in Progress	March 2025		
Corporate Credit Cards including Petty Cash	12	Work in Progress	March 2025		
Follow up of Recommendations	10	Completed for 2024/25		Substantial	The results of follow up audit reviews have been satisfactory, with no overdue recommendations at the time of reporting.



5. **Limitations inherent in the work of internal audit**

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

Opinion

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

Internal Control

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

Future Periods

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

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

Responsibilities of Management and Internal Auditors

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

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

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BROMSGROVE DISTRICT COUNCIL

Audit, Standards and Performance Committee 20th March 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) The ongoing process for inducting the Council's new External Auditors, Ernst and Young, be noted.
- 4) That the Committee note progress on other financial indicators.

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 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

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Audit, Standards and Performance Committee 20th March 2025

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. This was revised back to 4 meetings a year at the Audit, Standards and Governance Committee in January 2025.

2.5 The 2025/6 budget was approved at Council on the 19th February 2025.

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.

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)

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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
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

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Capital Outturn Return	COR	Final capital outturn figures for 2023-24	26-Apr-24	26-Jul-24	10-Oct-24	Delivered 29/07/24
Revenue Outturn suite - provisional	RO	Local authority revenue expenditure and financing for 2023-24 Outturn (provisional)	26-Apr-24	28-Jun-24	29-Aug-24	Delivered 19/7/24
Revenue Outturn suite - certified	RO	Local authority revenue expenditure and financing for 2023-24 Outturn (final)	n/a	11-Oct-24	12-Dec-24	Delivered 10/02/25
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
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	13-Dec-24	24-Jan-25	13-Feb-25	Delivered 24/01/25

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Audit, Standards and Performance Committee 20th March 2025

		receipts for Q1, Q2 and Q3 2024-25				
Non-Domestic Rates Forecast	NNDR1	Billing authority forecasts of the amount of non-domestic rates to be collected in the 2025-26	13-Dec-24	31-Jan-25	19-Feb-25	Delivered 31/1/25
Quarterly Revenue Update - Quarters 3 & 4	QRU3	Quarter 1 to 3 2024-25 data and forecast end year local authority revenue expenditure update.	13-Dec-24	24-Jan-25	06-Mar-25	Delivered 25/01/25
Quarterly Borrowing & Lending - Q3	QB3	Local authority borrowing and investments from all local authorities to the end of Q3 2024-25	13-Dec-24	06-Jan-25	13-Feb-25	Delivered 06/01/25
Council Tax & NDR Collection - Q3	QRC3	Quarterly return of how much council tax and non-domestic rates are collected in Q3 2024-25	13-Dec-24	17-Jan-25	12-Feb-25	Delivered 02/01/25
Council Tax Requirement/ Parish Council Tax	CTR1/2/3/4	Information on council tax levels set by local authorities in 2025-26. Council tax levels for 2025-26 set by parishes	Early Feb 2025	12-Mar-25	20-Mar-25	
of which: Parish council tax	-	-	Early Feb 2025	12-Mar-25	07-May-25	
Revenue Account Budget	RA	Local authority revenue expenditure and financing for 2025-26 Budget	14-Feb-25	04-Apr-25	19-Jun-25	
Capital Estimates Return	CER	Capital forecast for 2025-26	21-Feb-25	21-Mar-25	12-Jun-25	
Monthly Borrowing & Lending	MB	Monthly sample used to provide an estimate of the level of net borrowing by local authorities to go into the ONS/HMT monthly publication Public Sector Finance Statistics	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
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

- **2025/6 Budget and MTFP delivered 19th Feb 2025.**
- Council Tax Base – Yearly – **2025/26 delivered on 7th January 2025**
- Council Tax Resolution – **Yearly 2025/26 delivered on 19th February 2025**

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Audit, Standards and Performance Committee 20th March 2025

- 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.**
 - 25/26 Strategy – **delivered as part of the MTFP on the 19th Feb 2025.**
 - 25/6 Council Tax Support Scheme **approved on 19th January 2025.**
 - Minimum Revenue Provision – yearly – **delivered as part of the MTFP on the 19th Feb 2025.**
- Financial Monitoring – **2024/5 Q1 Finance and Performance Report delivered to Cabinet Sept 24. Q2 on 10th Dec 24, Q3 on 26th March 2025.**
- Risk Management – **Q1 2024/5 delivered July 2024, Q2 in Dec 24, Q3 in March 25.**
- Savings Report – **23/4 Outturn Report delivered in May 2024, Q1 24/5 in Sept 24, Q2 in Dec 24, .Q3 in March 25**
- 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 January 2025.**

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

- Closure
 - **2020/21 to 22/23 implication of “disclaimer” 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. Monthly returns are now being submitted from December 2024 onwards.**
 - Whole of Government Accounts Returns
 - **Still to be delivered**

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

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.

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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 its new External Auditors until the onboarding process is complete. An update on this is onboarding is given in a later Section of this report.

2.12 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.
- 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.
- Closure 2024/25
 - Draft accounts provided on the 14th January to ensure public consultation period completed before the 28th February.
 - As Auditors are still not onboarded, there cannot be an Audit Opinion.

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

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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 24B in February 2025.
 - Quarterly combined financial and performance monitoring started in the 2022/23 financial year and has continued in 2024/5 with Q1, Q2 and Q3 delivered.
 - The 2025/26 MTFP process has been completed.
 - 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.
 - To address staffing issues, additional posts have been recruited to as the team looks to start to move any from its reliance on external agency/consultants.

In terms of more specific items:

- More Budget Consultation 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.
- 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.
- Procurement and contract rules will be updated by the end of the financial year (to reflect changes to legislation happening in February 2025).

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- Performance Indicators are being reviewed and updated following the Strategic Priority setting sessions and the delivery of simplified Business Plans during the summer of 2024. The first updated performance indicators are part of the Q3 monitoring.
- 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. All Member disclaimer notifications have now been received and the next stage of Onboarding is under way.
- 2.18 Work is already under way on the 2024/25 Closure process. The Council will deliver draft accounts by the 30th June as per the pre “backstop” requirements.

Update On 2025/26 Budget

- 2.23 The Council's 2025/26 Budget was approved on the 19th February 2025 at Council. Budgets will be loaded onto TechOne in March.
- 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 and Q3 in March 2025.

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.

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New tranches of training are being organised

Treasury Management

- The 2023/4 Outturn Report was approved by Cabinet in September (Council in October).
- The 2025/6 Strategies were approved by Council on the 19th February 2025.
- The Q1,Q2 and Q3 2024/5 positions have been reported in the Finance and Performance Reports.

Errors:

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

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 end of February 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

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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.

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.

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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, January 2025 – 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

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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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Quarterly Risk Update Q3 2024/5

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

1. SUMMARY

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

2. RECOMMENDATIONS

The Committee/Cabinet is asked to consider:

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

3. KEY ISSUES

Background

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

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

The Definition of a Corporate Risk

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

Corporate Risks

- 3.8 Corporate Risks are summarised in the following table. There have been two additions in relations to the upcoming Devolution/Local Government Reorganisation and also the embedding of new Chief Executive and Deputy Chief Executive, both of whom start on the

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

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

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

	Pos Q4	Pos Q1	Pos Q2	Pos Q3	Corporate Risk Description
Both	COR 9	COR 9	COR 9	COR 9	Non Compliance with Health and Safety Legislation
Both	COR 10	COR 10	COR 10	COR 10	Decisions made to address financial pressures and implement new projects that are not informed by robust data and evidence
Both	COR 14	COR 14	COR 14	COR 14	Non adherence with Statutory Inspection Policy
Both	COR 15				Impact from Changes to Partner Funding Arrangements
Both	COR 16	COR 16	COR 16	COR 16	Management of Contracts
Both	COR 17	COR 17	COR 17	COR 17	Resolution of the Approved Budget Position
Both	COR 18	COR 18	COR 18	COR 18	Protection from Cyber Attack
Both	COR 19	COR19	COR19	COR19	Adequate Workforce Planning
Both	COR 20	COR20	COR20	COR20	Financial Position Rectification
Brom	COR 21	COR21	COR21	COR21	BROMSGROVE DC Being placed into special measures due to quality of planning application decisions
Both	COR 22	COR22	COR22	COR22	Delivery of Levelling Up and UK SPF Initiatives

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Both	COR 23	COR23	COR23	COR23	Cost of Living Crisis
Both	COR 24	COR24	COR24	COR24	New Customer Facing Interface
Both	COR25	COR 25	COR 25	COR 25	Environment Bill
Both	COR26	COR26			General and Local Election
Both				COR27	Devolution and Local Government Reorganisation
Both				COR28	New Chief Executive/Deputy Chief Exec

3.9 Mitigating factors for the Corporate Risks are:

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

There are 4 departmental risks linked to this corporate risk.

Projects being informed by robust data and evidence –

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

There is 1 departmental risks linked to this corporate risk.

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

- Further review of monitoring arrangements
- Further implementation of insurance recommendations

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- Contracts reviewed to ensure suppliers undertake roles
- Training plan developed to ensure staff clear of responsibilities
- Development of robust action plan

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

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

There are 5 departmental risks linked to this corporate risk.

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

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

There is 1 departmental risks linked to this corporate risk.

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Adequate workforce planning - Workforce plan was launched in the summer of 2023 and services now know their high risk areas and working to the agreed action plan to help mitigate workforce risks such as loss of staff. The challenges remain on delivering to these high risk areas especially given the impending Local Government Reorganisation. There are specific workstreams, linked to Agile Working and Culture, within this initiative. The workforce plan is being integrated into the Councils wider management processes, with monthly board meetings. However more work is required before the Risk level can change.

There are 3 departmental risks linked to this corporate risk.

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

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

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

Bromsgrove Planning Issues - Decisions which could influence statistics are discussed at management level. Principal officers are aware of risk. Statistics are monitored quarterly. External advice re good practice and member training provided. This issue is still not resolved and additional work is being undertaken to establish present quality thresholds, however a decision is understood to be imminent. Whilst the impact remains the same, a collection of statistics recently undertaken has indicated an increase in the likelihood of this event occurring.

Delivery of Levelling Up and UKSPF Projects – There is a monthly project Board overseeing all projects. Formal governance structures for Levelling Up Fund projects. The biggest issue in all these workstreams had been delivery before the funding deadlines. However, Levelling Up Project delivery has now been allowed up to September 2026. The creation of the new Regeneration and Property directorate in August and the transfer of functions back from NWeDR means the Council now has dedicated Project Managers, appointed during the summer, working on both sets of projects which increases overall control.

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In Bromsgrove, the Windsor Street and Public Realm elements will be completed by Q4 of this financial year which leaves the Market Hall portion of the Project, which is being delivered by Kier, for delivery. Presently, the overall budget for all 3 projects is £1.4m over the initial budgets, although this expected to be managed down. The Council are looking at ways to fund this gap including the use of GSBLEP funds

Cost of Living Crisis - Housing Register Access to Housing Benefit and Universal Credit Council budget. We have also noted an increase in insurance claims due to fires which are linked to this. Our Partnership Boards guide people to alternate providers of support. We understand this impacts different stakeholder Groups in different ways and need ways of evaluating the impact on them and the Council's services.

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

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

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

New Chief Executive/Deputy Chief Executive – the Councils have appointed a new Chief Executive and Deputy Chief Executive. Both will start on the 31st March 2025. Given the magnitude of the risks set out in this report, especially Local Government Re-

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organisation, this Officer change is significant. Relationships will need to be remade/reset both internally and externally and this will need to be done quickly. The Councils are putting in place mitigations and processes to de-risk this process as much as possible

Departmental Risks

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

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

- 105 Departmental Risks – 15 Red, 35 Amber, 55 Green.
This reduced through the first set of reviews in June 2022 to:
- 82 Departmental Risks – 2 Red, 29 Amber, 51 Green.
The next set of reviews in December reduced this number further to
- 55 Departmental Risks – 2 Red, 21 Amber, 32 Green.
The third Set of reviews in March 23 reduced this number to
- 51 Departmental Risks – 1 Red, 25 Amber, 25 Green.
The fourth set of reviews in June 23 reduced the number to
- 43 Departmental Risks - 1 Red, 26 Amber, 16 Green
The fifth set of returns in September 23 the number remained at 43
- 43 Departmental Risks - 1 Red, 26 Amber, 16 Green
- The sixth set of returns in December 23 the number reduced to 39
- 39 Departmental Risks - 1 Red, 25 Amber, 13 Green
- The seventh set of returns in March 24 the number increased to 43
- 43 Departmental Risks - 2 Red, 28 Amber, 13 Green
- The eighth set of returns in June 24 the number reduced to 40
- 40 Departmental Risks - 1 Red, 25 Amber, 14 Green
- The ninth set of returns in September 24 the number stays at 40

- 3.11 Position at the 30th September 2024 is 40 departmental risks.

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Service Area	Red	Amber	Green	Total
Customer Access and Financial Support	0	5	5	10
Finance	0	2	1	3
Environmental Services	0	5	1	6
Leisure & Cultural Services	0	1	0	1
Legal, Equalities, Democratic Services & Property	0	3	2	5
ICT	0	2	0	2
Planning Services	0	1	0	1
Housing	0	6	2	8
Community Services	0	1	2	3
HR	0	0	1	1
Total	0	26	14	40

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

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

Service Area	Red	Amber	Green	Total
Customer Access and Financial Support	0	5	4	9
Finance	0	2	1	3
Environmental Services	0	5	1	6
Leisure & Cultural Services	0	1	0	1
Legal, Equalities & Democratic Services	0	1	0	1
ICT	0	2	0	2
Planning Services	0	1	0	1
Regeneration and Property Services	0	2	2	4
Housing	0	5	3	8
Community Services	0	1	2	3
HR	0	0	1	1
Total	0	25	14	39

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

There are now no Red Risks.

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

- 3.14 The departmental risk position has not changed in number but the allocations in terms of RAG has changed.
- 3.15 This report sets out the position two and a half years following the initial baselining of council risks. This is the ninth review, following the implementation of the Action Plan due to the “No Assurance” internal Audit reports. The key point a year in is to ensure that risk management is embedded within the organisations:
- Officer Risk Board continues to take place quarterly to embed processes and validate Risks on the register.
 - Each department has nominated a representative to a Risk Board. These report back to management teams who ensure Departmental Risk Registers are updated at least quarterly and discussed at management teams monthly.
 - The Audit Committees of both Councils reviewed Risk Registers on a quarterly basis. These reports have also been presented to Cabinet although this has stopped after June 2023 as this should be a function of the Audit Committees.
 - CMT are updated on risk management issues in their monthly “assurance” meeting, which is a week after the Risk Board meets on a quarterly basis.
 - The Corporate Risk Register is now discussed as an early item on the agenda at meetings of the Audit, Standards and Governance Committee, as per the Audit Task Group’s recommendation.
 - The Risk Level has moved from a Limited Assurance in March 2022 to a Moderate Assurance in May 2023. A second follow up Risk Audit is under way.

In terms of departmental lists:

- 3.16 It should be noted that a significant number of departmental risks are linked to regulation, and this feeds through to the corporate risks. If we fail on one of these major compliance issues the impact on the Council and its stakeholders can be significant.
- 3.17 We now have a new Corporate Risk in relation to Devolution and Local Government Review. Councils are not clear on the final rules but it is clear that with all Councils in Worcestershire being disbanded and replaced by one or more Unitary Authorities it will be important to ensure business as usual is not significantly impacted. It is expected that over the next two years there will be significant changes on a quarter by quarter basis on departmental risks
- 3.17 Community risks, even though many are green, are still all relevant as departmental and cannot be moved to the lower level of “business as usual” as these link to fixed term contracts. The most significant risk is now the Safeguarding Risk which affects all service areas and there are action plans that need to be followed. There is a potential new risk in regard to Lifeline “cyber essentials” compliance to ensure the Council does not lose its accreditation. This will probably move to being a formal risk in the Q3 report.

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- 3.18 The majority of Housing risks are compliance and/or Health and Safety led. In terms of Homelessness (HOU7) there are processes in place now to start to add additional housing capacity, but this will take time.
- 3.19 Overall, to give a better Housing service, the Council is implementing Total Mobile to ensure more efficient delivery. This links to a number of the Housing items.
- 3.20 It should be noted that with Gas Safety Inspections (HOU14) we also need the tenants agreement to do the works and a month's notice is generally given. Damp and Mould work (HOU28) has moved back to Green.
- 3.21 There is a risk in finance linked to staff non-compliance of procurement processes. This will be mitigated by additional training. It should be noted, that to provide more financial support to managers (FIN1) courses are being devised to improve budget manager skills and their understanding of how best to effectively use TechOne.
- 3.22 The Building Control risk will become more focused towards the end of the financial year as if Building Control staff are not accredited, we cannot use them. This will also possibly limit the number of staff available in the agency market. Existing staff are presently undertaking accreditation exams in order to mitigate the issue.
- 3.23 Given the significant cyber risks faces by Council's, as noted in the Corporate Risks section, it is important Members and Officers engage to mitigate this risk. Using KnowBe4 functionality is assisting and the associated penetration tests is assisting in mitigating this risk for both Members and Staff. As noted earlier, the Council have successfully renewed their cyber insurance policy. It should be noted that ICT7 is dependent on departments ensuring they are compliant in regards to their ICT requirements
- 3.24 With Property, we are reviewing all our assets as there is a significant impact on EPC (Energy) ratings and what will be allowable after 2026. This could have significant cost impacts for the Council. The New Assistant Director of Regeneration and Property is undertaking a full review of all risk and issues linked to these areas and this will feed through to future reports.

Insurance

- 3.25 We have successfully renewed our Cyber insurance. It seems that the markets have settled down following the issues we had in renewing in 2022 and the premium has only increased marginally.
- 3.26 There is not significant change since the Q2 Report The Council are in their final year of the present insurance contracts. The Council is now running a year after other Worcestershire Councils who have renewed in this financial year. As such, the Council is just renewing/extending its contracts for a single year. An issue still remains Property information. Insurers are now requesting significantly more detail and it will take 12 months

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to get data to the required standard. This issue does highlight a deficiency in property data capture – which links to the Corporate Customer Risk linked to data.

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

Our insurers are highlighting 2 major risks for the sector:

- Under-Insurance of Council assets due to incomplete assets. Insurers are now starting to intimate that they will only insure to a certain level and not the full value if the data is not fully updated.

The use of Artificial Intelligence – as it is not clear on what decisions are being made with this data and what the risks implications are because of this

The Risk Management Framework

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

4. Legal Implications

- 4.1 No Legal implications have been identified.

5. Financial Implications

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

6. Strategic Purpose Implications

Relevant Strategic Purpose

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

Climate Change Implications

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

7. **Other Implications**

Customer / Equalities and Diversity Implications

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

Operational Implications

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

8. **RISK MANAGEMENT**

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

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

9. **APPENDENCES**

Appendix A – Present Departmental Risks
Appendix B – Previous Risk Management Reports
Appendix B – WRS Risk Report

AUTHOR OF REPORT

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Appendix A - Present Departmental Risks

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Council	Q4	Q1	Q2	Q3	Risk Description	Corp Risk
Both	BEN 1	BEN 1	BEN 1	BEN 1	Fail to effectively resource the service to meet demand	COR 9
Both	BEN 3	BEN 3	BEN 3	BEN 3	Impact of Welfare Reform Act	
Both	BEN 6	BEN 6	BEN 6	BEN 6	Impact of ELF scheme	
Both	BEN 7	BEN 7	BEN 7	BEN 7	Benefits subsidy	
Both					Failure to deal with complaints to customers satisfaction	
Both	CUS 7	CUS 7	CUS 7	CUS 7	RBC/BDC Fail to ensure the adequate security arrangements for Customer Service Centres	COR 9
Both	REV 4	REV 4	REV 4		Failure to effectively manage change	
Both	REV 7	REV 7	REV 7	REV 7	Performance Information data is not robust	
Both	REV 11	REV 11	REV 11	REV 11	Reduced collection rates	
Both					Maintenance and Recovery of Collection Performance Post Covid	
Both	REV 17	REV 17	REV 17	REV 17	Failure of corporate Fraud and Compliance team	
Both	REV18	REV18	REV 18	REV 18	Data Compliance	COR24
Both	FIN 1	FIN 1	FIN 1	FIN 1	Fail to provide adequate support to managers to manage their budgets	COR10

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

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Both	LED 12	LED 12	LED 12	LED 12	Fail to effectively manage the disposal of assets as part of asset disposal programme	
Both	LED 13	LED 13	LED 13	LED 13	Bromsgrove Leisure Contract	COR16
Both	ICT 7	ICT 7	ICT 7	ICT 7	Failure to identify, maintain and test adequate disaster recovery arrangements	COR18
Both	ICT 15	ICT 15	ICT 15	ICT 15	Members and Data protection Training	
Both	PLA 11	PLA 11	PLA 11	PLA 11	Loss of effective Building Control service due to changes in legislation / Hackett / Grenfell	COR19
Both	HOU 7	HOU 7	HOU 7	HOU 7	Fail to manage impact of increasing homelessness cases and Recruitment challenges	COR19
Both	HOU 10	HOU 10	HOU 10	HOU 10	Fail to effectively manage capital projects (also the right contracts are put in place, internal and external)	
Both	HOU 14	HOU 14	HOU 14	HOU 14	Failure to complete annual gas Safety Inspections	COR14
Both	HOU 19	HOU 19	HOU 19	HOU 19	Failure to comply with Charter for Social Housing and the Regulator	COR14
Both	HOU 21	HOU 21	HOU 21	HOU 21	Non-compliance with Asbestos Regulations	COR14
Both	HOU 22	HOU 22	HOU 22	HOU 22	Non-compliance with Regulatory Reform (Fire Safety) Order 2005 - Blocks of flats and communal entrances	COR14
Both	HOU 27	HOU 27	HOU 27	HOU 27	Failure to comply with IEE regulations	COR14
Both	HOU 28	HOU 28	HOU 28	HOU 28	Damp and Mould In Council Housing	COR14

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Both	COM 3	COM 3	COM 3	COM 3	Safeguarding - Inadequate child and adult protection systems/process.	COR14
Both	COM 17	COM 17	COM 17	COM 17	Starting Well Partnership – underperformance of contract	COR16
Both	COM 18	COM 18	COM 18	COM 18	Social Prescribing – underperformance of contract	COR16
Both	HR 2	HR 2	HR 2	HR 2	Fail to monitor and respond to changes in employment legislation	COR14

Appendix B - Previous Quarters Risk Reports

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

Service Area	Red	Amber	Green	Total
Customer Access and Financial Support	12	20	13	45
Finance	0	0	4	4
Environmental Services	0	2	11	13
Leisure & Cultural Services	0	3	3	6
Legal, Equalities and Democratic Services	0	0	7	7
ICT	2	4	5	11
Planning Services	0	1	1	2
Housing	0	4	5	9
Community Services	1	1	5	7
HR	0	0	1	1
Total	15	35	55	105

After the Risk Board on the 22nd June, the following changes have been made which saw the number of risks reduce as follows to 82 risks

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Service Area	Red	Amber	Green	Total
Customer Access and Financial Support	0	6	12	18
Finance	0	2	2	4
Environmental Services	0	2	11	13
Leisure & Cultural Services	0	3	3	6
Legal, Equalities, Democratic Services & Property	0	3	9	12
ICT	2	6	2	10
Planning Services	0	2	1	3
Housing	0	3	4	7
Community Services	0	2	6	8
HR	0	0	1	1
Total	2	29	51	82

The two departmental red risks are:

- ICT 7 - Failure to identify, maintain and test adequate disaster recovery arrangements
- ICT 11 - System functionality to manage records

After the Risk Board on in December 22, the following changes have been made which saw the number of risks reduce as follows to 55 Risks:

Service Area	Red	Amber	Green	Total
Customer Access and Financial Support	1	5	10	16
Finance	0	2	2	4
Environmental Services	0	5	3	8
Leisure & Cultural Services	0	1	0	1
Legal, Equalities, Democratic Services & Property	1	1	5	7
ICT	0	2	2	4
Planning Services	0	1	0	1
Housing	0	3	4	7
Community Services	0	1	5	6
HR	0	0	1	1
Total	2	21	32	55

Red Risks – 2 in total

- REV7 - Revenues - Performance Indicator data is not robust.
- LED13 - Legal – Bromsgrove Leisure Contracts.

The previous two ICT Risks have been mitigated.

After the Risk Board on in March 23, the following changes have been made which saw the number of risks reduce as follows to 51 Risks:

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Service Area	Red	Amber	Green	Total
Customer Access and Financial Support	1	6	9	16
Finance	0	2	0	2
Environmental Services	0	5	3	8
Leisure & Cultural Services	0	1	0	1
Legal, Equalities, Democratic Services & Property	0	3	2	5
ICT	0	2	1	3
Planning Services	0	1	0	1
Housing	0	4	4	8
Community Services	0	1	5	6
HR	0	0	1	1
Total	1	25	25	51

Red Risks – 1 in total

REV7 - Revenues - Performance Indicator data is not robust

Position as at the 22nd June 2023

Service Area	Red	Amber	Green	Total
Customer Access and Financial Support	1	6	6	13
Finance	0	2	0	2
Environmental Services	0	5	1	6
Leisure & Cultural Services	0	1	0	1
Legal, Equalities, Democratic Services & Property	0	3	2	5
ICT	0	2	1	3
Planning Services	0	1	0	1
Housing	0	6	2	8
Community Services	0	0	3	4
HR	0	0	1	1
Total	1	26	16	43

Red Risks – 1 in total

REV7 - Revenues - Performance Indicator data is not robust

Position as at the 30th September 2023

Service Area	Red	Amber	Green	Total
Customer Access and Financial Support	1	6	6	13

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Finance	0	2	0	2
Environmental Services	0	5	1	6
Leisure & Cultural Services	0	1	0	1
Legal, Equalities, Democratic Services & Property	0	3	2	5
ICT	0	2	1	3
Planning Services	0	1	0	1
Housing	0	6	2	8
Community Services	0	0	3	4
HR	0	0	1	1
Total	1	26	16	43

Red Risks – 1 in total

REV7 - Revenues - Performance Indicator data is not robust

Position as at the 31st December 2023

Service Area	Red	Amber	Green	Total
Customer Access and Financial Support	1	6	4	11
Finance	0	1	0	1
Environmental Services	0	5	1	6
Leisure & Cultural Services	0	1	0	1
Legal, Equalities, Democratic Services & Property	0	3	2	5
ICT	0	2	0	2
Planning Services	0	1	0	1
Housing	0	6	2	8
Community Services	0	0	3	3
HR	0	0	1	1
Total	1	25	13	39

Red Risks – 1 in total

REV7 - Revenues - Performance Indicator data is not robust

Position as at the 31st March 2024

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Service Area	Red	Amber	Green	Total
Customer Access and Financial Support	2	5	3	11
Finance	0	2	1	1
Environmental Services	0	6	1	6
Leisure & Cultural Services	0	1	0	1
Legal, Equalities, Democratic Services & Property	0	3	2	5
ICT	0	2	0	2
Planning Services	0	1	0	1
Housing	0	6	3	8
Community Services	0	2	2	3
HR	0	0	1	1
Total	2	28	13	43

The Red Risk are now 2. One continues to be REV7 - Revenues - Performance Indicator data is not robust. The other is Revenue Data Compliance.

Position as at the 30th June 2024

Service Area	Red	Amber	Green	Total
Customer Access and Financial Support	1	5	4	10
Finance	0	2	1	1
Environmental Services	0	5	1	6
Leisure & Cultural Services	0	1	0	1
Legal, Equalities, Democratic Services & Property	0	3	2	5
ICT	0	2	0	2
Planning Services	0	1	0	1
Housing	0	5	3	8
Community Services	0	1	2	3
HR	0	0	1	1
Total	1	25	14	40

The Red Risk are now 1. One continues to be Revenue Data Compliance.

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Appendix C - Worcester Regulatory Services Risks

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

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

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

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

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

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Financial Savings Monitoring Report – Q3 2024/5

Relevant Portfolio Holder		Councillor Colella – Portfolio Holder for Finance and Governance
Portfolio Holder Consulted		Yes
Relevant Head of Service		Debra Goodall
Report Author	Job Title: Head of 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. **RECOMMENDATIONS**

The Audit, Standards and Governance RECOMMEND that:

- 1) **The Q3 position on the 2024/25 Departmental Savings Programme be noted, including any potential implications for future years.**

2. **BACKGROUND**

- 2.1 As part of the 2024/25 budget, which was agreed at Council in February 2024, there were a number of savings options approved through the two-tranche process to deliver the balanced budget for the year. Savings from both tranches of the budget process have been combined in **Appendix A**. To these those 2023/4 savings items relating to future years have been added.
- 2.2 Additionally, an Improvement Recommendation in the Interim Auditors Annual Report on Bromsgrove District Council 2021/22 and 2022/23 was that “savings delivery is monitored independently of basic budget monitoring at a Corporate level”. As such savings monitoring will be part of the Audit, Governance and Standards Committee on a quarterly basis. This was delivered in the 2023/4 financial year and this is the first report of the 2024/5 year.
- 2.3 The Quarter 2 2024/25 Finance and Performance Monitoring report was reviewed by Cabinet in December 2024 and savings linked to the 2024/5 Medium Term Financial Plan by this Committee in December.
- 2.4 The Quarter 2 position was a £344k overspend position. The opening £12.5m full year revenue budget was approved in February 2024.

Agenda Item 8

BROMSGROVE DISTRICT COUNCIL

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2.5 Overall, the Council is currently forecasting a full year revenue underspend of £53k at Quarter 3. This compares to an overspend figure of £344k reported at Quarter 2 – a £397k improvement of the Council’s position. The underspend is mainly due to the additional grants received. This position will continue to be reviewed particularly given the impact of the increasing costs linked to inflation and further updates will be provided to Councillors throughout 2024/25.

Service Description	2024-25 Approved Budget	2024-25 Approved Q3 Budget	Q3 Adjusted Spend	Q3 Budget Variance	Full Year Forecast	Full Year Budget Variance
Business Transformation and Organisational Development	1,792,618	1,312,963	1,544,321	231,358	1,957,113	164,495
Community and Housing GF Services	1,159,987	869,990	582,338	-287,652	794,009	-365,978
Corporate Services	994,465	745,849	252,617	-493,232	629,666	-364,799
Environmental Services	3,798,721	2,849,041	2,973,009	123,968	4,862,838	1,064,117
Financial and Customer Services	1,441,300	1,080,975	5,657,701	4,576,726	1,748,555	307,255
Legal, Democratic and Property Services	1,563,913	1,172,934	1,573,674	400,740	1,004,340	-559,573
Planning, Regeneration and Leisure Services	1,365,472	1,024,105	2,023,143	999,038	1,861,169	495,697
Regulatory Client	397,337	298,003	218,224	-79,779	579,989	182,652
Starting Well	0	0	44,618	44,618	0	0
Grand Total	12,513,813	9,353,860	14,869,645	5,515,785	13,437,679	923,866
Service Description	2024-25 Approved Budget	2024-25 Approved Q3 Budget	Q3 Adjusted Spend	Q3 Budget Variance	Full Year Forecast	Full Year Budget Variance
Corporate Financing	-12,513,813	-9,497,860	-7,620,608	-1,096,526	-13,490,735	-976,922
Grand Total	-12,513,813	-9,497,860	-7,620,608	-1,096,526	-13,490,735	-976,922
TOTALS	0	-144,000	7,249,037	4,419,259	-53,056	-53,056

2.6 The above overspends (£0.923m) are offset by additional income (£0.977m) in Corporate Financing from additional grant income together with increased investment interest receivable and lower interest payable.

2.7 This includes overspends as follows:

Business Transformation £164k overspend

Within Business Transformation & Organisational Development, ICT salaries are overspending by £330k which is offset by savings in Equalities of £24k on salaries, savings of £83k within Business Transformation due to salaries and shared service arrangements, savings of £35k in Corporate Training and £24k within HR.

Community and Housing GF Services £366k underspend

Within Community and Housing GF Services there is a projected underspend due to additional grants received £342k and additional Lifeline shared services £244k income offset by increased expenditure on Homelessness of £139k and Social Prescribing of £81k.

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Corporate Services £365k underspend

There are a number of variances within Corporate Services:

- A saving of £678k following the release of a pay award provision offset by an overspend of £33k on external audit fees within Corporate Expenses
- An underspend of £49k on professional fees and charges in Treasury Management and Bank Fees
- An overspend of £269k due to council pension costs.
- An overspend of £20k on recruitment costs for the positions of Chief Executive and Executive Director Finance and Resources
- A £40k reduction of shared service income for Redditch Partnership (LSP)

Environmental Services £1,064k overspend

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

- Bromsgrove Domestic Waste Collection service is forecast to overspend by £742k due to additional staff and agency costs of £173k, vehicle hire of £250k and fleet maintenance of £319k.
- Bromsgrove Place Teams is forecast to overspend by £38k due to additional staff and agency costs of £70k, insurance £9k and an income shortfall of £14k on bulky waste.
- Car Parking is forecast to have reduced income of £136k income, consultancy fees of £72k, however utilities are underspending by £17k

Financial and Customer Services £307k overspend

Within Finance and Customer Services there are overspends in Finance due to agency staff amounting to £290k (we have had issues with recruitment in finance which is a national issue, and have had to complete 4 years accounts to deliver to the Government's Backstop dates and therefore we have higher agency staff costs as a result of this) together with £17k in unachieved efficiency savings within Customer Services.

Legal, Democratic and Property Services £560k underspend

Legal, Democratic and Property Services are forecast to underspend £560k due to additional elections income of £313k and salary savings of £221k in Legal due to vacancies. Democratic Services are showing a small underspend of £14k due to staff vacancies. There is also a small underspend of £12k on utilities in the Parkside building.

Planning, Regeneration and Leisure Services £496k overspend

Within Planning, Regeneration and Leisure Services there are a number of variances:

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- Development Management is forecast to overspend budget at £459k due to a shortfall in Planning Application income of £186k, (it was assumed that central Government changes to planning fees nationally would have a bigger positive impact on income. An extra £145k income was anticipated that has not been achieved) £97k on agency fees due to staffing shortage and £176k on professional fees, This £176k overspend includes unavoidable costs for running of service, for example subscriptions to online resources, archaeology/archive support from County Council. Also, Legal costs, including some legacy work involved in significant enforcement work and legal advice, as well as costs for providing enforcement function prior to July 2024. Other costs are for consultants' advice, some of which is off set via a cost recovery activity.
- Sports Development is overspending by £37k due to agency costs, however expected Income of around £27k is to be moved from Redditch to Bromsgrove to offset some of this spend.

Regulatory Client £183k overspend

Within Regulatory Client, there is an overspend due to Envirocrime and Planning Enforcement (£154k). This overspend has been rectified in Q4 by actioning virements from Planning and Environment Services which will move the overspend to those services as agreed by Council. There is also a projected shortfall in taxi licensing income (£29k).

- 2.8 The position at year end 2023/24 in terms of departmental savings was that the two Amber items still require careful monitoring:
- The Service Review figures have been analysed following Establishment Review work undertaken in the second half of 2024. The combination of spending on establishment salaries and Agency is above the budgeted figures and as such this is still a significant risk.
 - The Capacity Grid project, recouping old Council Tax and Business Rates debt is nearing the end of its allocated time. As per the Council Tax Resolution Report that went to Council on the 24th February we have a surplus in the collection fund of £594k, of which £76k relates to Bromsgrove District Council. Overall amounts for all members of the collection fund are significantly higher than expected.
- 2.9 The Red item in relation to finance will not be delivered. Additional resources has been bought in, and all accounts up to the 2023/24 financial year have now been closed. This task was completed in January 2025. In 2025/26 we will now be able to move back to the correct establishment.
- 2.10 The 2024/25 position is shown in Appendix A. The vast majority of savings items link either to increases in grant, agreed increases in Tax or items that will not be delivered until future financial years.

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2.11 As has been stated in previous reports, the largest savings in recent years have been on Pension costs which link to the 2023 triennial revaluation. These revised figure run for 3 years and as such are a risk from the 2026/7 year if they change. Initial advice from actuaries in December is that it is highly likely that these will not change from present levels in the next revaluation.

2.12 The following items will require careful tracking in this financial year:

- Validation of delivery of Fees and Charges income. There are delivery issues in a few areas highlighted in Appendix A.
- The deliverability of the new Planning income increases, as the moment although income is up year on year it is 186k below the new budget income levels.
- The deliverability of Parking increases are projecting to be circa £136k below the new budgeted amount.
- Increasing Waste Costs and their linkage to the possible Waste partnership. This now might be impacted by Local Government Re-organisation.

3. FINANCIAL IMPLICATIONS

3.1 The savings have significant financial implications if not delivered.

3.2 The Council presently has an estimated £12.781m in General Fund Reserves to cover one off issues, and £9.484m in Earmarked Reserves for specific purposes as per the MTFP report that went to Council in February. These are the only recourse, apart from additional reductions in spending/additional income, that the Council has to mitigate the present overspend position. The £12.781m General Fund figure includes accounting for the additional overspend.

4. LEGAL IMPLICATIONS

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

5. STRATEGIC PURPOSES - IMPLICATIONS

Relevant Strategic Purpose

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

Climate Change Implications

5.2 The green thread runs through the Council Plan. 2024/25 savings options which had implications on climate change would have been addressed at that time and 2025/26 issues have been assessed as part of the 2025/26 budget process.

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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 and 2024/25 Budget processes.

Operational Implications

- 6.2 Operational implications will have been dealt with as part of the 2023/24 and 2024/25 Budget process.

7. RISK MANAGEMENT

- 7.1 Non delivery of savings options, depending on their financial magnitude can have either a small or significant effect on the Council's finances. As such mitigations need to be in place to deal changes to what was agreed by Council in February 2023 and February 2024.

8. APPENDICES and BACKGROUND PAPERS

Appendix A – Bromsgrove Savings Monitoring 2024/25

9. REPORT SIGN OFF

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

BROMSGROVE DISTRICT COUNCIL

Audit, Standards and Governance Committee 23rd May 2024

Appendix A – Bromsgrove Savings Monitoring 2024/25

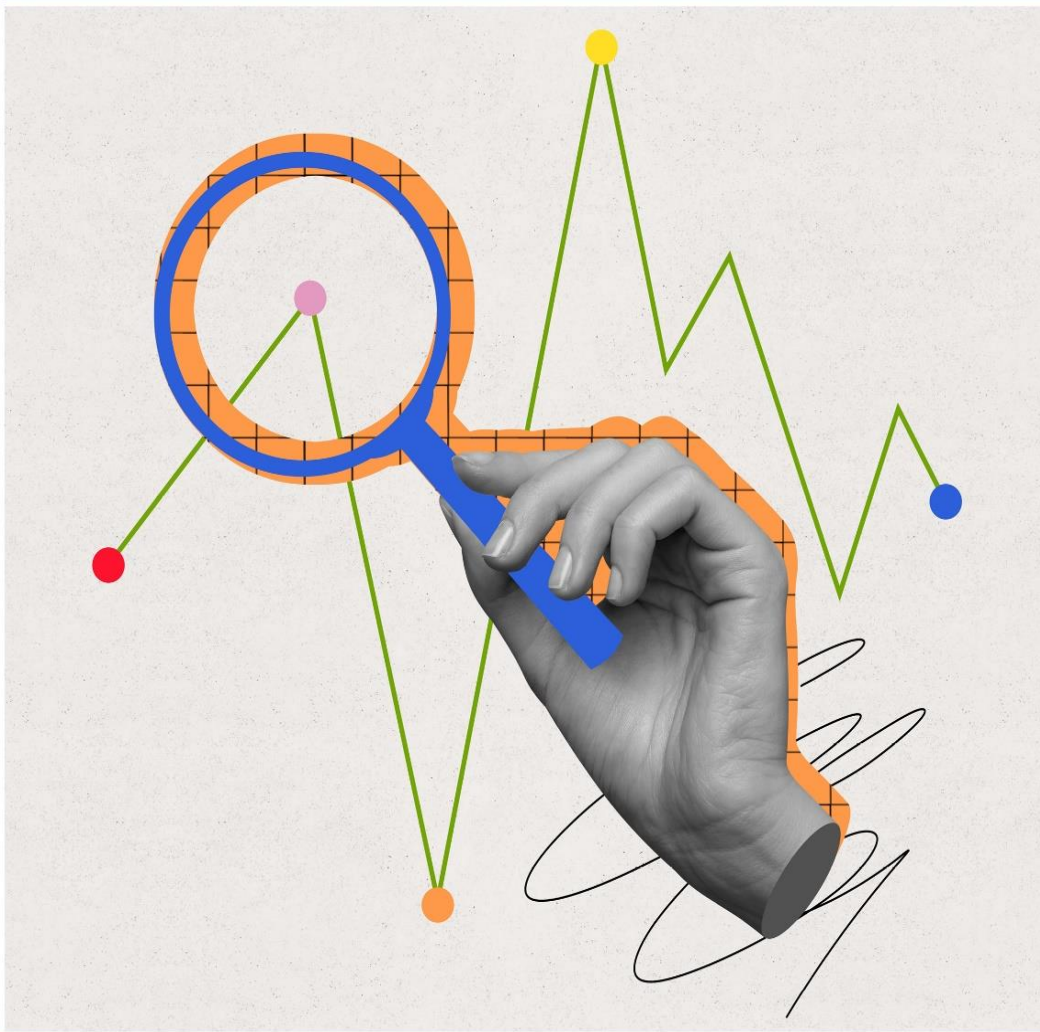
	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	RAG Status	Narrative
2023/4 Budget Items						
Service Reviews	-140	-330	-405	-405	Yellow	This position, following the establishment review and a review of budgets at Q3, is an overspend against budget and is a risk to be mitigated.
Finance Vacancies	-100	-100	-100	-100	Red	This savings was not delivered in 2023/4 as additional resource has been bought in to get the accounts up to date.
Engage Capacity Grid (One Off)	-200	-200	0	0	Yellow	As per the 2025/26 Council Tax Resolution the Council has a Collection Fund surplus of £594k of which £76k related to Bromsgrove.
Environmental Services Partnership	0	-25	-50	-50	Red	As per the Q3 monitoring, there is a significant overspend in this area (Waste) and the envisioned partnership has not yet materialised.
Total 2023/4 Items	-440	-655	-555	-555		
2024/5 Budget Items						
Utilities increases		-140	-140	-140	Green	Only 60% drawn down in 23/4 – this is the 40% remainder.
23/4 Inflation Budget		-188	-194	-194	Green	Not drawn down in 23/4, £125k put in for 24/5
7% increase Fees & Charges		-273	-273	-273	Green	Apart from Planning and Parking – most seem to delivery targets as per the Q3 monitoring.
2% C Tax Increase 25/6			-191	-191	Green	This is the present allowable increase level
2% C Tax Increase 26/7			-101	-101	Green	This is the present allowable increase level
2% Fees & Charges 25/6			-101	-101	Green	This is future years
2% Fees & Charges 26/7			-101	-101	Green	This is future years
Gov Grant at 23/4 Levels		-515	-515	-515	Green	As per Government Guidance
Increase in number of Properties (Council Tax Base)		-36	-84	-121	Green	This is 50% of the projected property increases in the Local Plan
Council Tax increase to 3%		-91	-91	-91	Green	Allowable in 2024/5
Planning Income at 25% increase		-145	-145	-145	Red	Under-recovery of planning income to budgeted levels by £186k

BROMSGROVE DISTRICT COUNCIL

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Parking Income	-100	-100	-100		Under-recovery on parking of £136k
Impact of 23/4 Pay Award	-125	-125	-125		Budget Review of central items highlighted this savings.
Business Rates Adjustment	-427	-350	-350		Based on the LG Futures model for the Worcestershire Business Rates Pool
Additional Grant announced on 23/1/24	-126	-126	-126		As per Government Guidance
24/5 Savings	-2,166	-2,435	-2,768		

Bromsgrove District Council



Audit, Standards and Governance Committee
ANNUAL REPORT

2024 - 2025



Bromsgrove
District Council
www.bromsgrove.gov.uk

CHAIRMAN'S FOREWORD

On behalf of the Committee, I would like to thank Councillor David Nicholl for his Chairmanship prior to the May. I am particularly grateful to all the Members of the Committee for their diligence and attention, given the breadth of work that the Committee undertakes.

This year has seen a significant move forward in terms of issues highlighted by our Auditors in their Interim Auditors Annual Reports for 2020/21, 2021/22 and 2022/23. The most important of these has been that we have:

- Produced accounts for 2020/21, 2021/22 and 2022/23, made the accounts available for public consultation and received “Disclaimer Opinions” as per the “Backstop” legislation requirements.
- Produced draft accounts for 2023/24 and put these out for public consultation within the “Backstop” legislation requirements. There is no opinion received yet as new External Auditors are being onboarded.

This has meant the Council now has far more certainty in respect of its financial position which is reflected in levels of reserves and balances. However, as with many Councils, there is still the requirement for clarity over “Disclaimer Opinions” and their knock-on effect on future years audit opinions. Because of these deliverables being met, we have felt as a committee, that the requirement highlighted by the Audit Task Group in 2023, on rectification of the financial position, has been met and have moved back to meeting four times a year.

My particular thanks go to the Democratic Services Officers for their support, Mr Peter Carpenter, Mrs Debra Goodall and their team for dealing with the ongoing issues of non-delivery of the accounts and delivering an unprecedented four sets of accounts within the municipal year. I am grateful for Councillor Rachel Bailes, as Risk Champion, in moving forward this agenda, with her innovative approach and questioning of major issues and how risk is reported.

Looking forward, there are two aspects this Committee should look to ensure happens. The first is the appointment of an independent lay member of the Committee which is both a national recommendation and something that was highlighted in Councillor Nicholl's previous report to Council. The second is there is still a long way to go, especially with Local Government Reorganisation and Devolution about to happen and so it is imperative that the control processes now in place are continually enhanced to ensure the correct governance is established for Council decision making processes and its use resources.

I believe that the Audit, Standards and Governance Committee has and continues to provide a valuable contribution to the development of standards and protocols across the Council's governance in an effective and compliant way.

Councillor H.D.N. Rone-Clarke

Chairman of the Audit, Standards and Governance Committee

MEMBERSHIP



Harrison Rone-Clarke (Chairman)



Simon Nock (Vice-Chairman)



Rachael Bailes



Samuel Evans



Derek Forsythe



David Hopkins



Charlie Hotham



David Nicholl



Stephen Peters



Justin Stanley



Marc Worrall (Parish
Councils' Representative)

INTRODUCTION

This report provides an overview of the Audit, Standards and Governance Committee's activities during the municipal year 2024-25.

The ultimate responsibility for Audit rests with the Portfolio Holder with responsibility for Finance and the Section 151 Officer. The Portfolio Holder is expected to attend each meeting as determined in the Council's Constitution.

During the year the Committee had considered reports and updates on the following subjects:

- Monitoring Officer's Report – details complaints and training taken place during the period between meetings.
- Updates from the Internal Audit Team.
- Updates from the External Auditors (including Backstop Report).
- General Dispensations Report.
- Annual Update Report on Regulation of Investigatory Powers Act 2000 (RIPA) Report.
- Financial Compliance Report (including updates on Statements of Accounts).
- Financial Savings Monitoring Report.
- Risk Management Report/Quarterly Risk Update.
- Risk Champion Update.
- Annual Review from the Local Government Ombudsman.

Further information about some of the key responsibilities of the Committee are detailed within this report.

Meeting dates and minutes of the Audit, Standards and Governance Committee meetings can be found on the Bromsgrove District Council website, link detailed below:

[Browse meetings - Audit, Standards and Governance Committee](#)

The Role of The Audit, Standards And Governance Committee

Scope and Responsibility

The Audit, Standards and Governance Committee provides independent assurance to the Council in respect of:

- The effectiveness of the Council's governance arrangements
- The Annual Governance Statement
- The Review of the Annual Statement of Accounts
- Risk Management Framework and strategies
- The effectiveness of the Council's financial and non-financial performance
- Anti-Fraud arrangements
- Whistle-blowing strategies
- Internal and external audit activity
- Democratic governance

The Committee is also responsible for the Council's Standards Regime which covers both District and Parish Councils. Areas encompassed within the Standards Regime include:

- Promoting high standards of conduct by Councillors and co-opted members of Council bodies.
- Assisting Councillors and co-opted members to observe the Members' Code of Conduct.
- Advising and training Members and co-opted members in respect of the Code of Conduct.
- Formulating advice to members and officers in declarations of gifts and hospitality.
- Granting dispensations to Councillors and co-opted members from requirements relating to interests as set out in the Code of Conduct.
- Considering reports from the Monitoring Officer following investigation into complaints about elected Members.

Meetings of the Committee – 2024-2025

The Council's constitution requires the Audit, Standards and Governance Committee to hold quarterly meetings. At its meeting on 9th March 2023, the Committee agreed that it should hold six meetings per municipal year (meet bi-monthly) until issues with the submission of the outstanding Statements of Accounts had been resolved.

During the meeting held on 16th January 2025, Members agreed to the recommendation that following receipt of "Disclaimer Opinions" from the External Auditors for the 2020/21 and 2021/22 Accounts, as approved at the Committee meeting on the 5th December, the subsequent "Disclaimer Opinion" of the 2022/23 Accounts on the 3rd January and the provision of the 2023/24 Accounts for Public Consultation by the 17th January 2025 as per the backstop regulations, that Audit, Standards and Governance Committee meetings revert to being quarterly in nature.

Standards Regime

There are two main areas which are considered regularly in terms of the Committee's responsibility for Standards.

Monitoring Officer's Report

This covers Member Training, Member Complaints and Parish Council matters.

If the elected Member was found to have breached the Authority's Code of Conduct, the powers available to the Authority include a formal letter of warning to the Member and formal censure by motion, of a committee, for the removal of the Member from a Committee (which does not legally prevent the Councillor in question from attending), in addition to adverse publicity.

The Council's Code of Conduct is designed primarily with the view of maintaining standards through a conciliatory approach and there was a high reliance on the Monitoring Officer working in cooperation with political Group Leaders when finding resolutions to Member complaints.

It was reported through the Monitoring Officer's report that Members received training throughout the 2024-2025 municipal year. The training included the following sessions:

- Code of Conduct
- Joint Detailed Planning
- Planning Refresher
- Audit, Standards and Governance Committee
- Mock Planning Committee
- Chairing Skills
- Overview and Scrutiny
- Joint Member Licensing
- Modern.Gov App
- Local Government Finance
- Emergency Planning and Business Continuity
- Carbon Literacy
- Safety
- Appointments
- Planning
- Training for Members of the Shareholders Committee

The Member Development Steering Group (MDSG) had met several times throughout the municipal year. MDSG discussed the needs and adaptations required to make training relevant to Members. In addition, discussions took place regarding the Member Induction and training for the next municipal year.

The Constitution Review Working Group (CRWG) is a cross-party group where any potential changes to the Council's constitution are discussed. CRWG continued to meet during 2024-2025 and had been considering issues relating to constitutional changes that follow the Council's approval on 20th September 2023 of the hybrid Leader and Cabinet governance model, implemented from the start of 2024-25 municipal year. Among the items of business

that the Group discussed were various constitutional updates deemed necessary to enact the Hybrid Leader and Cabinet arrangements including updates to terms of reference for the Cabinet Advisory Group (CAG), Memorandum of Understanding (MoU) for cross party working. Topics such as behaviour at meetings and the rules for remote participation in meetings had also been considered.

Member Complaints

An update on Member complaints had been provided in all Monitoring Officer's reports. It was noted that several Member complaints had been received to date in 2024-25, most of which have been resolved locally. There had also been several complaints received in respect of Parish Councillors. It was noted that these were most appropriately dealt with by Parish Councils and not by the District Council's Monitoring Officer.

There had been several complaints this year at both Parish and District levels. These continue to be investigated locally by the Monitoring Officer. There had been no investigations about Members which required a Hearings Sub-Committee to be convened.

Dispensation Report

The Audit, Standards and Governance Committee received several dispensations reports this year.

The reports on Individual Member Dispensations were considered on 17th July and 14th September 2023 respectively. The requests for Individual Member Dispensations detailed in those reports were granted by the Committee. The dispensations agreed at these meetings remain valid until the first meeting of the Audit, Governance and Standards Committee following the next District Council Elections in May 2027 unless amended by the Committee prior to that date.

An Individual Member Dispensations Report was considered at the meeting on 7th March 2024. This was in respect of Individual Member Dispensations and Outside Bodies Dispensations as requests had been received from Councillors S. Ammar, S. Webb concerning the Citizens Advice Bureau (CAB) and A.M. Dale, J. Elledge, and M. Marshall relating to The Artrix. These dispensations remain valid until 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.

A further Individual Member Dispensations Report was considered at the meeting held on 23rd May 2024 in respect of Individual Member Dispensations and Outside Body appointment dispensations for individual Members. The dispensations agreed at these meetings remain valid until the first meeting of the Audit, Governance and Standards Committee following the next District Council Elections in May 2027 unless amended by the Committee prior to that date

Parish Council Involvement

The Parish Council's representative can add any item on to the agenda as required as outlined in the Committee Terms of Reference. Whilst Parish Councils can appoint two representatives on to the Committee, only one of these places was taken up. The Parish Council's Representative for the municipal year 2024-2025 was Mr M. Worrall.

Investigations and Enquiries

The Independent Person, Mr Mel Nock, had continued to support the Monitoring Officer in the management of Member-to-Member complaints where necessary. The Council had considered joining the other District Councils in Worcestershire that had a retained pool of Independent Persons – any proposals for this would be considered by the Committee. In the meantime, Mr Nock, remains the Independent Person on an interim basis.

INTERNAL AUDIT REPORTS

During the year the Committee had continued to receive updates on the work of the Internal Audit team including details of the following completed audit reports:

- Internal Audit Plan 2024-2025
- Internal Audit Annual Report and Audit Opinion 2024-25
- Internal Audit - Progress Report (every meeting).

EXTERNAL AUDITORS

During the year the Committee received reports from the current External Auditors, Grant Thornton on the following subjects:

- Grant Thornton – Quarterly Sector Update (including Backstop Report)
- Joint Interim Auditor’s Annual Report

The Progress Reports were considered at each meeting of the Committee and covered a range of issues including the following:

- Value for Money
- Significant Risks
- Financial Statements
- Housing Benefits

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 confirmed that Ernst and Young would become the Council’s External Auditors on the 24th October 2024.

Section 24 Notice

One of the legislative reporting requirements the Council had not achieved was 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.

Following the issuing of the original Section 24 Statements, and a review of why this happened which was undertaken by a Task 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.

Backstop Report

On 30th July 2024, the Minister of State for Local Government and English Devolution, Jim McMahon, provided a written statement to Parliament confirming the Government's intention to introduce a backstop date for English local authority audits up to 2022/23 of 13th December 2024. A backstop date for 2023/24 was proposed of 28th February 2025 and a date for 2024/25 audits of 27th February 2026.

External Auditors, Grant Thornton considered that there would be insufficient time to conclude their work in advance of the 13th December 2024 backstop deadline. On that basis the backstop for the 2020/21, 2021/22 and 2022/23 years was applied. Given that several key audit areas remained outstanding, their proposed audit reports would be issued as a disclaimer of opinion, effectively meaning Grant Thornton had been unable to gain the assurance necessary to give an audit opinion by the statutory backstop date.

During its meeting on 16th January 2025 Members agreed that 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 Audit, Standards and Governance Committee meetings revert to being quarterly in nature.

Risk Champion Updates

The Risk Champion for the Council, Councillor R.A. Bailes, had provided comprehensive updates on risk at meetings of Audit, Standards and Governance Committee. The risk updates spurred several significant discussions among Members. The following had been carried out as part of the review:

- Regular meetings had been set up with the Section 151 Officer and Risk Champion.
- Access to the Corporate Risks System, reviewing areas in Housing, Planning and Workforce Planning.
- Review of the Risk Management Report.
- Review of critical risks after consideration of the English Devolution White Paper.

Below is a summary of the main matters discussed at Audit, Standards and Governance Committee in this municipal year:

23rd June 2024

Dispensations Report

At this meeting the Committee considered a report seeking approval of several general member dispensations applying to all Members in addition to the individual member dispensations requested up to the point of this meeting (as detailed in the report).

Annual Update Report on Regulation of Investigatory Powers Act 2000 (RIPA)

The Committee considered the annual update report on the Regulation of Investigatory Powers Act 2000 (RIPA). The revised Code of Practice for Covert Surveillance and Property Interference, 2018, advised that elected members should, at least on an annual basis, review the RIPA policy and the authority's use of the Act. This report was published in compliance with that requirement.

Grant Thornton – External Audit Progress Report and Sector Update

The Committee considered a progress report from the External Auditors. It was noted that work to reconcile the old and new IT systems was in its final stages and as reported elsewhere in the agenda the Section 151 Officer felt able to issue the 2020/21 draft accounts for audit.

Previous meetings of the Committee had discussed the backstop arrangements for dealing with outstanding Local Authority accounts, which the Government had consulted on in the first quarter of the calendar year.

Internal Audit Plan 2024/2025

The Committee considered the draft Internal Audit Plan for 2024/25. This was a risk-based plan as required by the Public Sector Internal Audit standards.

The plan was largely based on a review of corporate and departmental risk registers and included review of four fundamental financial systems and proactive counter fraud work by review of the corporate credit card and petty cash systems. The recommendations would be monitored throughout the implementation.

Some recruitment had taken place within the Internal Audit team which would result in the team working at full capacity by the end of Summer 2024.

Financial Compliance Reports Including Progress Update on Statement of Accounts

This report set out details of delivery against key financial requirements. During the presentation it was reported that the Council's 2020-21 Accounts could be published on the Council's website and would be open for public inspection. It was estimated that the draft 2021-22 accounts would also be delivered by late June and the draft 2022-23 accounts by late August. These would also be published on the website with disclaimers to be clear that they were unaudited and with no audit adjustments.

Financial Savings Monitoring Report

In June 2024 the Committee received a report which set out the final position on the 2023-24 financial savings programme. Included in the report was information regarding two items classified as 'amber' in terms of potential risk to achievement for Service Reviews and Capacity Grid Project. There was, in addition, a risk to the establishment from rising costs, despite a tight control being exercised by Senior Managers. The Capacity Grid project was being delivered but the time lag in recording debts was a risk to delivery. Finance Vacancies was reported as a red risk as despite a recruitment round the vacant finance positions could not be filled.

Quarterly Risk Update Q4 2023/4

The Committee considered an update report on corporate and departmental risks.

Areas of risk included in the report were highlighted as follows:

- General and local elections and the impact that this might have on the Local Government Settlement.
- Two risks had moved from amber to green (COR 17 and COR 21) due to mitigating actions.
- Four new departmental risks.

15th July 2024

Internal Audit Annual Report and Audit Opinion 2023/24

At this meeting it was discussed that the Accounts and Audit Regulations and the Public Sector Internal Audit Standards (the Standards) required the Head of Internal Audit to provide an Annual Internal Audit Opinion and report that could be used by the organisation to inform its Annual Governance Statement.

The report showed that a reasonable standard of assurance had been reached overall, which was the second of the four available ratings. All ten of the audit assignments during the year had achieved at least a reasonable rating of assurance. In addition, the team had carried out one critical friend review of key controls on transactions and balances on the general ledger, validity of accounts receivable transactions and the extent to which TechOne was being used by budget managers to forecast their budget outturns. This review had largely positive outcomes but there were some recommendations for improvement for reconciliations, which managers had already been aware of. A full internal audit of this would be carried out later in the financial year.

Quarterly Risk Update (Q1 2024/25)

The Committee considered a quarterly update report for Quarter 1 2024/25, which set out Council activity to identify, monitor and mitigate risk. It was reported to the Committee that the number of Corporate and Departmental risks had reduced. The Council's continuing actions in relation to cyber security were also noted.

Financial Compliance Report Including Update on Statement of Accounts

Members were asked to consider the Financial Compliance Report including the update on the Statement of Accounts report which set out progress against key financial requirements.

The following items which had progressed since the report were circulated as follows:

- The Council Tax & NDR Collection - Q4 had been completed.
- The Revenue Outturn suite – provisional - these were due to be submitted in the next couple of days.
- All other items listed in the report as ‘expected to be delivered to deadline’ had been achieved.

The draft 2020/21 accounts had been presented to the Audit, Standards and Governance Committee for comment in May and it was reported that they were open for Public Inspection.

Further information provided at this meeting was:

1. The 2021/22 to 2023/24 accounts were being worked on in sequence.
2. The Council’s external auditors had indicated that the final piece of work on the take-on data had been completed and formal confirmation of this was awaited.
3. The format of the accounts for 2021-22 and onward financial years had been amended so that they were easier to read and understand.

10th September 2024

Annual Report from the Local Government Ombudsman (LGO)

During the meeting Members were advised that this report was provided to set out the statistics for complaints made against the Council and the aim was to provide Councils with information which could assist performance in handling complaints and to learn from them.

For the period ending 31st March 2024, the number of complaints received was thirteen and the number of complaints decided was ten. Of the ten decided cases, there was only one case where the LGO upheld the complaint . The Ombudsman found five complaints did not warrant an investigation and three complaints were referred to the Council as premature.

Since the last report on the Ombudsman’s Annual Review letter in November 2023, Officers were continuing with a project to review and update the complaints handling system for the Council.

Grant Thornton – External Audit Progress Update

The External Auditors Grant Thornton introduced an update on the application of the Local Authority Backstop to Members. On 30th July 2024, the Minister of State for Local Government and English Devolution provided a written statement which confirmed the Government’s intention to introduce a backstop date for English Local Authority audits up to 2022/23 of 13th December 2024 and up to 2023/24 proposed for 28th February 2025. The Board were reminded that audits for years 2020/21 to 2022/23 had not been signed off, largely due to challenges with the ledger implementation in February 2021 and in preparing draft financial statements.

Grant Thornton considered there would not be sufficient time to conclude the work in advance of the 13th December 2024 backstop deadline. On that basis, the expectation would be that the backstop for the 2020/21, 2021/22 and 2022/23 years be applied. Given that several key audit areas remained outstanding the proposed audit reports would be issued as a disclaimer

of opinion, effectively meaning that the External Auditors had been unable to gain the assurance necessary to give an audit opinion by the statutory backstop date. The Government had set out its intention that from 2023/24, auditors should work with Local Authorities to begin the process of recovery.

Internal Audit – External Quality Assessment and Improvement Plan

The purpose of the report was to inform Members of the results of the Internal Audit Independent External Quality Assessment (EQA) and Associated Quality Assurance and Improvement Policy and Plans.

The Standards required that an independent External Quality Assessment (EQA) of the internal audit service be completed every 5 years. An EQA had been completed in May 2024 with the results confirming that the service was operating in General Conformance to the Standards which was the highest of the three available assessment grades.

To support continued improvement against the positive outcome, a new Quality Assurance and Improvement Policy had also been developed as set out below:

- Required service standards.
- Assist to ensure compliance with those standards.
- Provide assurance to stakeholders that sound arrangements were in place.
- To ensure internal audit work was of good quality and that the service was striving for continuous improvement.
- Provide a framework against which service performance could be evaluated.

Financial Compliance Report including Update on Statement of Accounts

Key legislative deliverables were discussed with the Board and the progress been made. It was explained that the Revenue and Capital Outturn forms for 2021/22 and VAT key returns had not been delivered. Significant data would be sent to His Majesty's Revenue and Customs (HMRC) following work with the Council's Tax Consultants PS Tax to bring the Council back into normal reporting and reclaim significant funds. The key closure deliverables for each financial year were also discussed.

Following the General Election in July 2024, the New Minister of State for Housing, Communities and Local Government wrote to Councils on the 30th July 2024 and noted the significant and unacceptable backlog of unaudited accounts. To tackle the backlog, an initial backstop date of 13th December 2024 for financial years up to and including 2022/23 and five subsequent backstop dates for 2015/16 through to 2019/20 were to be signed off by the 30th December 2023. Parliamentary approval was given on the 9th September for financial years 2024/25 to 2027/28 be the date by which local bodies should publish 'draft' (unaudited) accounts.

Draft accounts for 2021/22 were presented to the which showed the Council was in a positive overall position with regards to earmarked reserves and general funds. It was highlighted that significant work had been carried out by Officers to complete the accounts. Members were also informed that the next stage for the 2021/22 draft accounts was for Public Inspection.

Financial Savings Monitoring Report

This report set out a quarterly requirement of the 2020/21 External Audit Report, measuring the effectiveness of the Council's delivery of savings within the budget. The report explained the overall financial position as at Quarterly 1 2024/25.

In terms of savings, the report covered previous years as well as items required for the following financial year. The position at the year-end for 2023/24 for Departmental Savings

was that two amber items for The Service Review and The Capacity Grid Project required careful monitoring. The red item in relation to finance savings could not be achieved until closure of accounts had been completed. The largest savings in recent years were pension costs which linked to the 2023 triennial revaluation.

Delivery of the 7% increase on Fees and Charges across most Council's chargeable services and the deliverability of Planning income increases also required careful tracking.

5th December 2024

Grant Thornton – External Audit Backstop Report

During this item Members were advised that 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 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 Council's Website with a 30-day public consultation period. The draft 2022/23 accounts were published on the Council's 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 imposed the Backstop date of 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.

Financial Compliance Report

This 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 confirmed that Ernst and Young would become the Council's External Auditors on the 24th October 2024.

During the consideration of this item, it was noted that two key returns that had not been delivered were Revenue and Capital Outturn forms for 2021 / 2022 and the VAT returns. Significant work had been undertaken by the Council's Tax advisors 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.

Internal Audit – Progress Report

This report set out 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 following updates were provided during the presentation of the report:

- 1) Audits for Risk Management, Accounts Payable, Benefits and Council Tax had all been completed and reports were near to completion.
- 2) Staffing issues and recruitment

Results of the internal audit for Procurement were also discussed at this meeting. It was noted that the audit showed as limited assurance however, there had been some improvements made 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.

Risk Management Report/Quarterly Risk Update

The Committee considered an update report and 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 Councils, 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.

Quarter 2 – Savings Report

The report set out that the overspend position had increased. The position in terms of Risk at year end 2023/24 was that two Amber items required careful monitoring for the Service Review and the Capacity Grid Project. The Finance item identified as a red risk would not be delivered; however, additional resource was in place to get the accounts up to date.

Whistleblowing

Members were advised that the Chair of the Audit, Standards and Governance Committee requested that Council's Whistleblowing be brought to the Committee for Review. Browne Jacobson were commissioned by the Council to review the policies and the final version of the Whistleblowing Policy as agreed by the Board are set out below:

- 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 would be presented to the Unions at the joint meeting in December 2024 for their comment and approval before a final version was approved.

16th January 2024

Minutes to be checked – deadline date is 11th March 2025

20th March 2024

The last meeting of Audit, Standards and Governance Committee in the 2025-26 municipal year at which this Annual Report will be presented. Items to be considered at this meeting include:

- Standards Regime – Monitoring Officer's Report
- Risk Management Report / Corporate Risk Register
- Internal Audit Progress Report
- Financial Compliance Report
- Financial Savings Monitoring Report – Q3
- Annual Report for 2024/25

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Risk Champion Update March 2025

Progress to date:

All papers presented to Council and Committees in the template used, now have up to date statement regarding risk attached to the paper rather than the previous cut and paste versions that didn't express the nature of the associated risks. This is an improvement.

As Risk Champion, I have access to review the 4Risk system which is where all of the identified risks for BDC are monitored. The identified risks are monitored by the SMT with all risks reviewed and progress of mitigations stated. The system is not available at the present time as it is undergoing maintenance so the next update on the 4 Risk entry and monitoring will be at the Audit Standards and Governance Committee Meeting.

Following the January Risk Champion Update, the Chair of Audit, Governance and Standards and I have requested that the report is taken to Cabinet once a quarter to highlight any concerns and of course progress.

A productive meeting with the Internal Audit Manager took place and there will be future meetings taking place in the year.

Current Concerns

Business As Usual

There is a high risk that employees will leave a Council due to The Government Devolution announcement. There needs to be established a fall back positions of staff for each service that would prevent services being interrupted. An update about vacancies and staff turnover has been requested to be presented at Audit, Governance and Standards Committee each meeting. The sickness and absence rates will also need to be reported.

The BDC Workforce plan will need to be revised and have a higher risk level. The entry in 4Risk will need to be revised once a plan of engaging and keeping staff motivation has been agreed. This will be followed up by the next Audit Governance and Standard Committee meeting following 20th March.

Risk relating specifically to Devolution

There is a risk related to budget spending. Budget paper for approval for Tranche 1 stated several approved expenditures. I have raised the concern that members will want to make sure their areas of the District have a portion of the fund available prior to the BDC being disbanded. This is not the risk, as all members have a right to ask for money to be invested in their area, the risk is how these are measured to be worthwhile and

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leave a legacy. Any bid for funds will need to be accompanied with a business case that will be used to measure the benefits of the spend. There will need to be an agreed formal and proper route that can be followed by all members. Any requests will be put forward to the Budget and Finance Committee along with the business plan and then referred to the relevant Portfolio holder and officers. It would be wise to put some limits on how much a member will be able to ask for.

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

20th March 2025

- Standards Regime – Monitoring Officer's Report
- Risk Management Report / Corporate Risk Register
- Internal Audit Progress Report
- Financial Compliance Report
- Financial Savings Monitoring Report – Q3
- Risk Champion Update
- Committee Work Programme

Other items:

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

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