

Open

Audit Committee

Agenda

6pm
Wednesday, 27th November 2019
Council Chamber
Wyre Forest House
Finepoint Way
Kidderminster



Audit Committee

Members of Committee:

Chairman: Councillor A Totty
Vice-Chairman: Councillor S E N Rook

Councillor V Caulfield

Councillor B S Dawes

Councillor N J Desmond

Councillor A L L'Huillier

Councillor C Rogers

Councillor P W M Young

Independant Person: Bodrul Zzaman

Information for Members of the Public:

Part I of the Agenda includes items for discussion in public. You have the right to request to inspect copies of Minutes and reports on this Agenda as well as the background documents used in the preparation of these reports.

Part II of the Agenda (if applicable) deals with items of "Exempt Information" for which it is anticipated that the public may be excluded from the meeting and neither reports nor background papers are open to public inspection.

Declaration of Interests by Members – interests of members in contracts and other matters

Declarations of Interest are a standard item on every Council and Committee agenda and each Member must provide a full record of their interests in the Public Register.

In addition, alongside the Register of Interest, the Members Code of Conduct ("the Code") requires the Declaration of Interests at meetings. Members have to decide first whether or not they have a disclosable interest in the matter under discussion.

Please see the Members' Code of Conduct as set out in Section 14 of this constitution for full details.

Disclosable Pecuniary Interest (DPI) / Other Disclosable Interest (ODI)

DPI's and ODI's are interests defined in the Code of Conduct that has been adopted by the District.

If you have a DPI (as defined in the Code) in a matter being considered at a meeting of the Council (as defined in the Code), the Council's Standing Orders require you to leave the room where the meeting is held, for the duration of any discussion or voting on that matter.

If you have an ODI (as defined in the Code) you will need to consider whether you need to leave the room during the consideration of the matter.

For further information:

If you have any queries about this Agenda or require any details of background papers, further documents or information you should contact Sian Burford, Assistant Committee Services Officer, Wyre Forest House, Finpoint Way, Kidderminster, DY11 7WF. Telephone: 01562 732766 or email sian.burford@wyreforestdc.gov.uk

Wyre Forest District Council

Audit Committee

Wednesday, 27th November 2019

Council Chamber, Wyre Forest House, Finepoint Way, Kidderminster

Part 1

Open to the press and public

Agenda item	Subject	Page Number
1.	Apologies for Absence	
2.	Appointment of Substitute Members To receive the name of any Councillor who is to act as a substitute, together with the name of the Councillor for whom he/she is acting.	
3.	Declarations of Interests by Members In accordance with the Code of Conduct, to invite Members to declare the existence and nature of any Disclosable Pecuniary Interests (DPI's) and / or Other Disclosable Interests (ODI's) in the following agenda items and indicate the action that they will be taking when the item is considered. Please see the Members' Code of Conduct as set out in Section 14 of the Council's Constitution for full details.	
4.	Minutes To confirm as a correct record the Minutes of the meeting held on the 29th July 2019.	5
5.	Audit Progress Report To receive an audit progress report from Grant Thornton.	9
6.	Annual Audit Letter for Wyre Forest District Council – 2018/19 Accounts To receive the Annual Audit Letter from Grant Thornton confirming the findings of the audit of accounts for 2018/19.	22
7.	Internal Audit Monitoring Report Quarter Ended 30th September 2019 To receive a report from the Audit Manager/S151 Officer which informs Members of the Internal Monitoring Report for the quarter ended 30 th September 2019.	40

8.	<p>Risk Management</p> <p>To receive a report from the S151 Officer which informs Members of the current Corporate Risk register and the Budget Risk Matrix.</p>	53
9.	<p>To consider any other business, details of which have been communicated to the Solicitor to the Council before the commencement of the meeting, which the Chairman by reason of special circumstances considers to be of so urgent a nature that it cannot wait until the next meeting.</p>	
10.	<p>Exclusion of the Press and Public</p> <p>To consider passing the following resolution:</p> <p>“That under Section 100A(4) of the Local Government Act 1972 the press and public be excluded from the meeting during the consideration of the following item of business on the grounds that it involves the likely disclosure of “exempt information” as defined in the paragraph 1 of Part 1 of Schedule 12A to the Act”.</p>	

Part 2

Not open to the Press and Public

11.	<p>To consider any other business, details of which have been communicated to the Solicitor to the Council before the commencement of the meeting, which the Chairman by reason of special circumstances considers to be of so urgent a nature that it cannot wait until the next meeting.</p>	
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WYRE FOREST DISTRICT COUNCIL

AUDIT COMMITTEE

**COUNCIL CHAMBER, WYRE FOREST HOUSE, FINEPOINT WAY,
KIDDERMINSTER**

29TH JULY 2019 (6PM)

Present:

Councillors: A Totty (Chairman), S E N Rook (Vice-Chairman), B S Dawes, P Harrison, A L L'Huillier, S Miah and P W M Young.

Councillor G W Ballinger attended as an observer.

AUD.10 Apologies for Absence

Apologies for absence were received from Councillors: V Caulfield and N J Desmond and from B Zzaman, Independent Member.

AUD.11 Appointment of Substitutes

Councillor P Harrison was appointed as a substitute for Councillor N J Desmond and Councillor S Miah was appointed as a substitute for Councillor V Caulfield.

AUD.12 Declarations of Interests by Members

No declarations of interest were made.

AUD.13 Minutes

Agreed: The minutes of the meeting held on 29th May 2019 be confirmed as a correct record of the meeting and signed by the Chairman.

AUD.14 Audit Finding Report for Wyre Forest District Council – 2018/19 Accounts

The Committee received a report from the Grant Thornton (GT) Engagement Lead, detailing the findings of the audit of accounts for 2018/19. He led Members through the financial statements and the value for money arrangements and informed them that the outstanding items mentioned in the report were now completed and there were no additional issues or concerns to be raised.

He advised that it had been a challenging year with increased scrutiny due to high profile developments such as the collapse of Carrillion and this meant that GT had responded to these circumstances and asked additional questions of Officers to ensure confidence in the systems.

Agenda Item No. 4

He stated that the report was positive and gave a clean opinion of Wyre Forest District Council (WFDC) accounts and GT were satisfied that WFDC have procedures in place for offering value for money.

He explained the revenue cycle and management override controls to Members and advised that when approving the signing the accounts they needed to focus on the audit risks that were included in the plan put before the Committee earlier in the year.

WFDC made significant capital expenditure in 2018-19 on the acquisition of Capital Portfolio Assets and as part of the audit the asset was challenged by GT and there was extensive dialogue with Officers. Based on evidence provided GT agreed that these acquisitions support the wider Functional need of the Council.

He explained that there had been considerable work done on the pension fund net liability. The McCloud ruling had been referenced and, following discussion with Officers, the position had been updated and the figures revised in the final accounts.

Grant Thornton were satisfied that an under spend in the accounts could not have been anticipated and work had gone into ensuring the budget was robust to avoid under spend which had been mentioned in the peer review. They felt that Officers were delivering well against the significant savings that were needed and that WFDC were in a good position to face the challenges ahead and noted the increase in reserves to provide resilience which was very positive. The asset portfolio was discussed and GT encouraged constant review.

There was a proposed increase in GT fees for the year to reflect the additional work that would be involved in the pension fund and PPE evaluation. The Engagement Lead addressed recent criticism of GT based on a review of their commercial audits and informed Members that improvements had been put in to place to improve the quality of their work and they were taking the concerns very seriously.

The Engagement lead answered Members questions on performance materiality amounts and a detailed discussion took place around property purchases outside of the Authority area.

Decision: The report was noted by the Committee.

AUD.15 Statements of Accounts 2018/19

The Corporate Director: Resources presented a report on the Statement of Accounts 2018-19 highlighting the changes that were required to the accounts following the audit undertaken by Grant Thornton.

Members were also asked to approve the letter of representation to the auditors.

The draft Statement of Accounts were endorsed by the Audit Committee on the

Agenda Item No. 4

29th May 2019 and the minor issues that were raised by the Auditors had been amended. This has meant that WFDC were in a positive position moving forward. It had been a challenging year due to the national landscape which had resulted in extra work for Officers. All teams had worked well together and the Corporate Director: Resources offered her thanks to her team and Grant Thornton for the work that had gone into the accounts.

The Corporate Director: Resources gave Members background detail to the accounts highlighting changes that had been made. The document had been shared with Officers and Members for full transparency. There had been no public requests to inspect the documents but there had been request from a journalist from Leicestershire which she was happy to accommodate.

The accounts will be available on the WFDC website when approved.

Agreed:

1.1 The Revised Statement of Accounts for 2018/19, including the revised Annual Governance Statement included on pages 38 to 49 of the full document be approved.

1.2 The Letter of Representation for 2018/19 as at Appendix 1 of the report be approved.

6:50pm – the Principal Accountant, Financial Services Manager and the Engagement Lead and Engagement Manager from Grant Thornton left the meeting at this point.

AUD.16 Internal Audit Monitoring Report Quarter Ended 30th June 2019

The Audit Manager presented the Internal Monitoring Report for the quarter ended 30th June 2019. She led Members through the report page by page explaining the risk assessment system and the audit resource statistics in more detail.

Councillor Rook asked questions around the comparison of ad-hoc audit consultancy and advice data. The Audit Manager explained that the number of enquiries around accounts payable and procurement had increased in this quarter 2019/20 with a request to log all enquiries to the team as the previous post holder for Accounts Payable had moved across to audit, so moving forward this would demonstrate audit adding value and continuing to improve procedures. Income enquiries were dropping each year because of changes in how money was collected and the system working well. Payroll enquiries were also dropping and she explained this was due to a Payroll Officer from Redditch being based at Wyre Forest House for part of each week which had reduced the issues between the two sites.

Councillor Ballinger asked what plans were in place to move HR out of a red risk assessment. The Audit Manager explained that this was a fluid area that needed to be kept on top of to avoid issues such as ghost employees. It had the potential to be a problem area so classed as red to ensure it was fully supported. She also explained that payroll was monitored closely as it was

Agenda Item No. 4

managed over 2 sites. This did not automatically mean that problems would arise, just that they were monitoring it closely. The Corporate Director: Resources agreed that although there were never many payroll issues they still wanted there to be less which had been helped by the Redditch Payroll officer being on site.

Councillor Miah offered his thanks to the Audit Manager for the presentation of the information and asked if there was any concern around the security/fraud/error enquiries and was reassured by the Audit Manager that these were just quick ad hoc enquiries

Councillor L'Huillier asked if payroll should be classed as more of a risk as it could be open to abuse. The Audit Manager informed the Committee that payroll was audited each year and that there were robust procedures in place which allowed the risk to be monitored. The Corporate Director: Resources and Audit Manager gave details on the risk assessments for payroll and establishment.

Decision – The Committee considered and noted the Internal Audit Monitoring Report for the Quarter ended 30th June 2019 as detailed in the appendix to the report

AUD. 17 Update on the Counter Fraud Arrangements 2019-20

The Committee received a report from the Audit Manager updating them on the current counter fraud arrangements in place looking back for 2018-19 and forward for 2019-20. She led Members through the report in detail discussing key points and explaining that often issues resulted from genuine errors rather than purposeful fraud but that Compliance Officers worked hard to ensure that these were correctly identified and dealt with and that very few issues turned into major issues.

The Audit Manager and Corporate Director: Resources answered Members questions on the information provided in the report including information on business rates and cyber crime and agreed that information on the pro-active anti-fraud rolling action plan would be brought back to Committee if there were any issues. It was decided that the Committee would be updated twice a year and it would be made clear on the plan that this would happen.

The report was noted.

AUD. 18 Any other business

The Chairman asked the Committee to consider alternative dates for the Audit Committee for the 2019/20 municipal year. All Members present approved the proposed dates as circulated to Members prior to the meeting.

There being no further business the meeting ended at 7:33pm.

Audit Progress Report and Sector Update

Wyre Forest District Council
Year ending 31 March 2020

November 2019



Contents

Section	Page
Introduction	3
Progress at November 2020	4
Audit Deliverables	6
Sector Update	7

Introduction



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

The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you as a local authority; and
- includes a number of challenge questions in respect of these emerging issues which the Committee may wish to consider (these are a tool to use, if helpful, rather than formal questions requiring responses for audit purposes)

Members of the Audit Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications www.grantthornton.co.uk ..

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

Progress at November 2019

Financial Statements Audit

We issued our opinion on your 2018/19 Statement of Accounts on 29 July 2019.

We will begin our planning for the 2019/20 audit in December and will issue a detailed audit plan, setting out our proposed approach to the audit of the Council's 2018/19 financial statements.

We will begin our interim audit in February 2020. Our interim fieldwork includes:

- Updated review of the Council's control environment
- Updated understanding of financial systems
- Review of Internal Audit reports on core financial systems
- Early work on emerging accounting issues
- Early substantive testing

We will report our work in the Audit Findings Report and aim to give our opinion on the Statement of Accounts by the statutory accounts publication date of 31 July 2020.

Value for Money

The scope of our work is set out in the guidance issued by the National Audit Office. The Code requires auditors to satisfy themselves that; "the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources".

The guidance confirmed the overall criterion as: "in all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people".

The three sub criteria for assessment to be able to give a conclusion overall are:

- Informed decision making
- Sustainable resource deployment
- Working with partners and other third parties

Details of our initial risk assessment to determine our approach will be included in our Audit Plan.

We will report our work in the Audit Findings Report and aim to give our Value For Money Conclusion by the statutory accounts publication date of 31 July 2020.

Progress at November 2019 (Cont.)

Other areas

Certification of claims and returns

We certify the Council's annual Housing Benefit Subsidy claim in accordance with procedures agreed with the Department for Work and Pensions. The certification work for the 2018/19 is in progress and will be completed by the 30 November deadline. We will report our findings to the Audit Committee in the new year.

Meetings

We met with Finance Officers in October as part of our quarterly liaison meetings and continue to be in discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective. We also met with the Corporate Leadership Team in October to discuss emerging issues and the Council's strategic priorities and plans.

We also attended the Strategic Review Panel in October 2019 to provide a contextual overview of the Financial Landscape facing Councils from an External Audit perspective.

Events

We provide a range of workshops, along with network events for members and publications to support the Council. Your officers are invited to the next Financial Reporting Workshop scheduled in February, which will help to ensure that members of your Finance Team are up to date with the latest financial reporting requirements for local authority accounts.

Further details of the publications that may be of interest to the Council are set out in our Sector Update section of this report.

Audit Fees

During 2017, PSAA awarded contracts for audit for a five year period beginning on 1 April 2018. 2019/20 is the second year of that contract. Since that time, there have been a number of developments within the accounting and audit profession. Across all sectors and firms, the Financial Reporting Council (FRC) has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing.

Our work in the Local Government sector in 2018/19 has highlighted areas where financial reporting, in particular, property, plant and equipment and pensions, needs to improve. There is also an increase in the complexity of Local Government financial transactions and financial reporting. This combined with the FRC requirement that all Local Government audits are at or above the "few improvements needed" (2A) rating means that additional audit work is required.

We are currently reviewing the impact of these changes on both the cost and timing of audits. We will discuss this with your s151 Officer including any proposed variations to the Scale Fee set by PSAA Limited, before communicating fully with the Audit Committee.

As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and local government financial reporting

Audit Deliverables

2018/19 Deliverables	Planned Date	Status
<p>Audit Findings Report</p> <p>The Audit Findings Report was reported to the July Audit Committee.</p>	July 2019	Complete
<p>Auditors Report</p> <p>This is the opinion on your financial statement, annual governance statement and value for money conclusion.</p>	July 2019	Complete
<p>Annual Audit Letter</p> <p>This letter communicates the key issues arising from our work.</p>	August 2019	Complete
2019/20 Deliverables	Planned Date	Status
<p>Accounts Audit Plan</p> <p>We are required to issue a detailed accounts audit plan to the Audit Committee setting out our proposed approach in order to give an opinion on the Council's 2019-20 financial statements.</p>	March 2020	Not yet due
<p>Interim Audit Findings</p> <p>We will report to you the findings from our interim audit and our initial value for money risk assessment within our Progress Report. We are planning two interim visits, w/c 10 February and w/c 9 March. We will issue a list of areas we will be covering and information requests in advance of these visits.</p>	March 2020	Not yet due
<p>Audit Findings Report</p> <p>The Audit Findings Report will be reported to the July Audit Committee.</p>	July 2020	Not yet due
<p>Auditors Report</p> <p>This is the opinion on your financial statement, annual governance statement and value for money conclusion.</p>	July 2020	Not yet due
<p>Annual Audit Letter</p> <p>This letter communicates the key issues arising from our work.</p>	August 2020	Not yet due

Sector Update

Councils are tackling a continuing drive to achieve greater efficiency in the delivery of public services, whilst facing the challenges to address rising demand, ongoing budget pressures and social inequality.

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, the wider NHS and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with audit committee members, as well as any accounting and regulatory updates.

- **Grant Thornton Publications**
- **Insights from local government sector specialists**
- **Reports of interest**
- **Accounting and regulatory updates**

More information can be found on our dedicated public sector and local government sections on the Grant Thornton website by clicking on the logos below:

A teal rectangular button with the text "Public Sector" in white, sans-serif font, centered within the button.

Public Sector

A purple rectangular button with the text "Local government" in white, sans-serif font, centered within the button.

Local
government

CIPFA – CFO confidence survey

In July, the Chartered Institute of Public Finance and Accountancy (CIPFA) reported the results of their annual confidence survey.

The survey found that the majority of local government finance officers have lost confidence in their future financial positions over the last year.

Seventy per cent of respondents said they were either slightly less or much less confident in their financial position this year compared to 2018-19.

The survey also found that 68% said they were either slightly less or much less confident in their ability to deliver services in 2020-21. Sixty-two per cent expressed equal confidence in their financial position for 2019-20 as they had last year.

CIPFA found that the area of greatest pressure for top tier authorities was children's social care, with the number of authorities rating it as the biggest pressure rising by six percentage points.

For districts the greatest pressures were housing, cultural services and environmental services.

Rob Whiteman, CIPFA chief executive, said: "Local government is facing greater demand pressures than ever before, with particularly pressures in adults' and children's social care and housing. Local authorities also lack certainty about their future financial positions, so it's unsurprising to see confidence on the decline.

"We have repeatedly pointed out that local government is in need of a sustainable funding solution, but meeting this demand requires more than pennies and pounds. The sector as a whole must come together to address the challenges of effective service delivery."

CIPFA's survey received a total of 119 responses from authorities in the UK - 56 top tier authorities, 47 English districts, 12 Scottish authorities, and 4 Welsh authorities.



On the same theme, a Local Government Association (LGA) survey, also reported in July, found that almost two-thirds of councils believe cash for services like adult social care, child protection and preventing homelessness will dry up by 2024-25.

The survey got responses from 141 of the 339 LGA member councils in England and Wales.

It also found that 17% of councils were not confident of realising all of the savings they had identified this year (2019-20).

The LGA said that councils needed a guarantee they will have enough money to meet growing demand pressures in particular in adult social care, children's services, special educational needs, homelessness support and public health.



Financial confidence



Challenge question:

How confident over its' financial position is your Authority? Has this changed from previous years?

MHCLG – Independent probe into local government audit

In July, the then Communities secretary, James Brokenshire, announced the government is to examine local authority financial reporting and auditing.

At the CIPFA conference he told delegates the independent review will be headed up by Sir Tony Redmond, a former CIPFA president.

The government was “working towards improving its approach to local government oversight and support”, Brokenshire promised.

“A robust local audit system is absolutely pivotal to work on oversight, not just because it reinforces confidence in financial reporting but because it reinforces service delivery and, ultimately, our faith in local democracy,” he said.

“There are potentially far-reaching consequences when audits aren’t carried out properly and fail to detect significant problems.”

The review will look at the quality of local authority audits and whether they are highlighting when an organisation is in financial trouble early enough.

It will also look at whether the public has lost faith in auditors and whether the current audit arrangements for councils are still “fit for purpose”.

On the appointment of Redmond, CIPFA chief executive Rob Whiteman said: “Tony Redmond is uniquely placed to lead this vital review, which will be critical for determining future regulatory requirements.

“Local audit is crucial in providing assurance and accountability to the public, while helping to prevent financial and governance failure.”

He added: “This work will allow us to identify what is needed to make local audit as robust as possible, and how the audit function can meet the assurance needs, both now and in the future, of the sector as a whole.”

In the question and answer session following his speech, Brokenshire said he was not looking to bring back the Audit Commission, which appointed auditors to local bodies and was abolished in 2015. MHCLG note that auditing of local authorities was then taken over by the private, voluntary and not-for-profit sectors.

He explained he was “open minded”, but believed the Audit Commission was “of its time”.

Local authorities in England are responsible for 22% of total UK public sector expenditure so their accounts “must be of the highest level of transparency and quality”, the Ministry of Housing, Local Government and Communities said. The review will also look at how local authorities publish their annual accounts and if the financial reporting system is robust enough.

Redmond, who has also been a local authority treasurer and chief executive, is expected to report to the communities secretary with his initial recommendations in December 2019, with a final report published in March 2020. Redmond has also worked as a local government boundary commissioner and held the post of local government ombudsman.



National Audit Office – Code of Audit Practice

The Code of Audit Practice sets out what local auditors of relevant local public bodies are required to do to fulfill their statutory responsibilities under the Local Audit and Accountability Act 2014. ‘Relevant authorities’ are set out in Schedule 2 of the Act and include local councils, fire authorities, police and NHS bodies.

Local auditors must comply with the Code of Audit Practice.

Consultation – New Code of Audit Practice from 2020

Schedule 6 of the Act requires that the Code be reviewed, and revisions considered at least every five years. The current Code came into force on 1 April 2015, and the maximum five-year lifespan of the Code means it now needs to be reviewed and a new Code laid in Parliament in time for it to come in to force no later than 1 April 2020.

In order to determine what changes might be appropriate, the NAO is consulting on potential changes to the Code in two stages:

Stage 1 involves engagement with key stakeholders and public consultation on the issues that are considered to be relevant to the development of the Code.

This stage of the consultation is now closed. The NAO received a total of 41 responses to the consultation which included positive feedback on the two-stage approach to developing the Code that has been adopted. The NAO state that they have considered carefully the views of respondents in respect of the points drawn out from the [Issues paper](#) and this will inform the development of the draft Code. A summary of the responses received to the questions set out in the [Issues paper](#) can be found below.

[Local audit in England Code of Audit Practice – Consultation Response \(pdf – 256KB\)](#)

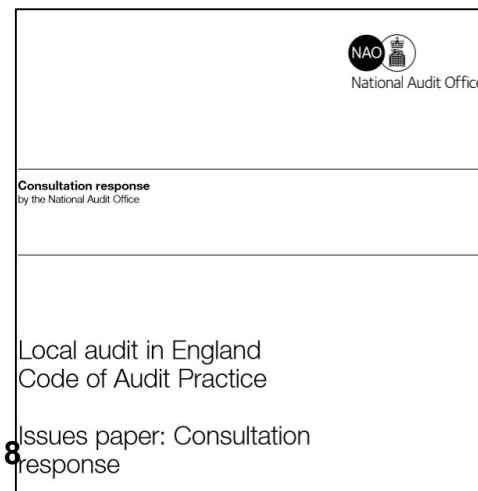
Stage 2 of the consultation involves consulting on the draft text of the new Code. To support stage 2, the NAO has published a consultation document, which highlights the key changes to each chapter of the draft Code. The most significant changes are in relation to the Value for Money arrangements. Rather than require auditors to focus on delivering an overall, binary, conclusion about whether or not proper arrangements were in place during the previous financial year, the draft Code requires auditors to issue a commentary on each of the criteria. This will allow auditors to tailor their commentaries to local circumstances. The Code proposes three specific criteria:

- Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the body ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the body uses information about its costs and performance to improve the way it manages and delivers its services.

The consultation document and a copy of the draft Code can be found on the NAO website. The consultation is open until 22 November 2019. The new Code will apply from audits of local bodies’ 2020-21 financial statements onwards.

Link to NAO webpage for the Code consultation:

<https://www.nao.org.uk/code-audit-practice/code-of-audit-practice-consultation/>



Local Government Association – Profit with a purpose – delivering social value through commercial activity

The Local Government Association (LGA) report 'Profit with a purpose' focuses on some of the practicalities of how councils can deliver social value through their commercial activity.

Through 'key questions' to ask, the guidance supports councils to face the challenge of how to undertake commercial activity and achieve greater value for the public purse in ways that better meet society's needs and outcomes for people and communities.

In addition, the publication features a number of short case studies highlighting some of the innovative commercial practice already achieving results for communities.

The LGA comments that the best approaches ensure the generation of social value is the primary factor driving commercial activity; from the initial decision to develop a commercial vision to how the approach is developed, and implemented, councils which are pulling ahead ensure social value is placed centre stage.

The guidance starts with an overview of what the LGA understands by 'profit with a purpose', the guidance explores different types of social value and the role of councils in driving social value alongside their commercial ambition.

The guidance then looks at how consideration and delivery of social value should be practically considered when deciding on whether to embark on commercial activity, the need for social value to be prioritised alongside financial return and the key questions councils should consider when embarking on a commercial initiative.

Following on from this, there are specific chapters on; embedding social value in governance of alternative service delivery vehicles, the role of procurement in contracting services that deliver social value and finally how to contract and performance manage social value through your service providers.

Each chapter outlines the factors that need to be considered and the 'key questions' councils should be asking themselves.

In addition, a number of short case studies are provided to highlight some of the innovative commercial practice already achieving results for communities.

The report can be downloaded from the LGA website:

<https://www.local.gov.uk/profit-purpose-delivering-social-value-through-commercial-activity>



Profit with a purpose

Delivering social value through commercial activity

Profit with a purpose



Challenge question:

If your Authority is looking at commercial activity, have you considered the LGA report?

Public Accounts Committee – Local Government Governance and Accountability

The Public Accounts Committee has found that the Government has not done enough to ensure that, at a time when local authority budgets are under extreme pressure, governance systems are improved.

The Ministry of Housing, Communities & Local Government (the Department) is responsible for: ensuring that this framework contains the right checks and balances, and changing the system if necessary. The Secretary of State also has powers to intervene in cases of perceived governance failure. The framework includes: officers with statutory powers and responsibilities; internal checks and balances such as audit committees and internal audit; and external checks and balances such as external audit and sector-led improvement overseen by the Local Government Association. These arrangements represent a significant reduction in the level of central oversight in recent years following the government's decision to abolish the Audit Commission and the Standards Board for England as part of a broader reform of local audit, inspection and reporting.

The Public Accounts Committee report summary notes “Local authorities have a good overall track record with governance arrangements generally robust across the sector, and there is evidence that local authority governance compares favourably to that of the health sector. However, this is not universal and in some authorities governance is under strain, as funding reduces and responsibilities and exposure to commercial pressures change. We are worried to hear about audit committees that do not provide sufficient assurance, ineffective internal audit, weak arrangements for the management of risk in local authorities’ commercial investments, and inadequate oversight and scrutiny. This is not acceptable in the more risky, complex and fast-moving environment in which local authorities now operate.

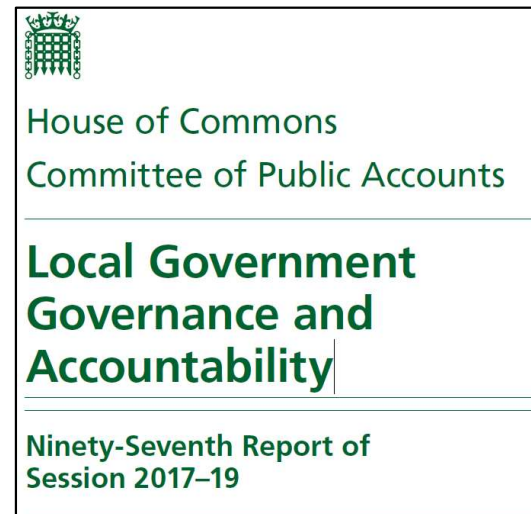
The Department has been reactive and ill-informed in its approach to oversight of the local governance system. However, the Department has now recognised that the network of bodies with responsibility for the local governance framework is fragmented and lacking the leadership needed to drive change. Encouragingly, the Department has now committed to enhancing its oversight role and producing a proactive work programme to deliver this change. We urge the Department to ensure that this activity leads to concrete actions and outcomes on a timely basis. When a local authority fails this has a significant impact on local people and the Department has a responsibility to work with local government to ensure that problems are caught early and that it can pinpoint at-risk councils. Since the abolition of the Audit Commission and other changes culminating in the Local Audit and Accountability Act 2014 there is no central assessment of value for the money, which means the Department's work is fundamental.”

The report makes five conclusions, with associated recommendations:

- 1) The Department is not yet providing effective leadership of the local governance system.
- 2) The Department does not know why some local authorities are raising concerns that external audit is not meeting their needs.
- 3) The Department lacks reliable information on key governance risks, or relies on weak sources of information, meaning it has no way of pinpointing the at-risk councils.
- 4) The Department's monitoring is not focused on long-term risks to council finances and therefore to services.
- 5) There is a complete lack of transparency over both the Department's informal interventions in local authorities with financial or governance problems and the results of its formal interventions.

The Government response is available on the website below:

<https://www.parliament.uk/documents/commons-committees/public-accounts/Gov-response-to-Public-Accounts-on-the-93-98-reports.pdf>





The Annual Audit Letter for Wyre Forest District Council

Year ended 31 March 2019

22 August 2019



Contents



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Section

Page

1. Executive Summary	3
2. Audit of the Financial Statements	5
3. Value for Money conclusion	10

Appendices

- A Reports issued and fees
- B Action plan

Executive Summary

Purpose

Our Annual Audit Letter (Letter) summarises the key findings arising from the work that we have carried out at Wyre Forest District Council (the Council) for the year ended 31 March 2019.

This Letter is intended to provide a commentary on the results of our work to the Council and external stakeholders, and to highlight issues that we wish to draw to the attention of the public. In preparing this Letter, we have followed the National Audit Office (NAO)'s Code of Audit Practice and Auditor Guidance Note (AGN) 07 – 'Auditor Reporting'. We reported the detailed findings from our audit work to the Council's Audit Committee as those charged with governance in our Audit Findings Report on 29th July 2019.

Our work

Respective responsibilities

We have carried out our audit in accordance with the NAO's Code of Audit Practice, which reflects the requirements of the Local Audit and Accountability Act 2014 (the Act). Our key responsibilities are to:

- give an opinion on the Council financial statements (section two)
- assess the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources (the value for money conclusion) (section three).

In our audit of the Council financial statements, we comply with International Standards on Auditing (UK) (ISAs) and other guidance issued by the NAO.

Materiality	We determined materiality for the audit of the Council's financial statements to be £1,070,000, which is 2% of the Council's gross revenue expenditure.
Financial Statements opinion	We gave an unqualified opinion on the Council's financial statements on 29 July 2019.
Whole of Government Accounts (WGA)	No work on WGA was required.
Use of statutory powers	We did not identify any matters which required us to exercise our additional statutory powers.

Executive Summary

Value for Money arrangements	We were satisfied that the Council put in place proper arrangements to ensure economy, efficiency and effectiveness in its use of resources. We reflected this in our audit report to the Council on 29 July 2019.
Certification of Grants	We also carry out work to certify the Council's Housing Benefit subsidy claim on behalf of the Department for Work and Pensions. Our work on this claim is not yet complete and will be finalised by 30 November 2019. We will report the results of this work to the Audit Committee separately.
Certificate	We certified that we have completed the audit of the financial statements of Wyre Forest District Council in accordance with the requirements of the Code of Audit Practice on 29 July 2019.

Working with the Council

During the year we have delivered a number of successful outcomes with you:

- An efficient audit – we delivered an efficient audit with you in July, delivering the financial statements before the deadline.
- Understanding your operational health – through the value for money conclusion we provided you with assurance on your operational effectiveness.
- Sharing our insight – we provided regular audit committee updates covering best practice. We also shared our thought leadership reports.
- We regularly met with the Corporate Director: Resources, Corporate Leadership Team and provided insight to the Cabinet Financial Strategy Advisory Panel on your financial health.
- We were interviewed as part of the latest peer review team visit.
- Providing training – we provided your teams with training on financial statements and annual reporting and annual audit committee training.

We would like to record our appreciation for the assistance and co-operation provided to us during our audit by the Council's staff.

Grant Thornton UK LLP
August 2019

Audit of the Financial Statements

Our audit approach

Materiality

In our audit of the Council's financial statements, we use the concept of materiality to determine the nature, timing and extent of our work, and in evaluating the results of our work. We define materiality as the size of the misstatement in the financial statements that would lead a reasonably knowledgeable person to change or influence their economic decisions.

We determined materiality for the audit of the Council's financial statements to be £1,070,000, which is 2% of the Council's gross revenue expenditure. We used this benchmark as, in our view, users of the Council's financial statements are most interested in where the Council has spent its revenue in the year.

We also set a lower level of specific materiality for senior officer remuneration – set at £9,000, based on 2% of total officer remuneration.

We set a lower threshold of £53,000, above which we reported errors to the Audit Committee in our Audit Findings Report.

The scope of our audit

Our audit involves obtaining sufficient evidence about the amounts and disclosures in the financial statements to give reasonable assurance that they are free from material misstatement, whether caused by fraud or error. This includes assessing whether:

- the accounting policies are appropriate, have been consistently applied and adequately disclosed;
- the significant accounting estimates made by management are reasonable; and
- the overall presentation of the financial statements gives a true and fair view.

We also read the remainder of the financial statements, the narrative report and annual governance statement published alongside the financial statements to check it is consistent with our understanding of the Council and with the financial statements included in the Annual Report on which we gave our opinion.

We carry out our audit in accordance with ISAs (UK) and the NAO Code of Audit Practice. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach was based on a thorough understanding of the Council's business and is risk based.

We identified key risks and set out overleaf the work we performed in response to these risks and the results of this work.

Audit of the Financial Statements

Significant Audit Risks

These are the significant risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>The revenue cycle includes fraudulent transactions</p> <p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p>	<p>We highlighted in the plan that we had rebutted this risk and we have not changed that assessment.</p>	<p>No matters have been raised from our work on revenues.</p>
<p>Management override of internal controls</p> <p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities.</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk.</p>	<p>We have performed the following work in respect of this risk:</p> <ul style="list-style-type: none"> • evaluated the design effectiveness of management controls over journals • analysed the journals listing and determine the criteria for selecting high risk unusual journals • tested unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration • gained an understanding of the accounting estimates and critical judgements applied made by management and considered their reasonableness with regard to corroborative evidence • evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions. 	<p>No matters have been raised from our work on management override of internal controls.</p>

Audit of the Financial Statements

Significant Audit Risks - continued

These are the risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Valuation of land and buildings (Periodic revaluation with desktop valuation in intervening years)</p> <p>The Council revalues its land and buildings on a rolling basis to ensure that carrying value is not materially different from fair value. This represents a significant estimate by management in the financial statements.</p> <p>We identified the valuation of land and buildings revaluations and impairments as a risk requiring special audit consideration.</p>	<p>We have performed the following work in respect of this risk:</p> <ul style="list-style-type: none"> evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work evaluated the competence, capabilities and objectivity of the valuation expert wrote to the valuer to obtain confirmation on the basis on which the valuation was carried out to ensure that the requirements of the Code are met. We challenged the information and assumptions used by the valuer to assess the completeness and consistency with our understanding tested revaluations made during the year to see if they had been input correctly into the Authority's asset register For new property purchases reviewed the categorisation and valuation at year end. 	<p>One area where we challenged management was in the classification of the council's property acquisitions in 2018/19. The Council has spent over £9m on property this year, as part of its capital portfolio. The Council is satisfied that whilst these assets have been acquired partly for income generation purposes they support the Council's economic development priorities. We are satisfied that the Council has provided sufficient evidence and has made adequate disclosure in the accounts to support this assertion that these assets should be classified and valued as operational assets.</p> <p>We also discussed with management the basis for valuation of the car parks. It had been noted that a car park has changed significantly in value this year on revaluation and as a consequence the Council extended the valuation exercise to include all car parks to ensure they had an up to date valuation. We sought additional evidence from officers on the basis for the reduction in valuation and why they were satisfied that there was no indication of an error in valuation in previous years, which would have required a prior period adjustment. The evidence provided was appropriate.</p> <p>Management has included reference to these matters as critical judgements or narrative to notes within the accounts.</p> <p>We were satisfied that the value of land and buildings in the financial statements were materially accurate.</p>

Audit of the Financial Statements

Significant Audit Risks - continued

These are the risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Valuation of net pension liability</p> <p>The Council's pension fund asset and liability as reflected in its balance sheet represent a significant estimate in the financial statements.</p>	<p>We have performed the following work in respect of this risk:</p> <ul style="list-style-type: none"> Identified the controls put in place by management to ensure that the pension fund liability is not materially misstated. We will also assess whether these controls were implemented as expected and whether they are sufficient to mitigate the risk of material misstatement Evaluated the competence, expertise and objectivity of the actuary who carried out your pension fund valuation. We will gain an understanding of the basis on which the valuation is carried out Undertook procedures to confirm the reasonableness of the actuarial assumptions made Checked the consistency of the pension fund asset and liability and disclosures in notes to the financial statements with the actuarial report Undertook procedures to ensure that the data sent to actuary are complete and accurate 	<p>Following advice from our internal actuary, we sought additional assurance from the council that the actuary had made appropriate assumptions in relation to two matters:</p> <ul style="list-style-type: none"> McCloud ruling on age discrimination GMP equalisation <p>The council asked the actuary to revisit his assumptions on these matters but overall he concluded that his original assumptions were reasonable and there was no impact on the pension liabilities.</p> <p>However, as part of the review the actuary revised his assessment of the value of scheme assets and the resulting pension fund deficit, as disclosed in the accounts, was adjusted by £1.013m which represents a reduction in the actuary's assessment of the Council's pension deficit liability.</p> <p>No further issues were identified in our review of the pension net liability.</p>

Audit of the Financial Statements

Audit opinion

We gave an unqualified opinion on the Council's financial statements on 29 July 2019.

Preparation of the financial statements

The draft financial statements were presented for audit in accordance with the agreed timetable of the end of May 2019. The accounts were supported by generally good quality working papers overall and we received prompt responses to our queries. The earlier commencement date of the audit this year together with some team resourcing and capacity issues was challenging but issues were resolved by cooperation between the audit and finance team to avoid unacceptable delays in completion of work.

Issues arising from the audit of the financial statements

We reported the key issues from our audit to the Council's Audit Committee on 29 July 2019.

Annual Governance Statement and Narrative Report

We are required to review the Council's Annual Governance Statement and Narrative Report. It published them on its website in the Statement of Accounts in line with the national deadlines.

Both documents were prepared in line with the CIPFA Code and relevant supporting guidance. We confirmed that both documents were consistent with the financial statements prepared by the Council and with our knowledge of the Council.

Whole of Government Accounts (WGA)

We carried out work on the Council's Data Collection Tool in line with instructions provided by the NAO . We issued an assurance statement which confirmed the Council was below the audit threshold.

Other statutory powers

We also have additional powers and duties under the Act, including powers to issue a public interest report, make written recommendations, apply to the Court for a declaration that an item of account is contrary to law, and to give electors the opportunity to raise questions about the Council's accounts and to raise objections received in relation to the accounts. We have not exercised any of our additional statutory powers or duties.

Certificate of closure of the audit

We certified that we have completed the audit of the financial statements of Wyre Forest District Council in accordance with the requirements of the Code of Audit Practice on 29 July 2019.

Value for Money conclusion

Background

We carried out our review in accordance with the NAO Code of Audit Practice, following the guidance issued by the NAO in November 2017 which specified the criterion for auditors to evaluate:

In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.

Key findings

Our first step in carrying out our work was to perform a risk assessment and identify the risks where we concentrated our work.

The one risk we identified and the work we performed are set out overleaf.

As part of our Audit Findings report agreed with the Council in July 2019, we agreed recommendations to address our findings.

Overall Value for Money conclusion

We are satisfied that in all significant respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2019.

Value for Money conclusion

Value for Money Risks

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>The Council's financial strategy recognises the financial pressures in the sector including reduced grant funding, changes in the new homes bonus and the aspirations to extend future capital portfolio acquisitions. Significant savings have been achieved over a number of years but there is more to do to ensure financial sustainability is maintained whilst providing capacity to deliver against strategic priorities.</p>	<p>2018/19 outturn</p> <p>Note 7.10 of the accounts is reporting that the Council's outturn was £2m more favourable than planned, due to additional taxation, non specific grant income and one off transfers from the business rates pool.</p> <p>In common with previous years, there is a tendency for in-year reporting for the first three quarters of the year to indicate a broadly on-budget position only for the final quarter to report significant underspends and additional income resulting in a large underspend. Specifically the quarter 3 forecast outturn projected a £23k underspend but this increased to a net understand £310k at year end, after allowing for transfers to reserves and provisions.</p> <p>To improve accuracy, the Council did review the prior year outturn and reflect this in the in-year revision to the budget and this has made the year end outturn more accurate. The Council had a 'windfall' of £533k representing the Council's share of the county business rates pool risk reserve, the value of which was not known until March and was not included in any in year forecast. This was a major contributory factor to the overall underspend in 2018/19 on business rates of £1.2m against original budget (£917k against revised budget). Underspends against Q3 position include vacancies totalling £136k and improved benefits overpayments recovery of £166k. The provision for business rates appeals has risen by £765k (46%) compared with £218k applied in year. The Council's share of the provision for business rates appeals has risen by £765k (46%) compared with £218k applied in year due to a more lengthy process for considering and settling appeals under the Valuation Office Check, Challenge Appeal process.</p> <p>In year reporting</p> <p>The Quarter 3 report was presented to Cabinet at the end of March which is about 3 months after the period to which it relates. Whilst this timing is relatively common in local government it provides no opportunity for input by members or approval of any actions and is therefore effectively for information only.</p> <p>The follow up peer review report in January 2019 makes positive comments on the progress the Council is making against its 2017 recommendations around financial management. Improvements include more sensitivity analysis around assumptions within the financial strategy.</p>	<p>We are satisfied that the Council has appropriate arrangements in place to maintain spending within its budget. We do, however, note the trend of variations against budget emerging in the final quarter resulting in historic underspends against budget. Scope exists to ensure that budgets are challenging and realistic rather than prudent.</p> <p>Scope exists going forward to improve the timeliness of in year financial reporting.</p>

Value for Money conclusion

Value for Money Risks Continued

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>The Council's financial strategy recognises the financial pressures in the sector including reduced grant funding, changes in the new homes bonus and the aspirations to extend future capital portfolio acquisitions. Significant savings have been achieved over a number of years but there is more to do to ensure financial sustainability is maintained whilst providing capacity to deliver against strategic priorities.</p>	<p>Savings Programme</p> <p>The savings programme is relatively large, however, the Council has historically delivered its savings plans, plus made further in year underspends which has supported the financial position. Identification and monitoring of savings and savings delivery is well structured and builds on arrangements reviewed by audit in prior years. The MTFP highlights that further savings are required to fill the budget gap. The MTFP has savings of £11.6m over the 4 years, of which £1.4m has been delivered (reflecting recurring nature of the savings plans).</p> <p>Balances and reserves</p> <p>At the 31 March 2019 the Council has a healthy general fund balance of £4.9m and earmarked reserves totalling £7.9m. Despite the continuing austerity the Council continues to strengthen its reserves (General Fund balances down from £5.1m and earmarked reserves up from £6.2m on the prior year).</p> <p>The MTFP projects that the Council will need to draw on £847k of reserves by 2020/21, although the intention is that plans will be developed to offset the shortfall. However, the Council would still have adequate general reserves over and above the £1.2m working balance. Earmarked reserves contain a number of 'risk' reserves to mitigate future uncertainties, for example around business rates. The financial strategy highlights that in common with other councils there are considerable uncertainties over the medium term, particularly from future funding streams from central government and business rates and it is therefore appropriate for the Council to be building in a healthy level of balances to mitigate against risk.</p> <p>As outlined above, the Council is also actively seeking further savings and new sources of income in order to be sustainable in the future. We do not consider that there is currently a financial resilience risk based on the current level of reserves and spending plans.</p>	<p>We are satisfied that the Council has appropriate arrangements in place to manage to deliver against its savings plans.</p> <p>We are satisfied that the Council has a sufficient level of reserves and balances.</p>

Value for Money conclusion

Value for Money Risks Continued

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>The Council's financial strategy recognises the financial pressures in the sector including reduced grant funding, changes in the new homes bonus and the aspirations to extend future capital portfolio acquisitions. Significant savings have been achieved over a number of years but there is more to do to ensure financial sustainability is maintained whilst providing capacity to deliver against strategic priorities.</p>	<p>Capital asset portfolio and development loan fund</p> <p>In common with other councils facing funding pressures, the Council investigated alternative forms of income and subsequently established its capital portfolio and development fund. The capital programme totals £35m to be funded from borrowing for these proposals. The Council has revised its capital strategy to set out the basis for these investment and borrowing plans. During 2018/19 the Council spent £9.8m of this fund in capital portfolio acquisitions, including two purchases outside the Council's geographical area, although within one of its LEP areas. Further schemes are in the pipeline. The Council has indicated that future surplus from property acquisitions are a by-product of a broader strategy, not a form of borrowing in advance of need as the acquisitions meet Council objectives, such as economic development, for example as part of the Council's commitment to the Solihull and Greater Birmingham LEP. PWLB rates are relatively low and thus many councils are acquiring assets in similar circumstances, although investing out of area is now regarded as controversial, particularly following the comments made by the CIPFA president in October 2018.</p> <p>The MTFP reflects that these acquisitions are to be funded from PWLB borrowing, and builds in assumptions around the revenue impact of this borrowing, including Minimum Revenue Provision (MRP) and interest. Projected gross borrowing will rise from £18m in 2017/18 to £58m in 2020/21 and the Council will be paying £1.3m pa in interest and MRP as a consequence of the capital portfolio and development fund should the full capital programme be implemented (£35m). Operational costs and revenue on these acquisitions are currently assumed to provide an annual net income flow of £230k pa by 2021/22.</p> <p>The Council is aware that there is greater inherent risk in such acquisitions but also that there is a risk of doing nothing and adopting a purely low risk investment strategy. It is progressing with these new investments cautiously and with appropriate due diligence. Before progressing any scheme, a business case (development supported by KPMG) is prepared and approved.</p> <p>The Council should continue to review its strategy given the downturn in the commercial sector and the associated risks that could lead to falling rents or higher vacancies as well as reduced capital values.</p>	

Value for Money conclusion

Value for Money Risks Continued

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>The Council’s financial strategy recognises the financial pressures in the sector including reduced grant funding, changes in the new homes bonus and the aspirations to extend future capital portfolio acquisitions. Significant savings have been achieved over a number of years but there is more to do to ensure financial sustainability is maintained whilst providing capacity to deliver against strategic priorities.</p>	<p>Capital asset portfolio and development fund (cont.)</p> <p>The Council has developed indicators for management to monitor the returns on these investments. Given the sensitivities of such acquisitions, the Council should ensure that its is actively considering and reporting on both the financial and operational benefits of these acquisitions annually due to the considerable investment made by the Council and the associated financial risks.</p> <p>The Council considers these acquisitions provide wider benefits which help it meet its wider aspirations such as economic regeneration. As a result the assets have been classified as operational on the balance sheet rather than as an investment asset and are therefore valued at current value. Our expectation is therefore that they will be revalued on a rolling programme and be depreciated in line with the council policy on its operational assets, whereas Investment properties are valued annually at fair value and the rental return is required to be reported in the annual accounts.</p>	<p>We are satisfied that the Council has appropriate arrangements in place to manage its capital acquisitions. The Council should continue to review its strategy in this area to ensure the changing market makes further investment appropriate.</p> <p>Overall Conclusion</p> <p>We are satisfied that the Council has appropriate arrangements in place for sustainable resource deployment.</p>

Reports issued and fees

We confirm below our final reports issued and fees charged for the audit.

Reports issued

Report	Date issued
Audit Plan	February 2019
Draft Audit Findings Report	23 July 2019
Annual Audit Letter	August 2019

Fees

	Planned £	Actual fees £	2017/18 fees £
Statutory audit	37,681	37,681	48,936
Additional Audit Fee (see right)	-	4,500	
Housing Benefit Grant Certification (work is ongoing)	9,750	tbc	8,785
Total fees	47,431	tbc	57,721

Audit fee variation

As outlined in our audit plan, the 2018-19 scale fee published by PSAA of £37,681 assumes that the scope of the audit does not significantly change. There are a number of areas where the scope of the audit has changed, which has led to additional work. These are set out in the following table. These fee variations are subject to PSAA approval.

Area	Reason	Fee proposed
Assessing the impact of the McCloud ruling	The Government's transitional arrangements for pensions were ruled discriminatory by the Court of Appeal last December. The Supreme Court refused the Government's application for permission to appeal this ruling. As part of our audit we have reviewed the revised actuarial assessment of the impact on the financial statements along with any audit reporting requirements.	£1,500
Pensions – IAS 19	The Financial Reporting Council has highlighted that the quality of work by audit firms in respect of IAS 19 needs to improve across local government audits. Accordingly, we have increased the level of scope and coverage in respect of IAS 19 this year to reflect this.	£1,500
PPE Valuation – work of experts	As above, the Financial Reporting Council has highlighted that auditors need to improve the quality of work on PPE valuations across the sector. We have increased the volume and scope of our audit work to reflect this.	£1,500
Total		£4,500

Reports issued and fees continued

We confirm below there were no fees for the provision of non audit services.

Fees for non-audit services

Service	Fees £
Audit related services	Nil
- None	

Non- audit services

- For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council. The table to the left summarises all non-audit services which were identified.
- We have considered whether non-audit services might be perceived as a threat to our independence as the Council's auditor and have ensured that appropriate safeguards are put in place.

Action plan

We have identified 3 recommendations for the Council as a result of issues identified during the course of our audit. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 2019/20 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
●	We are satisfied that the Council has appropriate arrangements in place to manage its capital acquisitions. The Council should however continue to review its strategy in this area to ensure the changing market makes further investment appropriate.	<ul style="list-style-type: none"> Council should monitor and keep under review its capital acquisition strategy, as part of its annual review cycle. <p>Management response</p> <ul style="list-style-type: none"> We agree that an annual review of the capital strategy is appropriate, and this is factored into our reporting cycle
●	We are satisfied that the Council has appropriate arrangements in place to maintain spending within its budget. We do, however, note the trend of variations against budget emerging in the final quarter resulting in historic underspends against budget. Scope exists to ensure that budgets are challenging and realistic rather than prudent.	<ul style="list-style-type: none"> Management should keep under review its in year budget reporting and ensure it reflects known changes and highlights risks (both positive and negative) to the forecast outturn. <p>Management response</p> <ul style="list-style-type: none"> As part of our ongoing work to close the funding gap we will be reviewing budgetary control procedures and seeking to improve the accuracy of forecast out-turn reports.
●	Quarter 3 reporting was provided at the year end providing limited scope for action by those charged with governance and is effectively for information only due to the timing.	<ul style="list-style-type: none"> Scope exists going forward to improve the timeliness of in year financial reporting. <p>Management response</p> <ul style="list-style-type: none"> We will consider bringing Quarter 3 reporting forward a month subject to resource capacity

Controls

- High – Significant effect on control system
- Medium – Effect on control system
- Low – Best practice



WYRE FOREST DISTRICT COUNCIL**AUDIT COMMITTEE**
27th NOVEMBER 2019**INTERNAL AUDIT MONITORING REPORT**
QUARTER ENDED 30TH SEPTEMBER 2019

OPEN	
CABINET MEMBER	Cllr G Ballinger: Strategy & Finance
RESPONSIBLE OFFICER	Tracey Southall, Extension 2100 tracey.southall@wyreforestdc.gov.uk
CONTACT OFFICER:	Cheryl Ellerton, Extension 2116 cheryl.ellerton@wyreforestdc.gov.uk
APPENDIX	Appendix 1 Internal Audit Monitoring Report for the Quarter ended 30 th September 2019

1. PURPOSE OF REPORT

- 1.1 To inform members of the Internal Audit Monitoring Report for the Quarter ended 30th September 2019, attached as Appendix 1.

2. RECOMMENDATION

The Audit Committee is asked to **CONSIDER:**

- 2.1 **The Internal Audit Monitoring Report for the Quarter ended 30th September 2019 as detailed in the Appendix to the report.**

3. BACKGROUND

- 3.1 The management of the authority are obliged to safeguard public funds and use them in a way which provides value for money and thereby best value. An effective internal audit service is vital in helping management to meet these important duties as it is an independent appraisal function for the review of the entire internal control system.
- 3.2 The Audit Committee approved the operational Annual Audit plan 2019~20 in March 2019. This plan takes into account changes in priorities and risk and provides the overall direction for the Internal Audit service working in partnership with the External Auditors to minimise the overall audit cost to the authority. The approved plan for 2019~20 reflects the reduced staffing resource following a mini restructure of the Internal Audit Team from April 2019. The slight reduction in the number of available audit days within the plan was noted and approved as acceptable by the Audit Committee at its meeting in March 2019.
- 3.3 Actual performance of the Internal Audit service is monitored against the Audit Plan each quarter during the year by way of this quarterly monitoring report to the Audit Committee, Corporate Leadership Team. The report is also shared with the External Auditors.

3.4 The Report attached as an Appendix contains 5 sections which are:

Section 1	Follow up reviews undertaken in the quarter; incorporating recommendations in progress
Section 2	Final Internal Audit Reports issued
Section 3	Draft Internal Audit Reports issued
Section 4	Work In Progress to include draft reports issued following completion of 2018~19 Annual Audit Plan
Section 5	Performance Statistics & Additional Assurance work undertaken

A number of other reviews are currently in progress. To support the work in progress, a summary of **action plans** issued is detailed within section 4 for Member information. In addition to the managed audits, within the audit plan resources are allocated to **consultancy and advice** for which a summary of the requests dealt with by Internal Audit is included within the performance statistics.

- 3.5 The audit reports referred to in the Appendix are those where testing has been undertaken on an element of the internal control environment. It should be noted that the findings are on an **exception basis** i.e. reported if an internal control was found not to be operating satisfactorily, so giving rise to a control weakness and therefore an area for improvement. The findings of audit reviews in the report do not list those internal controls which were found to be operating satisfactorily. This approach has been adopted to enable the output of the review to focus on those areas considered by Internal Audit to require management's attention. The final audit report will recognise those areas of improvement and recommendations promptly actioned during the course of the audit, in order to raise the overall level of assurance given by Internal Audit at the completion of the full review.
- 3.6 The Internal Audit review process is published on the Council's Intranet. This details the process whereby **Draft** internal audit reports arising from audits are forwarded to the respective Corporate Leadership Team member and their nominated service manager{s} for agreement to recommendations and timescales for implementation prior to the preparation of **Final** internal audit reports.
- 3.7 The Internal Audit Charter requires an annual opinion on the Council's internal control environment. This takes into account the findings of the audit reviews that have been undertaken relating to the financial year in question. These findings are taken together and considered in order to give an overall view of the Council's internal control environment, which is reported to the May meeting of the Audit Committee.
- 3.8 The terminology within the reports presented to members is in line with that used by many other Internal Audit Teams of public authorities, private and public companies and external auditors.
- 3.9 Every organisation operates in the real world and errors/omissions/system weaknesses (manual or computerised) are inevitable. Management have to manage these known risks through the use of internal controls.
- 3.10 It may be that an operational decision has been taken by management to accept the risk of the non operation of an internal control. Where Internal Audit is reviewing the area in such an instance the weakness and any associated recommendation would be reported. Management would record within the service's risk register the processes in place to mitigate the risk.

- 3.11 The Corporate Leadership Team have confirmed that action would be taken immediately should an internal audit review report a significant weakness which could lead to a potentially serious issue.

4. KEY ISSUES

- 4.1 Internal Audit make recommendations to management on potential improvements to the internal control environment of the system under review. It is management's responsibility to take the necessary action to implement recommendations as agreed in the final internal audit report.
- 4.2 The Quarterly monitoring report contains details of internal audit reports issued in the quarter together with follow up reviews. The format of internal audit reports has been designed to enable management and members to focus on those areas that Internal Audit wishes to draw to its attention. Following an external review of the Internal Audit Service in April 2018, presentational changes have been made to the format of the audit briefs and formal reports to evidence the associated corporate risk and those risks considered against expected controls. The quarterly monitoring report is presented to the Audit Committee in accordance with the Internal Audit, Quality Assurance & Improvement Programme to ensure on-going monitoring of the performance of the internal audit activity.
- 4.3 The Internal Audit Team operate in accordance with recognised Internal Audit Standards. Procedures are monitored to ensure that the Internal Audit Team procedures remain compliant.
- 4.4 The Internal Audit Charter requires an annual opinion on the Council's internal control environment and governance arrangements. This takes into account the findings of the audit reviews that have been undertaken relating to the financial year in question. These findings are taken together and considered in order to give an overall view of the Council's Internal Control environment and governance arrangements, which is reported to the Audit Committee.

5. FINANCIAL IMPLICATIONS

- 5.1 There are no financial implications arising from this report. There may however be financial implications if the audit recommendations made within audit reports are not implemented on a timely basis.

6. LEGAL AND POLICY IMPLICATIONS

- 6.1 The Accounts and Audit Regulations 2015 section 5(1) require that:

“A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.”

7. RISK MANAGEMENT

- 7.1 In order to manage risk, internal controls are used to mitigate and manage the identified risks to an acceptable level. Any weakness in the operation of internal controls therefore impacts directly on the management of risk.

- 7.2 Risk management issues could arise when weaknesses in internal controls are identified during the audit review process and management delay or defer implementation of the recommendations made.
- 7.3 The Internal Audit service is one element of the Council's assurance/internal control framework.
- 7.4 A relevant member of the Internal Audit Team will continue to be involved in future Wyre Forest Forward reviews to oversee and advise on proposed system changes to ensure Key Controls are not compromised. This work will be resourced as part of the Consultancy and Advisory role detailed within the Internal Audit Plan.
- 7.5 Key audit risks are now evidenced against expected controls for all internal audit briefs. Whilst this is merely a presentational change as recommended by the external review, it should help to increase focus on risk management issues throughout the delivery of each specific audit review.

8. CONCLUSION

- 8.1 The work undertaken by the Internal Audit Team in the quarter ended 30th September 2019 is reported within Appendix 1. This information is presented to members in accordance with the Internal Audit Charter for the Internal Audit Team and the Quality Assurance & Improvement Programme as requirements of the UK Public Sector Internal Audit Standards

9. CONSULTEES

- 9.1 Corporate Leadership Team

10. BACKGROUND PAPERS

- 10.1 25th March 2019 ~ Audit Committee ~ Internal Audit Annual Plan 2019~20
28th November 2018 ~ Audit Committee ~ Quality Assurance & Improvement Programme
30th July 2018 ~ Audit Committee ~ Internal Audit Charter {Updated}
Accounts and Audit Regulations 2015 {SI 234}



INTERNAL AUDIT

INTERNAL AUDIT MONITORING REPORT

**QUARTER ENDED
30th September 2019**

INTERNAL AUDIT
QUARTERLY AUDIT REPORT
QUARTER ENDED 30th September 2019

INDEX	PAGE
SECTION 1 Follow up Reviews undertaken in the Quarter	46
SECTION 2 Final Audit Reports issued in the Quarter	47
SECTION 3 Draft Audit Reports issued in the Quarter	48
SECTION 4 Work In Progress (Including Action Plans Issued) & Draft reports following the completion of the 18~19 Internal Audit Annual Plan	49
SECTION 5 Performance against Annual Plan for the Financial Year 2019/20	50
Including Consultancy & Advice for the Quarter & Comparison of Consultancy & Advice for Quarter 30 th September 2018 & 30 th September 2017	51
Supporting Information for Other Internal Audit work including the Wyre Forest Forward reviews, process designs.	52
 <i>Cheryl Ellerton</i> AUDIT MANAGER	
 <i>Tracey Southall</i> SECTION 151 OFFICER	

25th October 2019

SECTION 1

Quarter Report to the 30th September 2019

Summaries of Follow up Reviews undertaken in the Quarter

KEY	
Assurance Levels	Definition
Full	Robust framework of controls, any recommendations are advisory – provides substantial assurance.
Some	Sufficient framework of controls but some weakness identified – provides adequate assurance.
Limited	Significant lapses/breakdown in individual controls – at least one significant recommendation – provides partial assurance.
Unsound	Significant breakdown in the overall framework of controls with a number of significant recommendations – provides little or no assurance.

THERE ARE NO REVIEWS TO REPORT FOR THIS QUARTER. THIS SECTION HAS BEEN INCLUDED FOR CONTINUITY.

**Agenda Item No. 7 - Appendix 1
SECTION 2**

SECTION 1 FINAL AUDIT REPORTS ISSUED FOR THE QUARTER ENDED 30th September 2019		
	ASSURANCE	PAGE
CORE FINANCIAL SYSTEM REVIEWS		
<u>Key Systems (Annual Assurance Reviews)</u>		
		-
		-
		-

<p>THERE ARE NO FINAL REPORTS FOR THIS QUARTER. THIS SECTION HAS BEEN INCLUDED FOR CONTINUITY.</p>

KEY		
Assurance Level	Description of Assurance Level	What is reported in the Quarterly Audit Report
F = Full	Robust framework of controls, any recommendations are advisory ~ provides substantial assurance.	The title of the review undertaken is reported.
S = Some	Sufficient framework of controls but some weaknesses identified ~ provides adequate assurance.	Summary page of Audit Report together with any significant findings and associated recommendations where appropriate.
L = Limited	Significant lapses/breakdown in individual controls ~ at least on significant weakness ~ provides partial assurance.	Summary page of Audit Report and significant findings and associated recommendations.
U = Unsound	Significant breakdown in the overall framework of controls with a number of significant recommendations ~ provides little or no assurance. A significant internal control is one which is key to the overall framework of controls.	Summary page of Audit Report and significant findings and associated recommendations.

Quarter Report to the 30th September 2019

DRAFT AUDIT REPORTS ISSUED FOR THE QUARTER ENDED 30th September 2019		
TITLE	DATE OF ISSUE	REPORT STATUS
2019/20 Members Allowances {Payroll Compliance}	28.08.19	Agreed 02.09.19 process review currently being undertaken to ensure broadband payments are cancelled/alternative arrangements are in place for those Members who are no longer serving following retirement/loss of seat.

**Agenda Item No. 7 - Appendix 1
SECTION 4**

The following Action Plans have been issued to Managers. In addition, the table below shows the status of reviews currently in progress to cover the current on ~ going testing within the 2019~20 Annual Audit Plan for which formal reports will be presented to the Audit Committee in due course.

WORK IN PROGRES AS AT 30th September 2019		Status	Action Plans/Progress Report			DATE OF COMPLETION OF FIELD WORK
RISK ASSESSMENT	AUDIT REVIEW	As At 30.09.19	DATE OF ISSUE Action Plan No 1	DATE OF ISSUE Action Plan No 2	DATE OF ISSUE Action Plan No 3	
	Core Financial Systems (Annual Assurance Reviews)~ 2019~20 Annual Audit Plan					
RA40	Accounting Cash To Bank Bank Reconciliation	Stage 3	21.06.18	-		
RA50	Benefits (Inc Council Tax Discounts (Local Scheme)) Council Tax Reduction {Local Scheme} ~ Compliance	Stage 3	-	02.10.19		
	Housing Benefit {Allowances}	Stage 1	-	-		
	Housing Benefit ~ Overpayment Debtor Accounts ~ Reconciliations	Stage 1	-	-		
RA16	Council Tax Ctax Reconciliations ~ {To include Gross Debit 2019/20}	Stage 6	18.06.19{FR}	-		
	Ctax Reconciliations ~ {Valuation Office/Monthly Finance Control}	Stage 1	-	-		
	Ctax Compliance/Recovery	Stage 3	18.06.19	27.09.19		
RA44	Creditors (Accounts Payable) Creditors {Accounts Payable} ~ Compliance	Stage 3	-	18.08.19		
	Creditors {Accounts Payable} ~ Reconciliation	Stage 1	-	-		
RA51	Debtors (Accounts Receivable) Debtors {Accounts Receivable} ~ Compliance	Stage 3	-	03.09.19		
	Debtors {Accounts Receivable} ~Reconciliations	Stage 1	-	-		
RA82	Establishment Establishment Reconciliation	Stage 1	-	-		
	Establishment {Staff Record Forms}	Stage 2	-	-		
RA21	National Non Domestic Rates NNDR ~ Reconciliations ~ {To include Gross Debit 2019/20}	Stage 6	12.06.19{FR}	-		
	NNDR ~ Reconciliations ~ {Valuation Office/Monthly Finance Control}	Stage 1	-	-		
	NNDR ~ Compliance	Stage 3	28.06.19	-		
RA51	Payroll (Including Mileage & Subsistence Claims) Payroll ~ Compliance (WFDC Accountancy Team & RBC Payroll Team)^ ^ Field Work includes Local Government Pension Scheme & Local Pay Award	Stage 3	-	10.07.19/29.07.19 /03.09.19		
	Payroll ~ Reconciliations {WFDC Accountancy Team}~Parameter	Stage 6	28.06.19{FR}	-		
	Payroll ~ Reconciliations {WFDC Accountancy Team}	Stage 3	-	13.08.19		

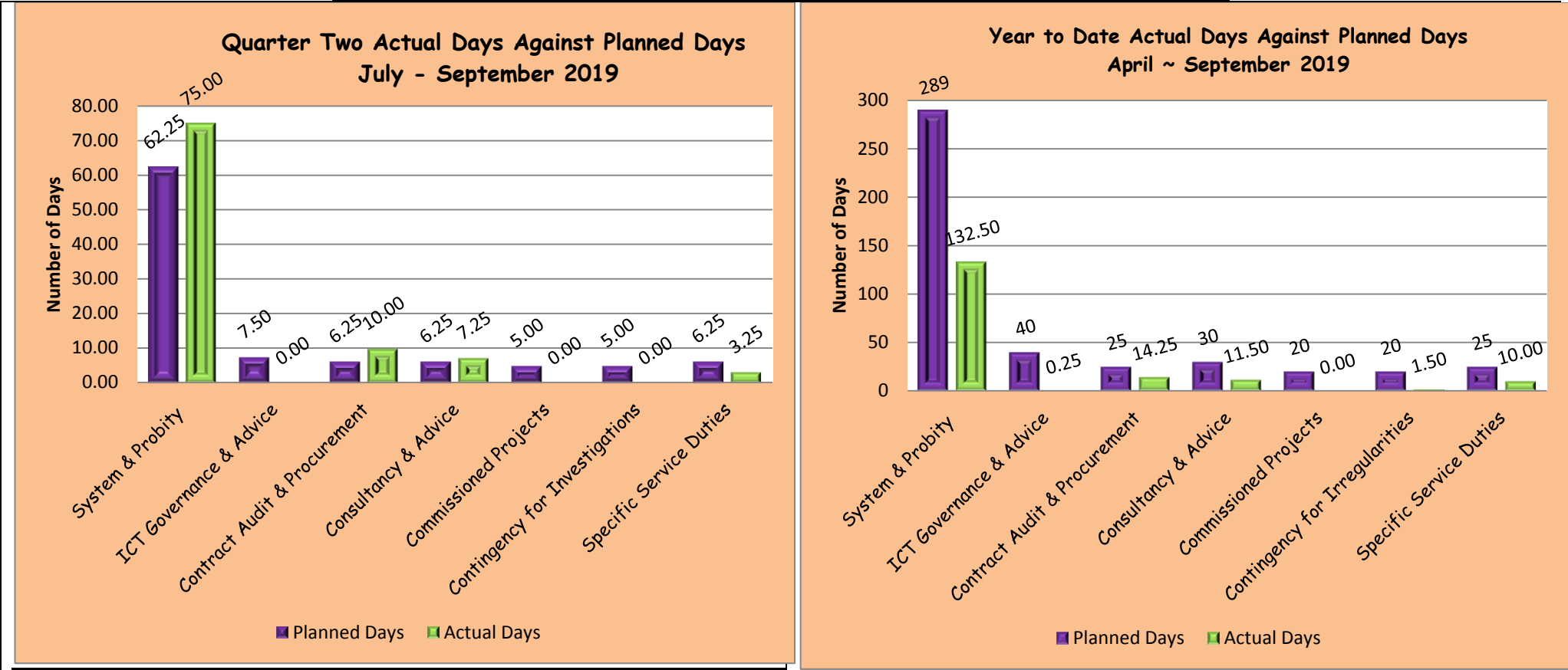
KEY

- Stage 1 Field Work In Progress ~ {With Individual Auditor}
- Stage 2 Phases 1 & 2 & 3 Field Work Complete for Peer Review
- Stage 3 Phases 1 & 2 & 3 Field Work Complete with Action Plan/Progress Report to Service Manager
- Stage 4 Audit Complete Under Review {Audit Manager}
- Stage 5 Draft Report Issued
- Stage 6 Final Report Issued {FR}

SECTION 5

Audit Resource Statistics

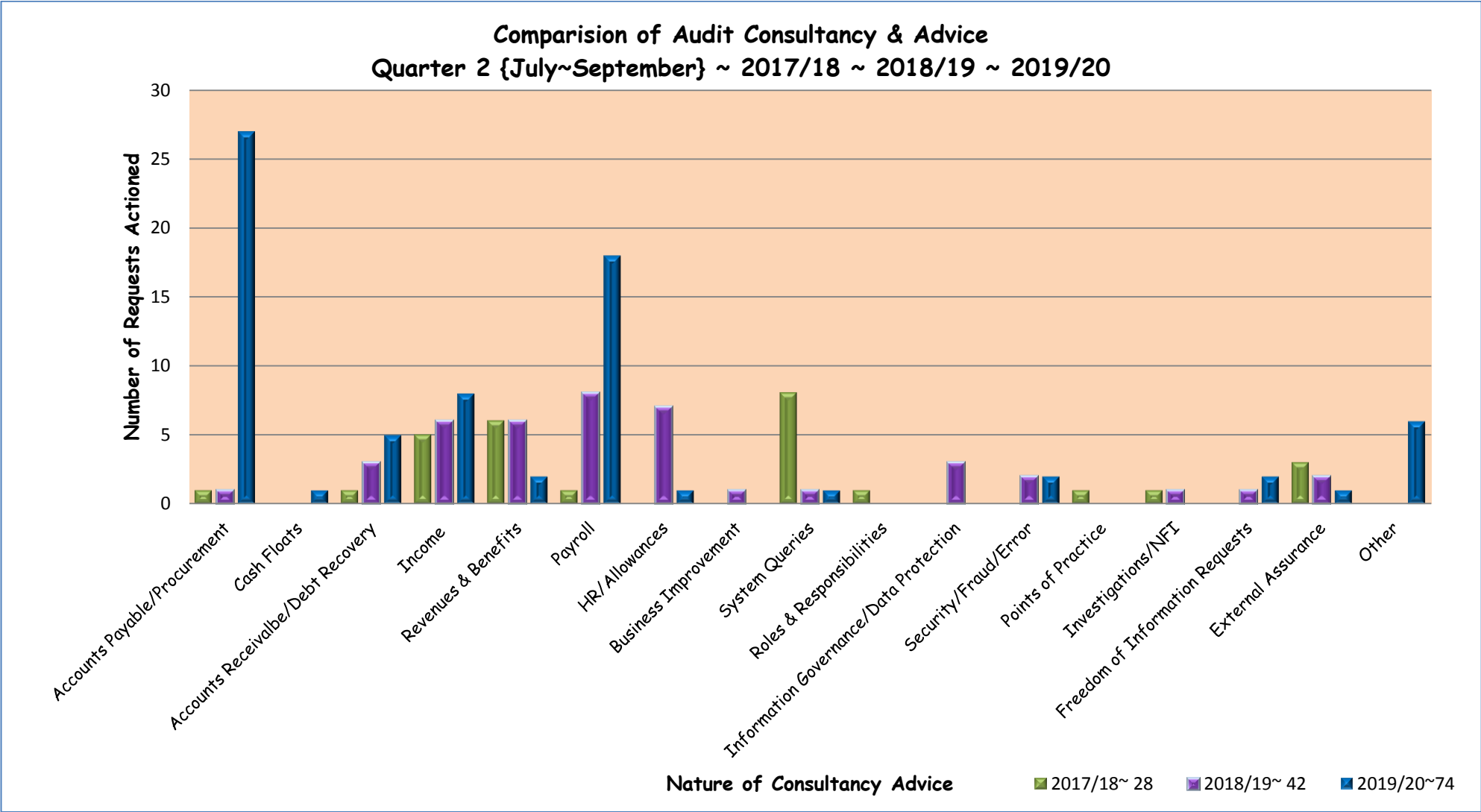
Performance Against Annual Plan For The Financial Year 2019~20



Actual Days	Planned Days	% of Plan	Actual Days	Planned Days	% of Plan
<u>95.5</u>	<u>98.5</u>	<u>96.95%</u>	<u>170</u>	<u>394</u>	<u>43.15</u>
TARGET		95%			47.5%

➤ For the quarter to 30th September 2019 actual against plan is 96.95 % compared to a target of 95% {95.3% against 95% for quarter 30th September 2018}

Within the time allocated in the above table, during this second quarter of 2019~20 the Internal Audit Team have responded to 74 requests for advice and consultancy as categorised in the graph overleaf, in comparison to the 42 requests received and actioned for the same period for 2018~19 and the 28 requests received and actioned for the same period in 2017~18.



Additional Assurance Work Undertaken by Internal Audit

In addition to the planned work detailed above, the Internal Audit Team have also undertaken work in other areas for which a formal report is not issued, however time has been allocated within the 2019~20 Internal Audit Annual Plan approved by the Audit Committee in March 2019 as summarised below:-.

Information Communications Technology (ICT) Governance, Advice & Assistance

- Attend the ICT Strategy Board Meetings.
- Attend the Information Governance Working Group

Contracts & Procurement

- Monitoring of the contract payments for the development of the Depot site at Green Street.

Wyre Forest Forward ~ Continuous Improvement Work

Members of the Internal Audit Team continue to be involved in Wyre Forest Forward continuous improvement reviews; overseeing and advising on proposed system changes to ensure Key Controls are not compromised. The role of the Audit Team is to ensure that risk is mitigated in the event of proposed changes to current systems and maintain good governance and financial systems resilience.

Corporate Issues

- Internal Audit continue to undertake work in connection with the mandatory National Fraud Initiative hosted by the Cabinet Office to support the continuous programme of work an exercise that matches electronic data within and between the Council and other public and private sector bodies to prevent and detect fraud.
- An investigative process review has also been undertaken by the Audit Manager in respect of the procedures followed when consulting on the pre-submission local plan and supporting external base evidence which provided some support for the re-opening of the consultation in July 2019.

WYRE FOREST DISTRICT COUNCIL**AUDIT COMMITTEE****27th November 2019****Risk Management – Corporate Risk Register**

OPEN	
CABINET MEMBER:	Councillor G Ballinger
RESPONSIBLE OFFICER:	Corporate Director: Resources
CONTACT OFFICER:	Tracey Southall Tracey.southall@wyreforestdc.gov.uk
APPENDICES:	Appendix 1 - Corporate Risk Register as at 30 th September 2019 Appendix 2 – Budget Risk Matrix 2019~22

1. PURPOSE OF REPORT

- 1.1 To inform Members of the Audit Committee of the current Corporate Risk Register and the Budget Risk Matrix attached as Appendices 1 and 2.

2. RECOMMENDATIONS

- 2.1 **The Audit Committee are asked to CONSIDER AND NOTE the Corporate Risk Register and the associated mitigating actions as at 30th September 2019 and the 2019-22 Budget Risk Matrix.**

3. BACKGROUND

- 3.1 Council approved a Risk Management policy statement and strategy in February 2008. The approved Risk Management strategy requires that the risk register entries for the Council, both strategic and operationally is considered by the Audit Committee.
- 3.2 The authority manages a corporate risk register for the significant organisational risks. The risk registers are held within the Pentana Performance (formerly Covalent) computer application. Arrangements are in place to ensure that access is available to all officers who require it.
- 3.3 The Corporate Risk Register was subject to a fundamental review during 2011, this review was undertaken by the Corporate Management Team and the Cabinet in discussions facilitated by Zurich Municipal Management Services. Zurich also undertook a review of the 2016-17 Risk Register as part of an Information Governance Health Check reported to the Leadership Team in July 2016. This gave the leadership and management of risk by senior management a Level 3 – “Managed” rating and recommended that the Risk Register be refreshed to include more specific reference to Information Governance risk. This has been actioned and is included in Appendix 1.

- 3.4 Following a full collaborative procurement exercise this year Zurich Municipal were appointed to continue as the Council's insurers and will continue to provide specialist advice on Risk Management as this helps keep the costs of insurance down. The Risk Register is one of the key documents we provide to our insurers for the review of risk. We are also working with an Independent Specialist Insurance and Risk Management expert from Gallagher commissioned to work across the Insurance Consortium and this is proving beneficial to supplement the Zurich contract.
- 3.5 In addition to this external review, the Risk Register is reconsidered and updated annually by the Corporate Leadership Team (CLT). This ongoing review is led by the Corporate Director: Resources in liaison with the Cabinet Member for Strategy and Finance. The Corporate Risk Register for 2019-20 is attached at Appendix 1; it has been developed and approved by the Corporate Leadership Team with input from all Service Managers as appropriate.
- 3.6 The Corporate Risk Register is closely allied to the Budget Risk Matrix approved annually by Council as part of the Medium Term Financial Strategy and updated as part of the Quarterly Budget Monitoring reports attached as Appendix 2.

4. KEY ISSUES

- 4.1 Risk Management is embedded within the Council through the Corporate Risk Register. Any report considered by Members includes a Risk Management Section and in addition to this, specific registers are maintained and monitored separately for significant individual projects.
- 4.2 The Budget Risk Matrix is closely allied to the Corporate Risk Register and is reported to Members as part of the budget process. It is updated at least quarterly and reported as part of the regular Budget Monitoring Reports to Cabinet.
- 4.3 The external auditors Grant Thornton have recognised the work the Council has achieved in this area and has previously acknowledged *"There is also an effective Audit Committee in place (which GT attend and actively participate at) which provides robust challenge on financial matters and assurance on risk management arrangements"* Source: *Value for Money conclusion 2014-15, Strategic financial planning and Financial governance pages 29 and 31 of agenda papers.*

The Value for Money conclusion for 2017-18 provided by Grant Thornton as part of Annual Audit Letter reported to Audit Committee on 30th July 2018 that considers significant risks faced by the Council concluded that:

"We have completed our risk based review of the Council's value for money arrangements. We have concluded that Wyre Forest District Council has proper arrangements to secure economy, efficiency and effectiveness in its use of resources" page 11 of the agenda
http://www.wyreforest.gov.uk/council/docs/doc53440_20180730_audit_agenda.pdf.

- 4.4 The 2016-17 external review of the Risk Register by the Zurich Senior Strategic Risk Consultant in July also provides additional assurance for the Council. Zurich Municipal continues to work with officers to review and mitigate corporate risk as

part of our insurance contract supplemented by the additional independent support from Gallagher.

- 4.5 It is appropriate for the Audit Committee to consider the current Corporate Risk Register attached at Appendix 1, updated to the end of September 2019 and agreed by CLT. The Corporate Risk Register will continue to be reported on a 6 monthly basis to the Audit Committee, following consideration by the Corporate Leadership Team.

5. FINANCIAL IMPLICATIONS

- 5.1 There are no financial implications arising from this report.

6. LEGAL AND POLICY IMPLICATIONS

- 6.1 Regulation 3 of the Accounts and Audit Regulations 2015, state that:
“A relevant authority must ensure that it has a sound system of internal control which facilitates the effective exercise of its functions and the achievement of its aims and objectives; ensures that the financial and operational management of the authority is effective and includes effective arrangements for the management of risk.”
- 6.2 In addition Regulation 4 of the Accounts and Audit Regulations 2015 also state that:
“The financial control systems determined must include measures to ensure that risk is appropriately managed”.
- 6.3 The Council’s corporate Governance Framework considered by the Audit Committee on 17th March 2008, includes Core Principle 4 - Taking informed transparent decisions which are subject to effective scrutiny and management of risk.

7. RISK MANAGEMENT

- 7.1 The consideration and management of risk is good practice. Risk Management processes are required to effectively manage and evidence the management of key risks as an aid to achieving the Council’s corporate objectives and demonstrating good Corporate Governance allowing Managers to manage their risks and bring to a corporately acceptable level.
- 7.2 Financial risk continues to be the most significant risk facing this Council and many others and this is increased due to the uncertainty surrounding the Funding Reform. Sections 25-27 of the Local Government Act 2003 require the Section 151 Officer to report on the robustness of the estimates and the adequacy of its proposed financial reserves and this is included as Appendix 4 to the MTFS Council report approved by Council on 27th February 2019.
- 7.3 The risks associated with the Capital Portfolio and Development Loans Fund Strategies and the steps to be adopted to mitigate them, were set out in depth in appendices 3/1 and 3/2 to the medium term financial strategy report, which was considered by Cabinet on 20 December 2016 (see hyperlink at section 11.7) and are regularly updated as part of the Capital Strategy reports.

- 7.4 To recognise risk across the public sector CIPFA have been actively working on a Financial Resilience Index and also a Financial Management (FM) Code. The first full year of compliance for the FM Code will be 2021-22. This reflects the recognition that organisations will need time to reflect on the contents of the code and can use 2020-21 to demonstrate how they are working towards compliance. This is closely allied to the Risk Register and updates will be provided in future reports.

8. EQUALITY IMPACT NEEDS ASSESSMENT

- 8.1 An Equality Impact Assessment screening has been undertaken and it is considered that there are no discernable impacts on the nine protected characteristics.

9. CONCLUSION

- 9.1 The corporate risk management process ensures that risks are monitored and action taken to minimise the impact on the Council. The Corporate Risk Register and Budget Risk Matrix as attached at Appendices 1 and 2 provide a realistic overview of the major risks affecting the Council and will be monitored on a regular basis by the Corporate Leadership Team with six monthly reports to the Audit Committee.

10. CONSULTEES

- 10.1 Corporate Leadership Team.
10.2 Cabinet Member for Strategy and Finance

11. BACKGROUND PAPERS

- 11.1 The Annual Audit Findings report – Audit Committee 31st July 2017
11.2 The Annual Audit Findings report – Audit Committee 30th July 2018
11.3 The Annual Audit Findings report – Audit Committee 29th July 2019
11.4 Risk Management: Corporate Risk Register Report – Audit Committee – 25th March 2019
11.5 Medium Term Financial Strategy Report 2019-22 – Cabinet 18th December 2018
http://www.wyreforest.gov.uk/council/docs/doc54089_20181218_cabinet_agenda.pdf
11.6 Medium Term Financial Strategy Report 2019-22 – Council 27th February 2019
http://www.wyreforest.gov.uk/council/docs/doc54257_20190227_council_agenda.pdf
11.7 Cabinet - 20 December 2016. Risk mitigation in relation to the Capital Portfolio Fund and Development Loans Fund
<http://www.wyreforestdc.gov.uk/media/2639628/20161220FinancialStrategy20172020IncludingCover.pdf> (pages 34 to 54).

Corporate Risk Register 2019/20







Risk Status	
	Alert
	High Risk
	Warning
	OK
	Unknown

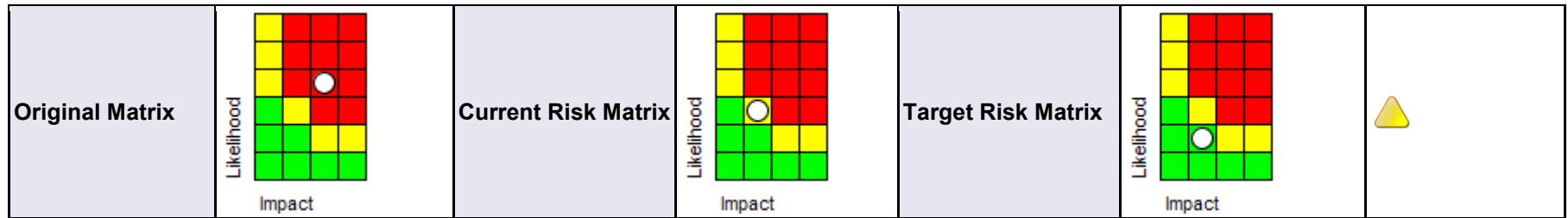
CORPRISK01 **Unable to implement and embed new ways of working.** The Council continues to undergo major transformational change that embraces review of processes, cultural and behavioural change, increased standards of delivery etc. Continue to use systems thinking methodology and apply current values in continuous improvement work. This transformational work must be carefully managed with risk mitigated by robust due diligence and use of external expertise and alternative service delivery vehicles as appropriate. The management restructure approved by Council on the 25th September 2019 will need to be carefully managed to ensure it does not impact adversely on the pace of transformational change.

	Original Matrix Likelihood Impact	Current Risk Matrix Likelihood Impact	Target Risk Matrix Likelihood Impact	
--	--	--	---	--

MITIGATING ACTIONS					
Description	Managed By	Due Date	Latest Note		
Regular CLT/ cabinet meetings focussed on change, demonstrating leadership by example and maintained by regular updates at corporate briefings and team meetings etc.	Corporate Leadership Team; Ian Miller	31-Mar-2020	Monthly Cabinet/CLT meetings discuss a range of strategic issues and opportunities for change. Corporate Briefings delivered in June 2019 and planned for the Autumn.	50%	







Use of external expertise to identify and manage commercial opportunities and advise on the most appropriate mode of service delivery.	Corporate Leadership Team; Linda Draycott; Mike Parker	31-Mar-2020	Work ongoing.	<div style="width: 60%;"><div style="background-color: #4f81bd; height: 10px; width: 60%;"></div></div> 60%	
Progress organisational development work programme	Rachael Simpson	31-Mar-2020	Presented to Group Leaders 18th September, considered by CLT on 15th October 2019 and now adopted.	<div style="width: 100%;"><div style="background-color: #4f81bd; height: 10px; width: 100%;"></div></div> 100%	
Demonstrating robust and focussed leadership in all transformation activity	Corporate Leadership Team; Rachael Simpson	30-Sep-2019	Induction and Onboarding Due date amended due to other work priorities. Initial information gathering work continues. HR pages - COLIN There will be ongoing work on the HR pages to ensure they remain up to date and the self service element is developed. Developing leadership and personal capability Ongoing support and advice provided	<div style="width: 82%;"><div style="background-color: #4f81bd; height: 10px; width: 82%;"></div></div> 82%	
Design and publish new Corporate Plan. Preliminary design work for process to be complete by the end of March 2019. Council approval scheduled for September 2019.	Ian Miller	30-Sep-2019	Approval and adoption confirmed by Council	<div style="width: 100%;"><div style="background-color: #4f81bd; height: 10px; width: 100%;"></div></div> 100%	

CORPRISK02	<p>Unable to improve the economic prosperity of the district. Lack of vitality in the local economy - although the District is holding up reasonably well in the current economic conditions it still aims to stimulate growth to support the economic recovery and to support the recovery of the local economy. The Council is now in its eighth year of the State of the Area Programme which includes a number of projects to assist in the stimulation of economic recovery. The Council continues to host of the North Worcestershire Economic Development and Regeneration Service and be a member of two Local Enterprise Partnerships and continues to maximise the benefit of that position. The Business Rates Retention Scheme introduced in 2013/14 increases the incentive to promote growth as there is significant financial risk to this Council if we are unable to sustain the baseline level of the business rates reflected in government projections. The detail in relation to reform of the Business Rates System towards 75% retention and Fair Funding Review is still emerging. We will continue to review our position as more information is released. Membership of the Worcestershire Business Rates Pool has only mitigated this risk to a certain extent and economic growth is key to the future financial sustainability of the Council, this may change following Business Rates Reform. Risk of LEP review removing right to be in two LEPs. Successful bid for 75% rate retention pilot for 2019/20 but all the net overall gain will be invested in activity to reduce social care pressure (subject to a no detriment agreement for district councils). The 75% pilot will end 31st March 2020 so new pooling arrangements have been agreed for 2020-21 now it has been confirmed that the funding reform has been delayed to 2021/22. The impact of Brexit influences this risk.</p>
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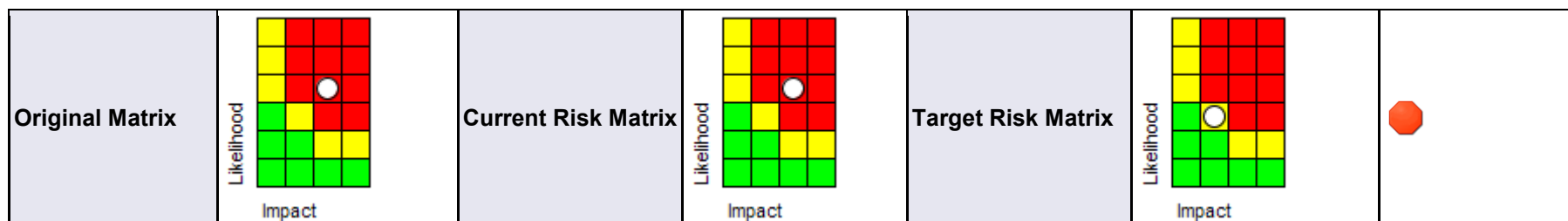
MITIGATING ACTIONS					
Description	Managed By	Due Date	Latest Note		
Continue to implement actions from the Worcestershire Housing Partnership Plan including any outcomes as a result of the review of the Local Development Plan.	Kate Bailey	31-Mar-2020	The Local Plan Review consultation following revisions to the Transport Modelling, Viability Study and Infrastructure Delivery Plan has now finished. Four events have been held with the consultation due to end 14th October 2019. Work continues with partners around Housing and Health and Re-commissioning the Home Improvement Agency. The Homelessness and Rough Sleeping Strategy has been refreshed and is currently out to consultation. An action plan is in development with key partners. Report to Cabinet on the 12th November 2019 on options for affordable housing.	<div style="border: 1px solid black; width: 100px; height: 20px; background-color: #ADD8E6; display: flex; align-items: center; justify-content: center;"> 50% </div>	
Collection of Council Tax and Business Rates Local Council Tax Reduction Scheme requires approximately 5000 Customers to pay at least 20% of their Council Tax liability. Failure to pay their liability will result in lower collection rates. Business Rates Retention Scheme requires Local Authorities to focus on Business Rate	Lucy Wright	31-Mar-2020	As at 1st Oct 19, Council Tax in year collection rates are at 57.92% compared to 57.66% last year. NNDR in year collection rates are at 56.78% compared to 57.89% last year. An additional £700k has been collected against previous years' arrears. The income banded Council Tax Reduction Scheme introduced in Apr 19 has gone smoothly and expenditure has	<div style="border: 1px solid black; width: 100px; height: 20px; background-color: #ADD8E6; display: flex; align-items: center; justify-content: center;"> 50% </div>	

Agenda Item No. 8 – Appendix 1

collection to avoid further financial pressure.			remained virtually the same as before.		
Generation of additional Business Rates Income through continued delivery of regeneration and continued utilisation of policies for development loans fund and capital portfolio fund.	Mike Parker	31-Mar-2020	NNDR in year collection rates are at 56.78% compared to 57.89% last year. An additional £700k has been collected against previous years' arrears.	<div style="width: 50%;"><div style="background-color: #4f81bd; height: 10px; width: 100%;"></div></div> 50%	
Influencing a positive outcome to the LEP Review, taking account of the potential impact of the Brexit process.	Ian Miller; Mike Parker	31-Mar-2020	Deliberations ongoing between LEP Chairs and Ministers with no conclusion yet reached.	<div style="width: 50%;"><div style="background-color: #4f81bd; height: 10px; width: 100%;"></div></div> 50%	
Redevelopment of former Lloyds Garage site and adjoining land (STC.4)	Mike Parker	31-Oct-2020	Outline business case approved in principle subject to final viability model approved by Cabinet subcommittee on the 31st July 2019. Pre planning application discussions also to progress in parallel.	<div style="width: 50%;"><div style="background-color: #4f81bd; height: 10px; width: 100%;"></div></div> 50%	
Transfer of tenants from SPACE to Forest House	Mike Parker	31-Aug-2019	Keys handed back on former SPACE unit with dilapidations as agreed with landlord completed; there remain some dilapidations subject to ongoing negotiations with landlord.	<div style="width: 100%;"><div style="background-color: #4f81bd; height: 10px; width: 100%;"></div></div> 100%	
Redevelopment of former Frenco site adjacent Hoobrook Enterprise Centre to provide 9 new units	Mike Parker	30-Nov-2019	Works underway with foundation piling and capping completed. Project expected to be complete by end of 2019.	<div style="width: 30%;"><div style="background-color: #4f81bd; height: 10px; width: 100%;"></div></div> 30%	
Purchase of land and six industrial units on Silverwoods Way (land opposite Aldi)	Mike Parker	31-Mar-2020	Suma now exchanged with St Francis Group, completion subject to obtaining planning consents. Local Development Order and planning applications now submitted. Council continues to progress contract with Suma for purchase of the units.	<div style="width: 20%;"><div style="background-color: #4f81bd; height: 10px; width: 100%;"></div></div> 20%	

CORPRISK03

Unable to deliver good quality, affordable homes. The need for good quality, decent and affordable homes in the district is increasing but supply relative to demand in decreasing. The emerging national position regarding changes in the National Planning Policy Framework the Voluntary Right to Buy pilot in the West Midlands.








MITIGATING ACTIONS					
Description	Managed By	Due Date	Latest Note		
Continue to implement actions from the Worcestershire Housing Partnership Plan including any outcomes as a result of the review of the Local Development Plan.	Kate Bailey	31-Mar-2020	The Local Plan Review consultation following revisions to the Transport Modelling, Viability Study and Infrastructure Delivery Plan has now finished. Four events have been held with the consultation due to end 14th October 2019. Work continues with partners around Housing and Health and Re-commissioning the Home Improvement Agency. The Homelessness and Rough Sleeping Strategy has been refreshed and is currently out to consultation. An action plan is in development with key partners. Report to Cabinet on the 12th November 2019 on options for affordable housing.	<div style="border: 1px solid black; padding: 2px; display: inline-block;">50%</div>	

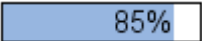

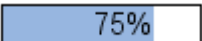

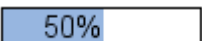

CORPRISK04	<p>Unable to deliver a sustainable budget for the long term. . The outcome of the Fair Funding Reform has been deferred until 2021-22 and represents a significant risk. There has been a 1 year Spending Round for 2020-21. This confirmed the Reset and Fair funding review will be put back to 2021-2022. Negative RSG should be removed for 2021, NHB Legacy payments to be paid. Business Rates 75% pilots to end after 2019/20. £54 million additional funding for homelessness has been confirmed for 2020-21 but WFDC share in uncertain. The 2019-22 Medium Term Financial Strategy projected a much lower level of government funding over the next 2 years with RSG phased out completely by 2019-20 and NHB being reformed for which no funding is paid than previously expected The success of this strategy is reliant on the delivery of significant savings to close the funding gap of circa £2m per annum by 2021. This ambitious programme of savings and income generation must be carefully managed by the Leadership team (officers and members) and achieved. The reliance on external income streams/funding brings with it increased risk around the continuation of these</p>
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	<p>income streams that are based on the decisions of third parties. The Business Rates Retention Scheme and the imposition of further reductions/cessation in Government funding streams represent significant corporate financial risk. These risks include the uncertainty around the future of New Homes Bonus as it is clear that there will be a significant reduction in this funding stream. Business Rates reform, growth and the risk of Appeals resulting in lower Business Rates yield represent a key risk to future sustainability. The two significant council policies for development loans fund and capital portfolio fund are helping generate both housing and business growth whilst also generating a net revenue income stream to help alleviate the significant financial pressures. Progression of proposals for a Financial Resilience Index by the Chartered Institute of Finance and Accountancy (CIPFA) may prompt further challenge to our future financial resilience. The Council is also responding to the findings of the follow up visit by the LGA peer review team. This is closely allied to Corporate Risk 03.</p>					
Original Matrix		Current Risk Matrix		Target Risk Matrix		

MITIGATING ACTIONS					
Description	Managed By	Due Date	Latest Note		
Prepare budgets in accordance with all legislative requirements and the Council's Finance Strategy, taking into account the significant changes in the funding regime, increased risk and diminishing reserves available and reduced capacity following various restructures. Brexit adds further uncertainty and complexity.	Tracey Southall	31-Mar-2020	Budget preparation is progressing slightly behind timetable due to extra work required for Localism but key deadlines should be met.	<input style="width: 50px;" type="text" value="35%"/>	▶
Collection of Council Tax and Business Rates Local Council Tax Reduction Scheme requires approximately 5000 Customers to pay at least 20% of their Council Tax liability. Failure to pay their liability will result in lower collection rates. Business	Lucy Wright	31-Mar-2020	As at 1st Oct 19, Council Tax in year collection rates are at 57.92% compared to 57.66% last year. NNDR in year collection rates are at 56.78% compared to 57.89% last year. An additional £700k has been collected against previous years' arrears. The income banded Council Tax	<input style="width: 50px;" type="text" value="50%"/>	▶

Agenda Item No. 8 – Appendix 1

Rates Retention Scheme requires Local Authorities to focus on Business Rate collection to avoid further financial pressure.			Reduction Scheme introduced in Apr 19 has gone smoothly and expenditure has remained virtually the same as before.		
Municipal Mutual Insurance Clawback - Budget Pressure	Tracey Southall	31-Mar-2020	A potential claim is currently being considered but liability not confirmed at this early stage.	<div style="width: 50%;"><div style="background-color: #4f81bd; height: 10px; width: 100%;"></div></div> 50%	
Regular meetings to facilitate effective communications. Regular additional Cabinet/ CLT meetings in 2019/20 to focus on future financial strategy and Wyre Forest Forward savings achievement.	Corporate Leadership Team; Ian Miller	31-Mar-2020	Programme of meetings for 2019 including local plan. Regular meetings between Cabinet and CLT on future direction of the Council and closing the financial gap as well as major issues such as the Local Plan.	<div style="width: 70%;"><div style="background-color: #4f81bd; height: 10px; width: 100%;"></div></div> 70%	
Implementation of policies for development loan fund and capital portfolio fund. Use of external support/expertise to manage fund and produce each business case/performance due diligence. MHCLG investment guidance and revised Codes of Practice for Prudential Code and Treasury Management reflected in Capital Strategy. Close monitoring of economic outlook/external factors influencing market rates including the impact of the whole percentage increase in PWLB rates as at October 2019.	Caroline Newlands; Mike Parker; Tracey Southall	31-Mar-2020	Initial early report of portfolio performance discussed at CLT Cabinet meeting in July. Reported formally to Overview & Scrutiny in November. The phased programme of £35million external borrowing taken at historically low rates means the PWLB rate increase on the 9th October 2019 should not impact on the capital portfolio fund adversely. However, alternative sources of cheaper borrowing are being explored. This developmental area will be kept under review and members updated as appropriate.	<div style="width: 70%;"><div style="background-color: #4f81bd; height: 10px; width: 100%;"></div></div> 70%	
Business Rates Retention Scheme. To continue to contribute to the reform debate to maximise the council's future position.	Tracey Southall	31-Mar-2020	LG Futures are working with the treasurers on the quarterly budget monitoring report for the business rates pilot. Funding Reform delayed until 2021-22.	<div style="width: 50%;"><div style="background-color: #4f81bd; height: 10px; width: 100%;"></div></div> 50%	
To continue to progress the Corporate Fraud role aligned to the Internal Audit Team to focus on non-benefit fraud, continue to raise awareness of national	Cheryl Ellerton; Tracey Southall	31-Mar-2020	The annual report in respect of the Counter Fraud arrangements in place looking back for 2018~19 and forward for 2019~20 was presented to the Audit	<div style="width: 50%;"><div style="background-color: #4f81bd; height: 10px; width: 100%;"></div></div> 50%	






<p>issues as part of the Fighting Fraud and Corruption Locally Agenda working in close liaison with Services and ICT; to raise awareness of risks associated with cyber fraud and management of information. There will also be close liaison with the Compliance resource within the Revenues team with updates to the Audit Committee.</p>			<p>Committee on 29th July. Progress continues to be made on raising awareness to demonstrate the commitment of the Council to tackling fraud and protecting the public purse. The outcome of the matches with Wyre Forest District Council to other national data sets as part of the mandatory National Fraud Initiative for Payroll, Creditors, Housing Benefits, Council Tax Reduction {Local} Scheme and Licensing data have been assessed and any actions or investigated. In addition the Council have also voluntarily participated in the Cipfa Fraud & Corruption Tracker Survey. The Council continue to receive regular updates on the latest fraud and cyber scams, which are publicised within Wyred Weekly with detailed updates to specific Service Managers.</p>		
<p>Green street depot 2020 improvement and investment plan and related office moves and service efficiencies</p>	<p>Steve Brant; Linda Draycott</p>	<p>31-Mar-2020</p>	<p>Section 278 highways works currently underway. Completion imminent.</p>	<p> 85%</p>	<p></p>
<p>Implementing redevelopment proposals to generate new revenue streams</p>	<p>Mike Parker</p>	<p>31-Mar-2020</p>	<p>Further potential acquisitions under consideration by Jones Valerio but nothing developed yet.</p>	<p> 75%</p>	<p></p>
<p>Monitor impact of Universal Credit</p>	<p>Lucy Wright</p>	<p>31-Mar-2020</p>	<p>Full service Universal Credit (UC) was rolled out in Wyre Forest in Nov 2018. To save additional admin costs, the Council Tax Reduction Scheme was changed to an income banded model. Implementation has been successful and overall expenditure of the scheme has remained the same. The effects of UC is having an impact on customer demand as more residents are struggling financially mainly at the start of their UC claim. This is</p>	<p> 50%</p>	<p></p>

			resulting in increased numbers of DHP applications and efforts to prevent evictions by working with landlords in the social and private sector. CTRS council tax collection rates are lower than overall collection rates and a small working group has been set up to improve recovery in this area.		
Respond to findings of peer review including production of action plan	Ian Miller	31-Mar-2020	Action plan discussed with Cabinet in July and shared with staff. Now in implementation phase	<input type="text" value="70%"/>	
To monitor the potential impact of the government's waste strategy as this could reduce current commercial income streams	Linda Draycott; Ian Miller	31-Mar-2020	Reference to the potential impact of the waste strategy included in the new MTFS and a watching brief is maintained.	<input type="text" value="10%"/>	

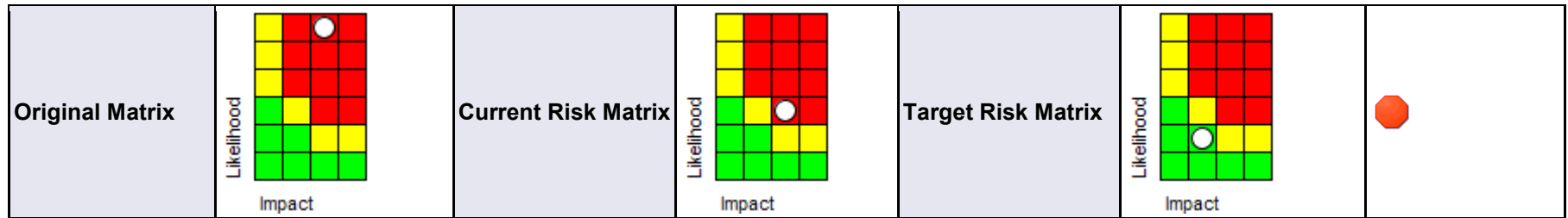
CORPRISK05	Council 'misses' important issues and/or is in breach of a requirement. The Council is a small organisation but it is still expected to respond to, and comply with, new legislation, strategies, audit requirements, health and safety requirements and inspection regimes to meet our insurer's high standards. The potential impact of Brexit also increases this risk.					
Original Matrix		Current Risk Matrix		Target Risk Matrix		

MITIGATING ACTIONS					
Description	Managed By	Due Date	Latest Note		
Support and advice on major strategic projects to ensure sound and robust arrangements including Capital Portfolio and development loans fund.	Jane Alexander	31-Mar-2020	Work continues and on schedule for completion by 31st March 2020	<input type="text" value="50%"/>	

Agenda Item No. 8 – Appendix 1


To ensure the leadership team keeps abreast of statutory changes in legislation and seek to influence consultation and seek to prepare for changes in legislation.	Caroline Newlands	31-Mar-2020	Work continues and on schedule for completion by 31st March 2020	<div style="width: 50%; background-color: #4f81bd; height: 15px; border: 1px solid black;"></div> 50%	
Training Support and advice for Service Managers from Zurich Municipal Risk Management Specialists as part of our insurance contract	Caroline Newlands; Tracey Southall	31-Mar-2020	First meeting was positive; the training areas to be agreed for this year.	<div style="width: 15%; background-color: #4f81bd; height: 15px; border: 1px solid black;"></div> 15%	
Continue to improve and develop Strategic management of information governance risks including follow up of Zurich Municipal in previous annual review recommendations	Corporate Leadership Team; Tracey Southall	31-Mar-2020	First meeting of the sub group for this year has been held and an action plan has been agreed.	<div style="width: 32%; background-color: #4f81bd; height: 15px; border: 1px solid black;"></div> 32%	
Budgetary Control - ongoing development of reporting to include demand-led commercial income and early identification of variances to approval	Tracey Southall	31-Mar-2020	The Quarter 1 budget monitoring report was on the September Cabinet agenda and included new presentation and facts and data on commercial income generation.	<div style="width: 40%; background-color: #4f81bd; height: 15px; border: 1px solid black;"></div> 40%	
Monitor the impact of Brexit and report on any significant changes in requirement as appropriate	Corporate Leadership Team	31-Mar-2020	The Chief Executive is the nominated lead for Brexit and shares relevant updates appropriately.	<div style="width: 20%; background-color: #4f81bd; height: 15px; border: 1px solid black;"></div> 20%	

CORPRISK06	<p>Implementation of ICT Strategy. There continues to be significant investment in the development of technology at the Council. The ICT Strategy was agreed in February 2018 as part of the budget process and is being implemented across the authority with progress and governance provided by the ICT Strategy Board. A number of new websites have been implemented and the focus continues to be on supporting the move to greater self-service by customers, ensuring continued PSN compliance, update systems to ensure best value / efficiencies and refreshing ICT platforms / systems to deliver ICT services / and systems over the Medium Term Financial Strategy. There are emerging issues around some integration limitations that may hinder some transformation work streams. A risk of reliance on key suppliers for network products also exists as the ICT market is very fast paced and companies can frequently be subject to merger/changed ownership. The Council needs to be aware of software support expiry dates; consideration of this issue is included within the ICT Strategy for replacement of corporate system i.e. Office and business systems. The Council needs to maintain high levels of Cyber Security to protect against malware, hacking etc.</p>
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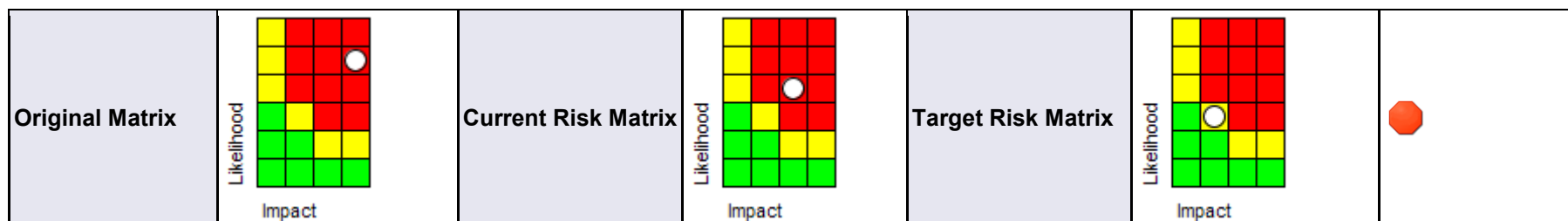


MITIGATING ACTIONS					
Description	Managed By	Due Date	Latest Note		
Continue to deliver the ICT Strategy to achieve additional efficiency savings.	Dave Johnson	31-Mar-2023	See detailed updates below.	44%	
Supporting the Commercial Agenda including digital by default. Review the booking systems and replace, review and replacement of GIS and on-line planning	Dave Johnson; Dave Johnson	31-Mar-2023	Work continues on setting up IVR system due to go live later in year. Also looking at a digital platform to assist with customer requests, self services and job tracking and allocation. Business Case to ICT Strategy Board in the Autumn.	40%	
Digital by Default is the expected method of interacting with the Authority	Dave Johnson; Dave Johnson	31-Mar-2023	Work continues on setting up IVR system due to go live later in year. Also looking at a digital platform to assist with customer requests, self services and job tracking and allocation. Business Case to ICT Strategy Board in the Autumn. As part of digital platform looking to improve on-line enquiries for Revenue / Benefits	40%	
Application Software o MS Office o Planning system o Garage system o CRM	Dave Johnson	31-Mar-2023	– Following tasks have been completed or are in progress re IDOX . All training except staff overview training for those not on the project team has been completed, GIS training has now been completed . Due to data issues / complexity of	45%	

			<p>conversion decided to do an extra data load for planning. Looking at go-live late October with Land Charges to be scheduled after planning go live</p> <p>New security on payments system due to go in September</p> <p>Upgrade of Agresso for making tax digital M3 timetable for upgrade due to be looked at in September</p> <p>Business case to ICT Strategy Board in October for digital platform to help with self service and customer requests</p>		
<p>ICT Infrastructure</p> <ul style="list-style-type: none"> o New Wireless o Complete Firewalls o Complete data line install o Shoretel upgrade o VMWare upgrades o Mobile Phones 	Dave Johnson	31-Mar-2023	<p>Depot 2020 Project</p> <p>Server Room: - LAN switches configuration complete. Wireless survey complete for Block A & Block B and rest of site. Comms room in block A complete</p> <p>Design Work: - All plans for desk layouts and number network points for desks, printers, access control has been completed. Hub staff move successfully completed.</p> <p>Server & Storage:- Business case to next ICT Strategy board on Server and Storage refresh</p> <p>Wireless:-</p> <ul style="list-style-type: none"> . All cabling and Access Points (AP) have been installed at WFH, Bewdley Museum, Forest House, Town Hall . Cabling complete at Green Street, AP's due to go in over the coming weeks . Controllers and configuration still to be scheduled in once issue with configuration has been completed <p>Backup:- New system for back up and</p>	<div style="border: 1px solid black; width: 80px; height: 20px; display: flex; align-items: center;"> <div style="background-color: #4a86e8; width: 40%;"></div> 50% </div>	▶

<p>Review and Update Security Systems including Firewalls/ Web filter/New Email Gateway and associated modules/Network monitoring and reporting (Solarwinds / Firewalls etc)</p>	<p>Dave Johnson</p>	<p>31-Mar-2023</p>	<p>cyber back is now live</p> <p>Group Policies for Windows 10 and updating the images accordingly has now been complete. A number of new Laptops have been rolled out to test users.</p> <ul style="list-style-type: none"> - New 2 factor system being looked at for Server access by ICT and wider user access. - Phishing email campaign now complete. - Looking to replace remaining old Thin Client devices, current out to tender on this - Upgraded / refreshed a number of core security infrastructure elements including support on firewall, Web Security appliances and email gateway. - New backup and additional backup for Cyber Resilience has now been installed and is currently working well and building its backup archive. Testing in particular the Cyber Backup needs to be performed in the next 2 months. - With North Worcestershire Civil Contingencies and Resilience Manager involved in updating sections plans for contingencies in the event of a cyber attack 	<p>45%</p>	
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<p>CORPRISK07</p>	<p>Not able to maintain a skilled and motivated workforce. Against the background of the current local agreement until March 2021. Council on 25th September 2019 agreed a move back toward annual pay increases in line with the National Pay Agreement from 2021. The Council needs to continue to maintain a workforce with adequate capacity, skills, experience and motivation – so still being seen by staff as a good employer. The Council has started to experience recruitment and retention issues in some areas e.g. HGV drivers. Various restructures following the move to the Wyre Forest House have provided slimmer management structures and more devolution of responsibility which should assist in motivation and retention of the workforce, alongside a management development programme. The latest management restructure approved by Council on 25th September will need to be carefully managed. The age profile of the workforce and increasing number of employees aged 55 and over needs to be considered together with succession planning in future workforce restructures. The Council will need to respond to findings from the peer review follow up visit that relate to workforce issues.</p>
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MITIGATING ACTIONS					
Description	Managed By	Due Date	Latest Note		
Progression of Wyre Forest Futures Leadership Development Programme and training and development budget to support it.	Rachael Simpson	31-Mar-2020	New nominations for Management and Leadership Programmes submitted to CLT. Programmes to commenced February and March 2019.	<input type="text" value="50%"/>	▶
Develop initiatives to support any workforce through organisational change including involvement of staff through suggestion scheme and System Thinking. The continued practice of regular staff surveys allows the leadership team to develop initiatives to respond positively to feedback and suggestions.	Rachael Simpson	31-Mar-2020	Ongoing through the Organisational Development (OD) Strategy and Wyre Forest Forward Programme. Review of combining a new OD Strategy with a Workforce Development Strategy, Ready for implementation – July 2019 Staff survey undertaken Autumn 2018 - action plan developed.	<input type="text" value="50%"/>	▶
Respond to findings of peer review including production of action plan	Ian Miller	31-Mar-2020	Action plan discussed with Cabinet in July and shared with staff. Now in implementation phase	<input type="text" value="70%"/>	▶
Undertake review of pay grading structure	Ian Miller; Rachael Simpson	31-Dec-2020	Review to be undertaken as part of approach to pay increases for the period from April 2021. The national living wage continues to increase sharply and will soon overlap with the lowest pay band in WFDC. This will trigger a review of the grading structure, regardless of whether	<input type="text" value="30%"/>	▶

			future pay increases are decided locally or based on national negotiations. Report to Council in September 2019 on proposed approach.		
Implement action plan in response to findings of staff survey	Corporate Leadership Team; Rachael Simpson	31-Mar-2020	Action plan developed and a number of actions delivered.	<div style="width: 50%;"><div style="background-color: #4F81BD; height: 10px; width: 50%;"></div></div> 50%	
Undertake and implement Organisational Review	Ian Miller	31-Mar-2020	Significant restructuring of Community Wellbeing and Environment Directorate confirmed including decision by Council on 25th September. Further proposals may emerge from review of all services under transformation framework.	<div style="width: 60%;"><div style="background-color: #4F81BD; height: 10px; width: 60%;"></div></div> 60%	

CORPRISK08 **Capacity to do everything is insufficient.** A flexible resource is required to do everything that the Council has committed itself to – transformation, core service review, review of partnerships, reviews of further shared services to commence in 2019. The pace of change and need to continue to deliver key projects, represent a significant resourcing risk. This leads to concerns about sufficient capacity to deliver the Wyre Forest Forward Savings/efficiency plan and the ability to provide effective leadership for the management of the Council. This is particularly true given the increased savings targets from 2020/21 as a result of reductions in central government funding and the additional resource required to deliver the policies for development loans fund and capital portfolio fund.

Original Matrix		Current Risk Matrix		Target Risk Matrix		
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MITIGATING ACTIONS

Description	Managed By	Due Date	Latest Note		
Ensure resources are monitored and managed to protect capacity issues when Systems reviews take place. The	Ian Miller	31-Mar-2020	Allocations from the fund are regularly considered by CLT and past allocations reviewed if no longer required. Further top	<div style="width: 50%;"><div style="background-color: #4F81BD; height: 10px; width: 50%;"></div></div> 50%	

Innovation Fund/General Risk Reserve is used to allocate funding to support interventions and consideration will be given to topping up these reserves at year end.			up made from final accounts savings in 2019/20		
Ensure involvement of appropriate staff from both within and outside WF20 onto projects to spread resourcing and maximise the opportunities for success.	Ian Miller	31-Mar-2020	Cross directorate working groups on Digital First and Information Governance. Staff from appropriate teams involved in other projects e.g. Capital Portfolio Fund. Shared service reviews with Redditch and Bromsgrove to be led by staff from all three councils.	50%	▶
Progressing changes to monitoring attendance levels. Working closely with employees, maintaining conversation and development opportunities in accordance with our values and the Worcestershire works well agenda.	Rachael Simpson	31-Mar-2020	Ongoing support being provided to employees to assist with their well-being and supporting managers to proactively manage staff sickness Increased focus on data analytics to identify 'hot spots' and specific reasons for absence Mental Health Standards developed. Time to Talk Pledge signed by Leader and Chief Executive.	80%	▶
Utilise external support for property investment /management expertise to expedite implementation of policies on development loans fund and capital portfolio fund.	Mike Parker	31-Mar-2020	First portfolio performance report made to Overview & Scrutiny Committee at the November meeting.	75%	▶

CORPRISK09	Unable to effectively improve the Council's reputation. The Council's reputation is extremely important, progressive improvement is important and can be subject to political influence that is difficult to predict and control. Effective consultation and communication with increased focus on customer engagement (both internal and external) are key to this gradual progression - along with purposeful service delivery.
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Original Matrix	<p>Likelihood</p> <p>Impact</p>	Current Risk Matrix	<p>Likelihood</p> <p>Impact</p>	Target Risk Matrix	<p>Likelihood</p> <p>Impact</p>	
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MITIGATING ACTIONS

Description	Managed By	Due Date	Latest Note		
Continue with Corporate programme of Employee, Member and public Engagement	Kay Higman	31-Mar-2020	Ongoing programme including regular Chief Executive, Leader, Cabinet Member, Communications and Media briefing underlying the alliance's wish for better listening, openness and transparency.	50%	

CORPRISK10 **Unable to ensure a secure network which would make ICT vulnerable to attacks and threats.** The Council has successfully achieved PSN compliance but this needs to be managed and maintained. ICT to regularly review and assess threats and impacts on the network and generate a formal risk/incident log and any remedial account required or acceptance of residual risk by the organisation where judged appropriate.

Original Matrix	<p>Likelihood</p> <p>Impact</p>	Current Risk Matrix	<p>Likelihood</p> <p>Impact</p>	Target Risk Matrix	<p>Likelihood</p> <p>Impact</p>	
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MITIGATING ACTIONS

Description	Managed By	Due Date	Latest Note		
Ongoing patching of	Dave Johnson	31-Mar-2020	Patching is on-going and have currently	40%	

Agenda Item No. 8 – Appendix 1

servers/workstations/software			<p>rolled out a number of 3rd party policies to SCCM to automate update of 3rd party software.</p> <p>Continue to replace windows 7 laptops but this has been delayed somewhat due to issues with encryption software and login. Currently with software vendor</p> <p>Continue to upgrade Server OS and SQL. SQL nearing completion.</p>		
Annual Penetration tests and network scans.	Dave Johnson	31-Mar-2020	<p>Currently out for quotes on next penetration test</p> <p>Network scan a couple of months ago mainly highlighted issues re the need to replace older TC. Currently out to tender</p>	<div style="border: 1px solid black; width: 100px; height: 20px; position: relative;"> <div style="background-color: #4F81BD; width: 20%; position: absolute; left: 0;"></div> 20% </div>	▶
Review and Update Security Systems including Firewalls/ Web filter/New Email Gateway and associated modules/Network monitoring and reporting (Solarwinds / Firewalls etc)	Dave Johnson	31-Mar-2023	<p>Group Policies for Windows 10 and updating the images accordingly has now been complete. A number of new Laptops have been rolled out to test users.</p> <ul style="list-style-type: none"> - New 2 factor system being looked at for Server access by ICT and wider user access. - Phishing email campaign now complete. - Looking to replace remaining old Thin Client devices, current out to tender on this - Upgraded / re freshed a number of core security infrastructure elements including support on firewall, Web Security appliances and email gateway. - New backup and additional backup for Cyber Resilience has now been installed and is currently working well and building its backup archive. Testing in particular the Cyber Backup needs to be performed in the coming weeks / months. - With North Worcestershire Civil Contingencies and Resilience Manager 	<div style="border: 1px solid black; width: 100px; height: 20px; position: relative;"> <div style="background-color: #4F81BD; width: 45%; position: absolute; left: 0;"></div> 45% </div>	▶

			involved in updating sections plans for contingencies in the event of a cyber attack		
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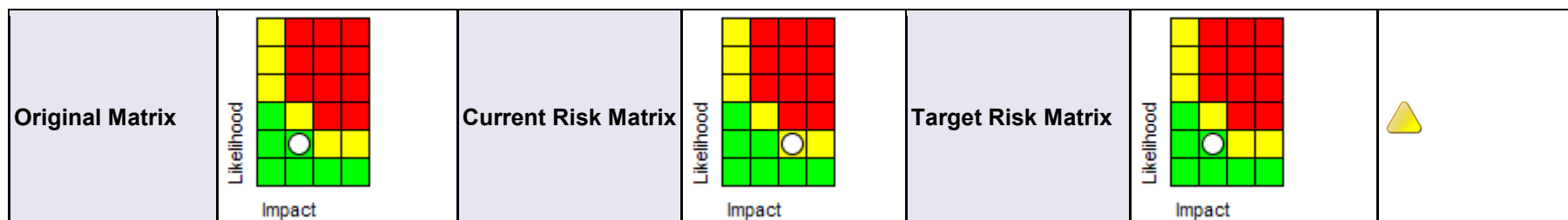
CORPRISK11 **Unable to deliver satisfactory services through alternative Service Delivery Models including Shared Service arrangements and the potential devolution of services public service reform and/or combined arrangements.** The Council is partner in a number of Shared Services - Worcestershire Regulatory Services, Emergency Planning, Water Management, Payroll, Building Control, Economic Development and Regeneration - and is either host to the Shared Service or a partner in receipt of a service. The Council has entered into a Limited Liability partnership with Public Sector PLC and has approved the set up of a LATC in readiness for property/housing development utilising the capital portfolio fund where this is the most viable option. However there are always risks around the management of such arrangements, whether the work is being led by another organisation or led by the Council. This risk cross refers to CORPRISK 14

Original Matrix		Current Risk Matrix		Target Risk Matrix		
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MITIGATING ACTIONS

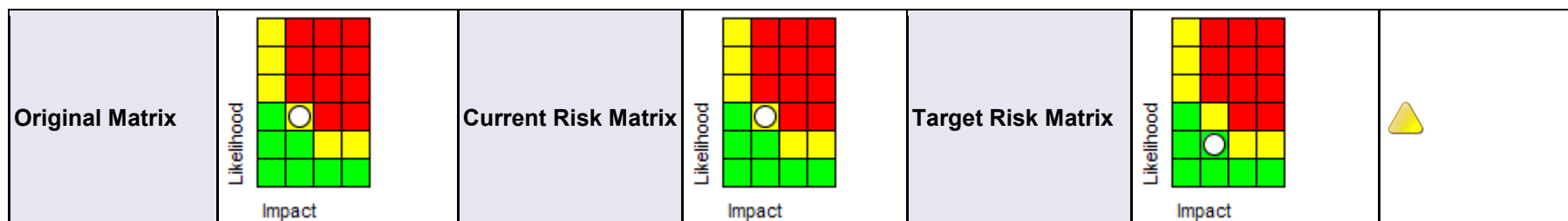
Description	Managed By	Due Date	Latest Note		
To ensure that governance arrangements are appropriate for all forms of service delivery including Public Private Partnerships (PPPs) and Local Authority Trading Companies (LATCs).	Caroline Newlands; Tracey Southall	31-Mar-2020	Continue to maintain a watching brief and input to governance arrangements as appropriate.	50%	

CORPRISK12 **Effective/strategically focussed political leadership to cope with continuing significant challenges of reduced funding and changing legislative framework.** The move to All-out Elections every four years from 2019 may help future political stability but there is a risk of not having a political majority which could undermine decision making. Members will still need regular training and all-party updates to ensure skills and knowledge are kept up to date in these challenging times when effective leadership is key to future sustainability.



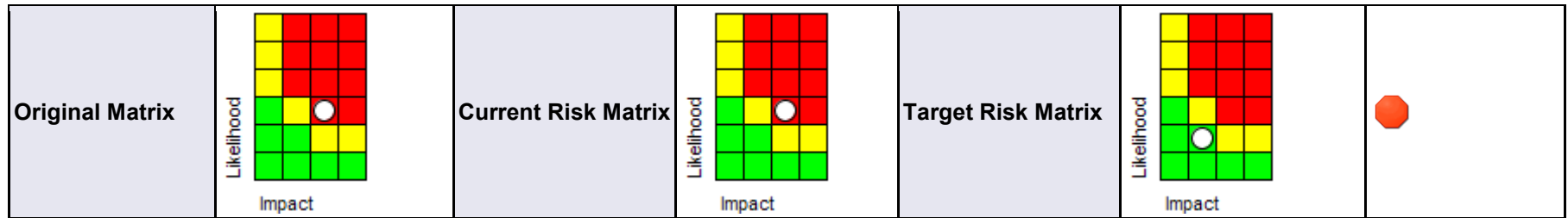
MITIGATING ACTIONS					
Description	Managed By	Due Date	Latest Note		
Ensure Members are regularly updated on corporate plans and proposals including Wyre Forest Forward. This also includes regular meetings of the Group Leaders and the Corporate Induction Plan undertaken in May - July 2019.	Ian Miller	31-Mar-2020	Monthly meeting with Group Leaders since May. Induction programme completed by end of July.	100%	
Ensure newly elected members taking up lead positions in the Council are mentored to enable their skills to be fast tracked	Ian Miller	31-Mar-2020	Training being provided for the Chairs of committees and support offered for other leading councillors. LGA providing development session for Cabinet, Leader and Deputy Group Leader ICHC to attend leadership programmes.	80%	
Training programme for all councillors for 2019-2023 to be designed, including induction training for all elected in May 2019 and refresher training in 2021 for planning and licensing	Ian Miller	30-Apr-2019	Delivery of programme has commenced 8th May 2019.	100%	

CORPRISK13	Localism: Sustaining the pace and effectiveness of asset and service transfers to third sector parties, Parish and Town Councils
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MITIGATING ACTIONS					
Description	Managed By	Due Date	Latest Note		
Effective operational arrangements for the oversight of governance for mutually beneficial partnerships with third parties.	Corporate Leadership Team; Caroline Newlands; Tracey Southall	31-Mar-2020	Continue to maintain a watching brief.	<input style="width: 100px;" type="text" value="48%"/>	▶
To ensure this Council keep abreast of the latest reorganisation developments and participates in the reorganisation debate to ensure it is not left in an isolated position.	Ian Miller	31-Mar-2020	Government has not announced any central plans for reorganisation but supporting locally led mergers. Situation continues to be monitored.	<input style="width: 100px;" type="text" value="50%"/>	▶
Continue to operate robust arrangements to secure future joint service delivery agreements with Parish and Town Councils utilising the £50k Localism Fund	Linda Draycott	31-Mar-2020	Currently developing 5-10 year plans with individual town councils to achieve savings and protect vulnerable service areas such as parks, events, play areas.	<input style="width: 100px;" type="text" value="60%"/>	▶

CORPRISK14	Establishing a group structure - Local Authority Trading Company Council on 21st February 2018 approved a group structure of Local Authority Trading Companies. Risks associated with this separate legal entity include legal, financial, governance and reputational factors. These will need to be managed and mitigated on an ongoing basis to protect both the LATC's and the Council's position.
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MITIGATING ACTIONS					
Description	Managed By	Due Date	Latest Note		
That external advice is taken to ensure the Council acts within correct legislation on individual proposals as appropriate.	Mike Parker	31-Mar-2020	External advice from Mazars including Anthony Collins Solicitors confirms ability for Council to act within current legislation	<input type="text" value="0%"/>	
Any financial transactions between the Council and the LATC e.g. lending through the Development Loan Fund will be subject to individual scrutiny and due diligence including financial viability sensitivity analysis before final decisions are proposed/taken.	Mike Parker; Tracey Southall	31-Mar-2020	Holding company registered with Companies House, subsidiary to follow, no business conducted as yet. Details of company below: Name & Registered Office: Wyre Forest (Holdings) Limited Wyre Forest House Finepoint Way Kidderminster Worcestershire DY11 7WF Company No. 11451232	<input type="text" value="0%"/>	
Through the shareholder agreement and through the establishment of the business plan within which the LATC operates, the Council will be able to ensure that all financial arrangements are viable	Mike Parker	31-Mar-2020	Company registered but no transactions taken place yet	<input type="text" value="0%"/>	

Agenda Item No. 8 – Appendix 1

In the event that a catastrophic event requires it the LATC will be closed down - an exit strategy will be considered as a contingency plan to protect the Council against unknown events in the future.	Caroline Newlands; Mike Parker; Tracey Southall	31-Mar-2020	Company registered but no transactions taken place yet	<input type="text" value="0%"/>	
The development activity of the LATC is financially self sustainable and not reliant upon funding from the Council	Tracey Southall	31-Mar-2020	Company registered but no transactions taken place yet.	<input type="text" value="0%"/>	
The Council ensures that only those officers and members of the Council who are able to take objective decisions are appointed to the LATC	Caroline Newlands	31-Mar-2020	Achieved with first appointment made - delegated decision published.	<input type="text" value="0%"/>	
The LATC is able to purchase support from existing council officers until such time as it is able to or requires the appointment of its own staff	Mike Parker; Tracey Southall	31-Mar-2020	Company registered but no transactions taken place yet.	<input type="text" value="0%"/>	
The LATC Business Plan identifies a suitable pipeline of development opportunities and this will be refreshed and updated on a regular basis.	Mike Parker	31-Mar-2020	Company registered but no transactions taken place yet	<input type="text" value="0%"/>	
Changes to Prudential and Treasury Management Codes are considered in conjunction with the revised MHCLG Guidance on Investments and MRP and specific advice sought if further clarity is required on risk in relation to specific investment proposals in relation to the LATC Group structure.	Helen Ogram; Tracey Southall	31-Mar-2020	Company registered but no transactions taken place yet with the company as property acquisitions are held in Council's name.	<input type="text" value="0%"/>	
Using the external advice from Mazars individual projects will be monitored as the LATC business progresses.	Caroline Newlands; Mike Parker; Tracey Southall	31-Mar-2020	Company registered but no transactions taken place yet. So far the work that has been done has been to confirm the LATC was not the right vehicle to use for property proposals.	<input type="text" value="0%"/>	
Further training and guidance will be taken to ensure sufficient knowledge is	Helen Ogram; Tracey Southall	31-Mar-2020	Company registered; no transactions yet taken place. Knowledge and learning is	<input type="text" value="0%"/>	

developed. The PWC VAT Helpline the Council already subscribes to will be used and other specialist advice taken as appropriate.			actively being progressed as part of work with PSP and also property acquisition work with the LATC perspective considered in each case but not utilised so far. To be included as part of due diligence in specific business case proposals.		
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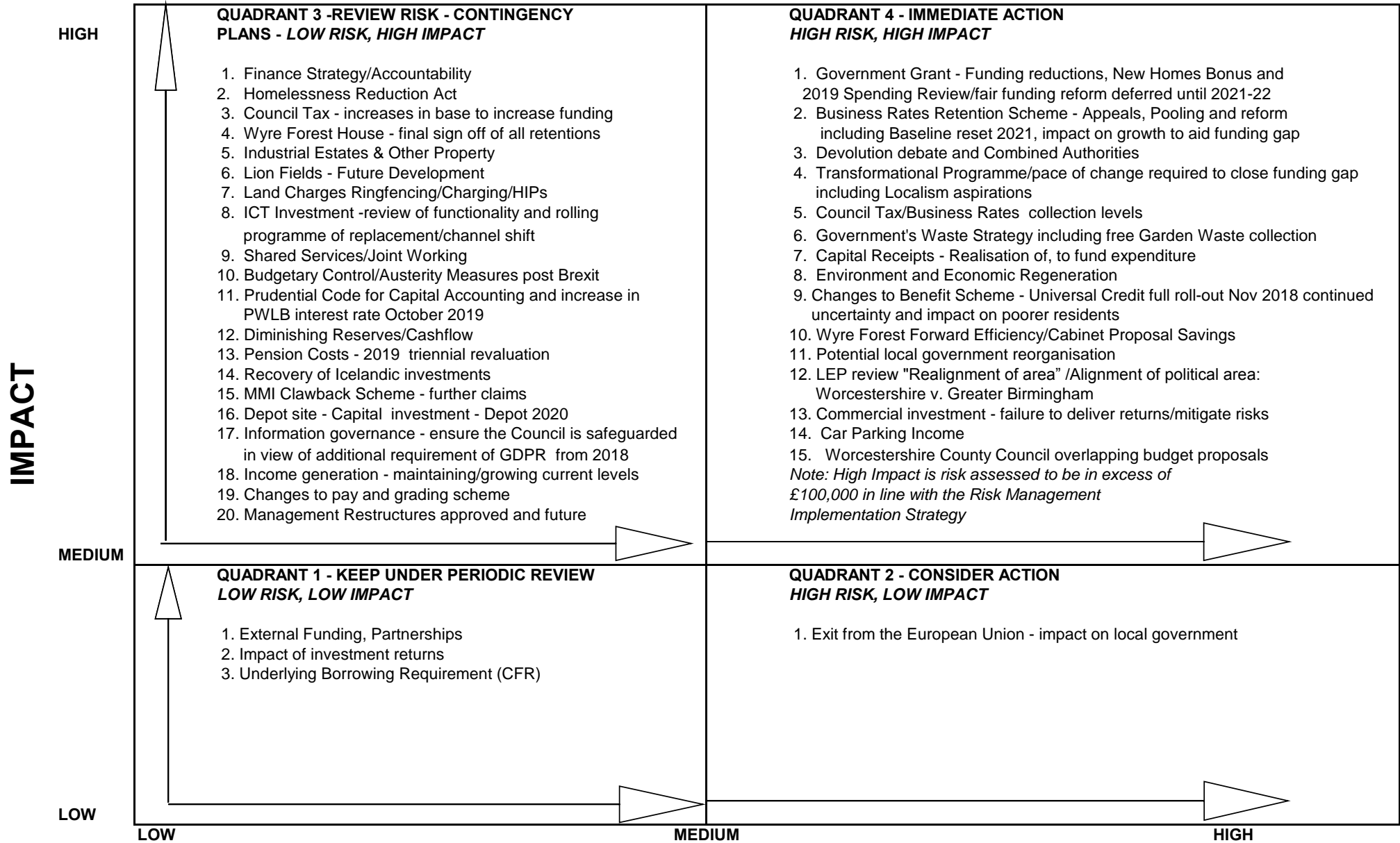
CORPRISK15 **Local plan:** risk that timely and effective delivery of local plan might be jeopardised if issues raised in the consultation on the Pre-Submission Plan are not responded to positively. If realised, this risk could delay adoption of the Plan and expose the Council to significant additional costs associated with the Examination in Public; in a worst case scenario, the Inspector could require the Council to revisit some stages of the Plan to achieve 'soundness'.

Original Matrix		Current Risk Matrix		Target Risk Matrix		
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MITIGATING ACTIONS

Description	Managed By	Due Date	Latest Note		
Continue to advise Local Plans Review Panel, Cabinet and Council on steps necessary to remove objections and potential objections to plan and/or to minimise their impact on the examination in public – particularly points raised by statutory consultees	Mike Parker	31-Dec-2020	Pre submission consultation closed on 14th October; timetable to present final submission documentation to Council in February 2020.	<input type="text" value="30%"/>	
Implementation of robust Local Plan up to 2036	Mike Parker	31-Dec-2020	Pre submission consultation closed 14th October. Timetable to present final submission plan to Council in February 2020.	<input type="text" value="75%"/>	

BUDGET RISK MATRIX 2019-22



RISK

Budget Risk Matrix

ISSUE	BUDGETARY RESPONSE
<p>Quadrant 1 - Low Risk, Low Impact</p> <p>1. External Funding, Partnerships</p> <p>2. Impact of Investment Returns</p> <p>3. Underlying Borrowing Requirement (CFR)</p>	<p>Keep under periodic review</p> <p>Continue to evaluate sustainability of each scheme as part of project appraisal.</p> <p>Continue to monitor and report as appropriate. The Governor of the bank of England has indicated that the rate may increase further from the current 0.75% over the terms of the MTFP. Balances available for investment are reducing over the MTFP and this together with the low returns has been taken into account in the base budget. We continue to work with Link Asset Services in this area.</p> <p>The rising CFR over the term of the Budget Strategy will be carefully monitored in close liaison with Link Asset Services to gauge both the timing and type of external borrowing.</p>
<p>Quadrant 2 - High Risk, Low Impact</p> <p>1. Exit from the European Union</p>	<p>Consider Action</p> <p>To-date the impact has not been significant but this will be closely monitored.</p>
<p>Quadrant 3 - Low Risk, High Impact</p> <p>1. Finance Strategy/Accountability</p> <p>2. Homelessness Reduction Act</p> <p>3. Council Tax – increase in base</p> <p>4. Wyre Forest House final sign off of all retentions</p> <p>5. Industrial Estates and Other Property</p> <p>6. Lion Fields Gateway - Future Development</p> <p>7. Land Charges Ring fencing /Charging/HIPs</p> <p>8. ICT Investment/channel shift</p> <p>9. Shared Services Joint working</p> <p>10. Budgetary Control/Austerity Measures</p> <p>11. Prudential Code for Capital Accounting – Borrowing rates</p>	<p>Review Risk - Contingency Plans</p> <p>Council are required to adopt a three year Balanced Budget Strategy.</p> <p>Supplementary estimate agreed at September Cabinet, use of New Street facility, close monitoring and management of housing advice service brought back in-hour from June 2018.</p> <p>Assumption of increase of 300 pa should hopefully be realised.</p> <p>Managed closely by Chief Executive and CLT/Cabinet</p> <p>Managed through Property Disposal Strategy</p> <p>Development opportunities continue to be explored.</p> <p>Reduced income allowed for within Base Budget reduces the scale of any challenge.</p> <p>ICT Strategy Group oversee/enhance the governance, planning and delivery arrangements of the strategy between ICT and council service areas.</p> <p>Shared Services partnerships continue to contribute to collaborative efficiencies but will be monitored to ensure risk is managed and mitigated.</p> <p>Continue to discourage non-essential expenditure, monthly budget monitoring reports provide more management information. Focus on income generation and innovative alternative service delivery models.</p> <p>External borrowing is £35m, PWLB rates increased with no notice by whole percent in early October 2019; Link Asset Services continue to provide technical advice and are looking for alternative sources of cheaper borrowing.</p>

<p>Quadrant 3 Continued</p> <p>12. Diminishing Reserves/Cash flow</p> <p>13. Pension Costs</p> <p>14. Recovery of Icelandic Investments</p> <p>15. MMI Claw Scheme</p> <p>16. Depot Site – capital investment</p> <p>17. Information Governance</p> <p>18. Income Generation</p> <p>19. Change to Pay and Grading Scheme</p> <p>20. Management Restructures</p>	<p>Cash flow management will be tighter given reduction in capital and revenue reserves and use of the Link Cash flow model is being used to improve management information to help mitigate any risk in this area</p> <p>2016 revaluation contained within existing budgets but risk remains going forward for this significant expenditure area. 2019 Revaluation confirmed rather than a move to every 4 years</p> <p>Under £1m in outstanding and work will continue to achieve maximum recovery.</p> <p>Further claim received and settled, ear marked reserve held.</p> <p>Currently on schedule and on budget; this will be carefully managed Investment is required to provide a sustainable depot site now the decision has been taken to retain and invest in this key asset.</p> <p>Internal working group chaired by the DOR is reviewing this area to ensure the Council continues to be safeguarded.</p> <p>Income Generation Group continues to work to protect/expand market share. External report commissioned from CommericalGov has informed marketing strategy and new Commercial Manager now recruited.</p> <p>The impact of these proposals will be managed by Cabinet/CLT with particular regard to the impact on the overall funding envelope</p> <p>To be managed by the Chief Executive and Cabinet</p>
<p>Quadrant 4 - High Risk, High Impact</p> <p>1. Government Grant –Funding Changes, further Spending Reviews and New Homes Bonus</p> <p>2. Business Rates Retention Scheme, appeals, Pooling and revision of funding arrangements. Baseline reset 2020, impact on growth</p> <p>3. Devolution debate and Combined Authorities</p> <p>4. Impact of Transformational Programme, Localism agenda</p> <p>5. Council Tax Collection levels including impact of CTRS Scheme</p> <p>6. Government's Waste Strategy</p> <p>7. Capital Receipts - Realisation of to fund expenditure</p>	<p>Immediate Action</p> <p>Significant issue given the scale of the Spending deficit. The Strategic Review Panel process will assist Wyre Forest Forward coordinating Councils future Plans.</p> <p>Application for pan-Worcestershire Pilot (including Fire Authority) submitted for 2020-21. Proposed changes to funding arrangements and delays continue to cause uncertainty and risk. The Baseline reset could also result in a decrease in this key funding stream. Our regeneration programme is a mitigation factor.</p> <p>Monitored closely by CLT/Cabinet</p> <p>Managed by CLT/Cabinet with reports to Group Leaders. Collaborative working with town and parish councils.</p> <p>The impact of the revised Local Scheme will be kept under review by the Corporate Director: Resources Revised CTRS scheme from April 2019 to align with Universal credit Assumptions in relation to decreased collection rates have been made in the Council Tax Base calculations as a result of the Local Council Tax Discount Scheme and these will be carefully managed and reported on.</p> <p>Impact will be monitored as more information emerges and reported as appropriate.</p> <p>Capital Programme funding reflects realistic timescale for the realisation of asset disposal receipts. Temporary borrowing will be used when necessary.</p>

Quadrant 4 Continued	
8. Environment and Economic Regeneration	The Council continues to be proactive in this area and this is closely monitored by Cabinet/CLT
9. Changes to Housing Benefit Scheme – universal credit/localisation of support for Council Tax	Introduction of Universal Credit from November 2018 is being carefully managed and impact monitored
10. Wyre Forest Forward Efficiency savings	Progress continues to be monitored and reported regularly to members.
11. Potential Local Government Reorganisation	Macroeconomic area strategically assessed and managed by the Leadership team.
12. Realignment of area/political area	Kept under strategic review by the Leadership team in liaison with two LEPS. The three LEP footprint proposals are also within our radar.
13. Commercial Income	Commercial Activity Programme Board monitors income achievement and key performance metrics included in quarterly Cabinet Budget Monitoring reports
14. Car parking income	Income levels usages closely monitored, new simplified policy is proposed. Earlier timetable for scrutiny.
15. WCC overlapping budget proposals – adverse impact	Liaison with WCC to work to minimise/mitigate the impact of any overlapping proposals to protect the financial position of both parties as far as possible.