

Open

Audit Committee

Agenda

6PM
Wednesday, 28th July 2021
Council Chamber
Wyre Forest House
Finepoint Way
Kidderminster



Audit Committee

Members of Committee:

Chairman: Councillor R H Coleman
Vice-Chairman: Councillor P W M Young

Councillor V Caulfield

Councillor B S Dawes

Councillor N J Desmond

Councillor P Dyke

Councillor C Rogers

Councillor A Totty

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, 28th July 2021

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 26 th May 2021. | 5 |
| 5. | Audit Progress Report and Sector Update To receive a progress report from Grant Thornton. | 10 |
| 6. | Internal Audit Monitoring Report Quarter Ended 30th June 2021 To receive a report from the Audit Manager which informs members of the Internal Audit Monitoring Report for the Quarter ended 30 th June 2021. | 22 |
| 7. | Report on the Provisional Final Accounts Outturn 2020-21 To receive a report from the Corporate Director: Resources and the Financial Services Manager on the provisional outturn position in relation to the Final Accounts for 2020-21. | 36 |

| | | |
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| 8. | <p>Risk Management – Corporate Risk Register</p> <p>To receive a report from the Corporate Director: Resources the current Corporate Risk Register and the Budget Risk Matrix.</p> | 43 |
| 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

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| 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

HELD REMOTELY

26TH MAY 2021 (6PM)

Present:

Councillors: R H Coleman (Chairman), P W M Young (Vice-Chairman), V Caulfield, B S Dawes, N J Desmond, P Dyke, C Rogers and A Totty.

The Chairman thanked outgoing Chairman Councillor A Totty for his hard work and effort in the role.

AUD. 01 Apologies for Absence

Apologies for absence were received from Bodrul Zzaman – Independent Person.

AUD.02 Appointment of Substitutes

No Substitutes were appointed.

AUD.03 Declarations of Interests by Members

No declarations of interest were made.

AUD.04 Minutes

Agreed: The minutes of the meeting held on 24th March 2021 be confirmed as a correct record of the meeting and signed by the Chairman.

AUD.05 Audit Progress Report and Sector Update

The Committee received a report from Grant Thornton (GT) giving an audit progress report and sector update. The Engagement Lead explained that the report set out the current position against the 2021 audit and reminded Members the external auditors role was two-fold - offering an opinion on Wyre Forest District Council's (WFDC) financial statements and also offering a value for money conclusion. Due to being behind in terms of the audit cycle they had been unable to bring the plan for 2021 to the previous meeting of the Committee but the Engagement Lead was pleased to report that the plan was now on the agenda for this meeting. GT continue to hold regular meetings with Officers and the leadership team to inform the approach, and representation was made by WFDC Officers at the recent chief accountants' workshop. The target sign-off for the opinion was the end of September and despite being behind on the timeline GT were confident they could recover this and issue the opinion by this deadline, subject to agreed timelines being met.

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The Engagement Lead reminded Members that the auditors annual report was the replacement for the annual audit letter. The target for this was also September 2021 but there was flexibility to delay reporting if not enough work had been completed. GT were hopeful to report both the opinion and the auditors annual report at the same time. The report provided a brief summary of the current outcomes of interim work completed and the Engagement Lead was pleased to say that this work had not identified any significant issues that needed to be brought to the Committees' attention.

It was confirmed that WFDC had appointed a new valuer, and Members were reassured that although the report stated that the qualifications and experience had yet to be confirmed for audit purposes this was not a concern as both had been confirmed when the valuer had been appointed and they were confident this item would soon be resolved. In response to a question about GT resources to deal with increased workload, the Engagement Lead informed Members that GT had increased staff nationally by 20% and were confident that they were building capacity to enable deadlines to be met.

The Engagement Lead gave Members information on the work being done to consider the number of Covid-related grants currently being administered by the Council.

The Audit Progress Report and Sector Update were noted by the Committee.

AUD.06 External Audit Plan

The Committee received a report from Grant Thornton (GT) detailing the proposed external audit plan 2020-21 with the Engagement Lead highlighting key elements for Members attention including planning materiality which had been determined to be £1million, and value for money arrangements against the three new criteria. He also went into detail about the current risks identified, particularly around the value of property, plant & equipment and land & buildings whilst also considering the pension liability and the considerable work that will be completed around this area.

The Engagement Lead reflected that the 2021/22 budget was deliverable with large savings but from 2022/23 onwards there was greater uncertainty and most councils had large gaps that need to be addressed in the intervening period. This had been identified as a potential area of focus and the only area at the planning stage that is brought to Members attention.

The Engagement Lead provided a detailed breakdown of fees along with a history of fee setting.

The report was noted by the Committee.

AUD.07 Accounting Policies and Estimates

The Committee received a report from the Financial Services Manager on the accounting policies for use in preparing the Council's Statement of Accounts for 2020/21.

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She informed Members that the Councils accounting policies were the specific principles, conventions, rules and practices that are applied in the production and presentation of the annual financial statements and any changes to the accounting policies relied upon in preparing the annual statements of accounts were brought to the Committee for approval. This gave members opportunity to question and understand the accounts before the annual audit inspection had commenced. She reported that there were no significant changes to accounting policies this year and the adoption of IFRS16 which was originally due in 2021 had been deferred to the 2022/23 code.

The Financial Services Manager explained in detail the management arrangements used to identify and evaluate accounting estimates. She informed Members that there were 4 judgements and assumptions relating to estimates at the end of the current reporting period, that had been identified as posing a significant risk resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year. She advised that additional valuation services had been commissioned to value the whole property estate to mitigate the impact of the pandemic and the change of valuer, and to reduce the risk of material inaccuracy.

Agreed: The Audit Committee –

i) Approved the Accounting Policies to be used in preparing the Council's 2020-21 Statement of Accounts;

ii) Noted the management arrangements to identify and evaluate accounting estimates.

AUD.08 Internal Audit Monitoring Report Quarter Ended 31st March 2021

The Committee received a report from the Audit Manager informing Members of the Internal Audit Monitoring Report for Quarter ended 31st March 2021. She informed Members that this was the final quarter of the 2020/21 internal audit plan against the plan approved by the Committee, and it completed the position statement the audit Committee had before them back in March and closed off the 2020/21 audit plan. The Audit Manager then took Members through each section of the report in detail offering opportunity for questions on each section.

Decision: The Audit Committee considered the Internal Audit Monitoring Report Quarter Ended 31st March 2021 as detailed in the appendix to the report.

AUD.09 CIPFA Financial Management Code

The Committee received a report from the Corporate Director: Resources on the CIPFA Financial Management Code. She informed Members that the purpose of the report was to present WFDC's self-assessment against a professional code to support Local Authorities in demonstrating good financial management. The Corporate Director: Resources gave Members background to the code and informed them that although this was a new code, it built on good practice and good financial management that was already in place and

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the self-assessment identified this for WFDC but also areas for improvement.

DECISION: The Audit Committee noted:

The publication of the FM Code and the requirement for it to be applied from 1 April 2020.

That the first year, 2020/21, was a shadow year where local authorities were able to demonstrate that they are working towards full implementation which, for the first full year of compliance, will be 2021/22.

That an initial assessment has been carried out at APPENDIX A of the Council's assessed level of compliance compared to the Standards contained in the FM Code.

AUD.10 Corporate Governance Framework

The Committee received a report from the Corporate Director: Resources presenting a position statement on the Corporate Governance Framework. She took Members through the report including the appendix and explained how this report supported subsequent items on the agenda. The self-assessment review showed that current arrangements were adequate and operating effectively. Action points for improvement were identified with none showing as red on the ratings scale but the Corporate Director: Resources stressed the need for continuous improvement even with those areas receiving a green rating to avoid complacency.

DECISION: The audit Committee noted the current position in respect of the Corporate Government Framework as attached in appendix 1 of the report.

AUD.11 Internal Audit Annual Assurance Report 2020/21

The Committee received a report from the Audit Manager informing Members of the internal audit annual assurance report for 2020/21. She informed Members that this annual report was completed alongside the Annual Governance Statement to enable her to form an opinion on the previous 12 months internal control environment, governance, and risk. This detailed report showed the information used to make an overall conclusion and gave the Audit Managers opinion on the internal control environment.

DECISION: The Audit Committee approved the internal Audit Annual Assurance report for 2020/21 as attached at appendix 1 of the report.

AUD.12 Annual Governance Statement

The Committee received a report from the Corporate Director: Resources on the draft Annual Governance Statement for 2020-21. She informed Members that this document was scrutinised by GT as part of the external audit process and this year included the COVID overlay, the Financial Management Code, value for money and financial resilience; any revisions suggested by the external auditors would be communicated with Members. The Corporate

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Director: Resources took members through the report in detail pointing out differences in this year's report, significant issues, actions, timescales and 7 significant governance issues. Members thanked the Corporate Director: Resources for the comprehensive report.

DECISION: The Audit Committee approved the Annual Governance Statement as attached at appendix 1 of the report.

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

Wyre Forest District Council Audit Progress Report and Sector Update

Year ending 31 March 2021

July 2021



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

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Introduction

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.

Audit Deliverables

| 2020/21 Deliverables | Planned Date | Status |
|--|-------------------|-------------|
| <p>Audit Plan</p> <p>We are required to issue a detailed audit plan to the Audit Committee setting out our proposed approach in order to give an opinion on the Authority's 2020/21 financial statements and the Auditor's Annual Report on the Authority's Value for Money arrangements.</p> | | Complete |
| <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.</p> | | Complete |
| <p>Audit Findings Report</p> <p>The Audit Findings Report will be reported to the September Audit Committee. The final accounts audit will commence on 19 July 2021.</p> | 27 September 2021 | Not yet due |
| <p>Auditors Report</p> <p>This is the opinion on your financial statements.</p> | September 2021 | Not yet due |
| <p>Auditor's Annual Report</p> <p>This Report communicates the key issues arising from our Value for Money work.</p> | September 2021 | Not yet due |

Sector Update

Authorities continue to try 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 local government sector 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 dark purple rectangular button with the text "Local government" in white, sans-serif font, centered within the button.

Local
government

What can be learned from Public Interest Reports? – Grant Thornton

2020 will be remembered as a tumultuous year in local government, with the pandemic creating unprecedented pressure on the sector. It also saw the appearance of two Public Interest Reports (PIRs), followed by another in January this year – the first to be issued in the sector since 2016. PIR's can be issued by local auditors if there are significant concerns around council activity, such as major failings in finance and governance.

The recent PIRs have made headlines because, up to this point, very few have ever been issued. But, as our latest report “Lessons from recent Public Interest Reports” explores, all three illustrate some of the fundamental issues facing the wider sector and provide a lesson for all local authorities around: weaknesses in financial management; governance and scrutiny practices; and council culture and leadership; which, when combined, can provide fertile ground for the kind of significant issues we might see in a PIR.

The COVID-19 pandemic highlighted four essential factors we probably always knew about local government, have often said, but which are now much better evidenced:

- 1) Local government has provided fantastic support to its communities in working with the NHS and other partners to deal with the multifaceted challenges of the pandemic.
- 2) Britain's long centralised approach to government has been exposed to some degree in terms of its agility to tailor pandemic responses to regional and local bodies. This is recognised by the current government who continue to pursue the options for devolution of powers to local bodies. Track and Trace delivered centrally has not been as successful as anticipated and, according to government figures, local interventions have had more impact.

- 3) Years of reduced funding from central government have exposed the underlying flaws in the local authority business model, with too much reliance on generating additional income.
- 4) Not all authorities exercise appropriate care with public money; not all authorities exercise appropriate governance; and not all authorities have the capability of managing risk, both short and long term. Optimism bias has been baked into too many councils' medium-term plans.

The PIRs at Nottingham City Council (August 2020), the London Borough of Croydon (October 2020), and Northampton Borough Council (January 2021) are clear illustrations of some of the local government issues identified above. The audit reports are comprehensive and wide-ranging and a lesson for all local authorities. Local authorities have a variety of different governance models. These range from elected mayor to the cabinet and a scrutiny system approach, while others have moved back to committee systems. Arguments can be made both for and against all of these models. However, in the recent PIR cases, and for many other local authorities, it's less about the system of governance and more about how it operates, who operates it and how willing they are to accept scrutiny and challenge.

There are a number of lessons to be learned from the recent PIR reports and these can be broken down into three key areas which are explored further in our report:

- 1) The context of local government in a COVID-19 world
- 2) Governance, scrutiny, and culture
- 3) Local authority leadership.

The full report is available here:

[Lessons from recent Public Interest Reports | Grant Thornton](#)

Annual Transparency Report – Grant Thornton

As auditors of several listed entities as well as nearly one hundred major local audits, we are required as a firm to publish an annual transparency report.

The report contains a variety of information which we believe is helpful to audit committees as well as wider stakeholders. The Financial Reporting Council (FRC) in their thematic review of transparency reporting noted that they are keen to see more Audit Committee Chairs actively engaging and challenging their auditors on audit quality based on the information produced in Transparency reports on a regular basis. We agree with the FRC and are keen to share our transparency report and discuss audit quality with you more widely.

The transparency report provides details of our:

- Leadership and governance structures
- Principle risks and Key Performance Indicators
- Quality, risk management and internal control structure
- Independence and ethics processes
- People and culture
- Compliance with the Audit Firm Governance code and EU Audit directive requirements

We have made significant developments in the year as part of our Local Audit Investment Plan to improve our audit quality. We welcome an opportunity to discuss these developments and our transparency report should you wish.



The full report is available here:

[Transparency report 2020 \(grantthornton.co.uk\)](https://www.grantthornton.co.uk/transparency-report-2020)

Local authority Covid-19 pressures – MHCLG

Outturn figures from the Ministry for Housing, Communities and Local Government (MHCLG) show that local authorities in England reported additional cost pressures of £12.8bn relating to Covid-19 in 2020-21. Overall, local authorities spent £7.2bn responding to the pandemic last year, with the largest share of additional expenditure going on adult social care services at £3.2bn.

Additional expenditure due to COVID-19 by class and service area (£ millions) (2020-21)

| | Shire District | Shire County | Unitary Authority | Metropolitan District | London Borough | Total |
|---|----------------|------------------|-------------------|-----------------------|------------------|------------------|
| Adult Social Care – total | 0.473 | 1,254.880 | 848.656 | 663.404 | 413.842 | 3,181.254 |
| Children's social care - total (excluding SEND) | 0.000 | 94.933 | 131.127 | 89.799 | 62.987 | 378.846 |
| Housing - total (including homelessness services) excluding HRA | 63.129 | 5.254 | 74.949 | 42.281 | 112.971 | 298.584 |
| Environmental and regulatory services - total | 33.564 | 68.097 | 67.512 | 66.704 | 63.556 | 299.433 |
| Finance & corporate services - total | 48.222 | 53.445 | 83.984 | 76.923 | 78.284 | 340.858 |
| All other service areas not listed in rows above | 184.550 | 634.578 | 584.924 | 564.737 | 395.137 | 2,363.926 |
| Total | 329.937 | 2,111.187 | 1,791.153 | 1,503.848 | 1,126.777 | 6,862.902 |



The figures are available in full here: <https://www.gov.uk/government/publications/local-authority-covid-19-financial-impact-monitoring-information>

Income losses due to COVID-19 by class and source of income (£ millions) (2020-21)

| | Shire District | Shire County | Unitary Authority | Metropolitan District | London Borough | Total |
|------------------------|------------------|----------------|-------------------|-----------------------|------------------|------------------|
| Business rates | 276.498 | 0.000 | 194.192 | 207.351 | 537.667 | 1,215.708 |
| Council tax | 399.037 | 0.000 | 217.633 | 191.219 | 232.727 | 1,040.616 |
| Sales fees and charges | 516.426 | 194.923 | 553.907 | 396.745 | 475.728 | 2,137.728 |
| Commercial income | 82.448 | 24.159 | 120.629 | 204.211 | 52.154 | 483.600 |
| Other | 33.494 | 39.947 | 27.163 | 53.664 | 45.166 | 199.435 |
| Total | 1,307.903 | 259.029 | 1,113.524 | 1,053.190 | 1,343.441 | 5,077.087 |

Government response to Redmond review – MHCLG

Government has published an update on the Ministry of Housing, Communities & Local Government response to Sir Tony Redmond's independent review into the effectiveness of external audit and transparency of financial reporting in local authorities.

The MHCLG press release states "The Audit, Reporting and Governance Authority (ARGA) – the new regulator being established to replace the Financial Reporting Council (FRC) – will be strengthened with new powers over local government audit, protecting public funds and ensuring councils are best serving taxpayers.

The new regulator, which will contain a standalone local audit unit, will bring all regulatory functions into one place, to better coordinate a new, simplified local audit framework.

ARGA will continue to act as regulator and carry out audit quality reviews as the FRC does now. It will now also provide annual reports on the state of local audit and take over responsibility for the updated Code of Local Audit Practice – the guidelines councils are required to follow.

The government has confirmed that the Public Sector Audit Appointments (PSAA) will continue as the appointing body for local audit, in charge of procurement and contract management for local government auditors.

In the immediate term, MHCLG will set up and chair a Liaison Committee, which will comprise senior stakeholders across the sector that will oversee the governance of the new audit arrangements and ensure they are operating effectively."

The press release goes on to state the "measures finalise the government's response to Sir Tony Redmond's independent review into local audit, carried out last year.

The government has already announced £15 million to support councils with additional costs in audit fees, and recently consulted on the distribution of this funding. Government is also consulting on improving flexibility on audit fee setting and has extended the deadline for when councils must publish their audited accounts.



The press release can be found here:

<https://www.gov.uk/government/news/government-publishes-update-to-audit-review-response>

Consultation on 2023-24 audit appointments – Public Sector Audit Appointments

Public Sector Audit Appointments (PSAA) is consulting on the Draft prospectus for 2023 and beyond.

PSAA state “Our primary aim is to secure the delivery of an audit service of the required quality for every opted-in body at a realistic market price and to support the drive towards a long term competitive and more sustainable market for local public audit services.

The objectives of the procurement are to maximise value for local public bodies by:

- securing the delivery of independent audit services of the required quality;
- awarding long term contracts to a sufficient number of firms to enable the deployment of an appropriately qualified auditing team to every participating body;
- encouraging existing suppliers to remain active participants in local audit and creating opportunities for new suppliers to enter the market;
- encouraging audit suppliers to submit prices which are realistic in the context of the current market;
- enabling auditor appointments which facilitate the efficient use of audit resources;
- supporting and contributing to the efforts of audited bodies and auditors to improve the timeliness of audit opinion delivery; and
- establishing arrangements that are able to evolve in response to changes to the local audit framework.”

The plans include proposals to adjust the procurement ratio between quality and costs from an equal 50:50 to 80:20, as well as trying to bring new suppliers in to the market.

The consultation on the PSAA’s proposals closes on 8 July.



The news article can be found here:

<https://www.psa.co.uk/about-us/appointing-person-information/appointing-period-2023-24-2027-28/prospectus-2023-and-beyond/draft-prospectus-for-2023-and-beyond/page/7/>

Councils given power to build more homes for first time buyers and for social rent – MHCLG

The Ministry of Housing, Communities & Local Government (MHCLG) has announced that councils in England will have more freedom on how they spend the money from homes sold through Right to Buy to help them build the homes needed in their communities.

The MHCLG press release states the “package will make it easier for councils to fund homes using Right to Buy receipts, including homes for social rent, and give them greater flexibility over the types of homes they provide to reflect the needs of their communities.

It will also give councils more time to use receipts and to develop ambitious building programmes. The government wants homes supplied using Right to Buy receipts to be the best value for money, and to add to overall housing supply, to help towards delivering 300,000 new homes a year across England by the mid-2020s.”

The press release goes on to note “New measures include:

- extending the time councils have to spend Right to Buy receipts from 3 years to 5 years
- increased cap on the percentage cost of new homes councils can fund from Right to Buy receipts raised from 30% to 40% per home, making it easier to build replacement homes
- allowing receipts to be used for shared ownership, First Homes, as well as affordable and social housing, to help councils build the homes their communities need
- introducing a cap on the use of Right to Buy receipts for acquisitions to help drive new supply.”



The press release can be found here:

<https://www.gov.uk/government/news/councils-given-power-to-build-more-homes-for-first-time-buyers-and-for-social-rent>



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WYRE FOREST DISTRICT COUNCIL**AUDIT COMMITTEE**
28th JULY 2021**INTERNAL AUDIT MONITORING REPORT**
QUARTER ENDED 30TH JUNE 2021

| OPEN | |
|----------------------------|---|
| CABINET MEMBER | Councillor Mary Rayner: Finance & Capital Portfolio |
| 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 June 2021 |

1. PURPOSE OF REPORT

- 1.1 To inform members of the Internal Audit Monitoring Report for the Quarter ended 30th June 2021, 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 June 2021 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 2021~22 in March 2021. 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 2021~22 reflects the current staffing resource following a mini restructure of the Internal Audit Team in April 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 and to 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 2020~21 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 Audit Committee early in the municipal calendar to align with the final accounts closedown.
- 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. The format of the audit briefs and formal reports is also devised 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.
- 4.5 Following the first Government lockdown announced on 20th March 2020 in light of the COVID-19 pandemic, the Internal Audit Team were migrated to home working and continue to do so currently, which has enabled a seamless continuation of service provision.

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:

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“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 evidenced against expected controls for all internal audit briefs. This presentational change as recommended by the external review helps 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 June 2021 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 24th March 2021 ~ Audit Committee ~ Internal Audit Annual Plan 2021~22
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 June 2021**

INTERNAL AUDIT
QUARTERLY AUDIT REPORT
QUARTER ENDED 30th June 2021

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| SECTION 3 Draft Audit Reports issued in the Quarter | 31 |
| SECTION 4 Work In Progress (Including Action Plans Issued) & Draft reports following the completion of the 20~21 Internal Audit Annual Plan | 32 |
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| Including Consultancy & Advice for the Quarter & Comparison of Consultancy & Advice for Quarter 30 th June 2020 & 30 th June 2019 | 34 |
| Supporting Information for Other Internal Audit work including the Wyre Forest Forward reviews, process designs. | 35 |
| <i>Cheryl Ellerton</i> AUDIT MANAGER | |
| <i>Tracey Southall</i> SECTION 151 OFFICER | |

14th July 2021

SECTION 1

Quarter Report to the 30th June 2021**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 LEFT FOR CONTINUITY.

**Agenda Item No. 6 - Appendix 1
SECTION 2**

| SECTION 1 FINAL AUDIT REPORTS ISSUED FOR THE QUARTER ENDED 30th June 2021 | | |
|---|------------------|-------------|
| | ASSURANCE | PAGE |
| CORE FINANCIAL SYSTEM REVIEWS | | |
| <u>Key Systems (Annual Assurance Reviews)</u> | | |
| 2020~21 Local Council Tax Reduction Scheme ~ {Entitlement & Recovery} | F | - |
| 2020~21 Housing Benefits {Entitlement Payments/Recovery of Overpayments} | S | 30 |
| 2020~21 Housing Allowances & Local Council Tax Reduction Scheme {Reconciliation} | F | - |
| 2021~22 Council Tax ~ Gross Debit {Billings Parameters} Reconciliation | F | - |
| 2021~22 NNDR ~ Gross Debit {Billing Parameters} Reconciliation | F | - |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |

| 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. |

| | | |
|--|--|---|
| AUDIT REPORT TITLE: Housing Benefit Compliance Testing 2020-21 {Entitlement & Overpayments} BUDGET: £26,570,270 {Estimated} CORP RISK:FAILURE OF THE INTERNAL CONTROL ENVIRONMENT | Verbal Updates: DRAFT REPORT DATE ISSUED: NA FINAL REPORT DATE ISSUED: 13th July 2021 {Q4 ~ 2020-21} | SERVICE: Director: Resources (Revenues & Benefits) RESPONSE RECEIVED DATE: N/A |
|--|--|---|

| Assurance Levels | Definition | Recommendation Rankings | Definition |
|------------------|--|-------------------------|---|
| Full | Robust framework of controls, any recommendations are advisory – provides substantial assurance. | Advisory | Low risk – recommendation for consideration |
| Some | Sufficient framework of controls but some weakness identified – provides adequate assurance. | Other | Medium risk - action required but not urgent |
| Limited | Significant lapses/breakdown in individual controls – at least one significant recommendation – provides partial assurance. | Significant | High risk – urgent action needed |
| Unsound | Significant breakdown in the overall framework of controls with a number of significant recommendations – provides little or no assurance. | | |

Overview:

This Audit forms part of the annual assurance reviews undertaken as part of the annual Internal Audit plan 2020-21. The review was carried out to ensure that there are adequate controls over a key financial system to support an effective control environment by ensuring that benefits payments for rent allowance claims are assessed appropriately and calculated accurately. Overpayment accounts were also reviewed to ensure that calculations were accurate and recorded in the Subsidy Report. The review considered the impact of the COVID19 pandemic during the financial year 2020-21 whereby the national lockdowns and tier restrictions resulted in an increase in universal credit and those entitled to claim as their financial position changed.

Housing Allowances

A sample of 20 accounts comprising claimants of working age, pensionable age and full-time students with housing benefit entitlements was selected and examined to ensure that the individuals were receiving the correct entitlement. The testing ensured proof of income was validated from documentation in the workflow of the account and proof of capital to include income from capital was examined to ensure it had been applied correctly. Any allowances or disregards were verified to ensure the claimant was receiving the correct amount of housing allowance. Verification of the rent payable was also sought via documentation in workflow or from the Community Housing rent charges list provided to the Senior Benefit Assessor. Following the testing, for one claimant, it was noted that the capital amount for a premium bond had been listed as £12.00 on the account whereas documentation showed that the figure was £1,200. As the amount was below the £10,000 threshold, this did not affect the claimant’s entitlement. The Benefits Manager confirmed however that the capital amount had been amended at the point of the audit review. In respect of capital held, it was acknowledged that recent statements would be requested to ensure that overpayments do not arise.

➔ In respect of two further the audit review identified that incorrect figures for the eligible rent had been recorded on the account. The Benefit Manager advised that in respect of one account, due to a change in the claimant’s personal circumstances, whilst the claim was in the process of being updated, the new rent applicable from April 2020 has not been updated at the point of the audit review. For the second claimant, the Senior Benefits Assessor confirmed that rent amounts are updated as soon as the LHA or rental scheduled are available to minimise risk of potential overpayments. Both accounts were amended with the correct rent amounts. There were no additional matters arising requiring further action.

Overpayments

It should be noted that The impact of the COVID19 pandemic had resulted in an initial delay in the recovery of overpayments for the first part of the financial year. A sample of 15 accounts (10 x LA Error and 5 x Eligible Overpayments) with a housing benefit overpayment was selected from a system generated report of identified overpayments and examined in detail to ensure the overpayment was appropriately assessed. The detailed testing included verifying the original benefit assessment to ensure the overpayment was correctly stated in the subsidy and overpayment reports produced by the Civica Benefits system. From the detailed compliance testing, overpayments had occurred due to claimant’s late notification of increases in income or changes of living circumstances. There were no matters arising from this element of the testing requiring further action.

Conclusion

On the basis of the work undertaken, the review has concluded that within the procedures in operation for assessing entitlement to and payment of Housing Benefit along with the recovery of overpayments, the system is well managed. Where required, detailed clarification was provided by the Principal Benefits Officer, the Senior Benefits Assessor and the Benefits Assessor to support the review. In view of the prompt action taken, the overall conclusion therefore, is that **SOME** assurance can be given in that the internal controls in place for the assessment of Housing Benefit are operating effectively within this key system. It should be noted for completeness, that due to the COVID19 pandemic, it had not been possible for the Revenues team to engage in their external training sessions, however, with regular updates received from external sources the Benefits Manager had ensured the team were advised of any legislative changes as appropriate.

Quarter Report to the 30th June 2021

| DRAFT AUDIT REPORTS ISSUED FOR THE QUARTER ENDED 30th June 2021 | |
|---|----------------------|
| TITLE | DATE OF ISSUE |
| ~ | ~ |

THERE ARE NO DRAFTS TO REPORT FOR THIS QUARTER. THIS SECTION HAS BEEN LEFT FOR CONTINUITY.

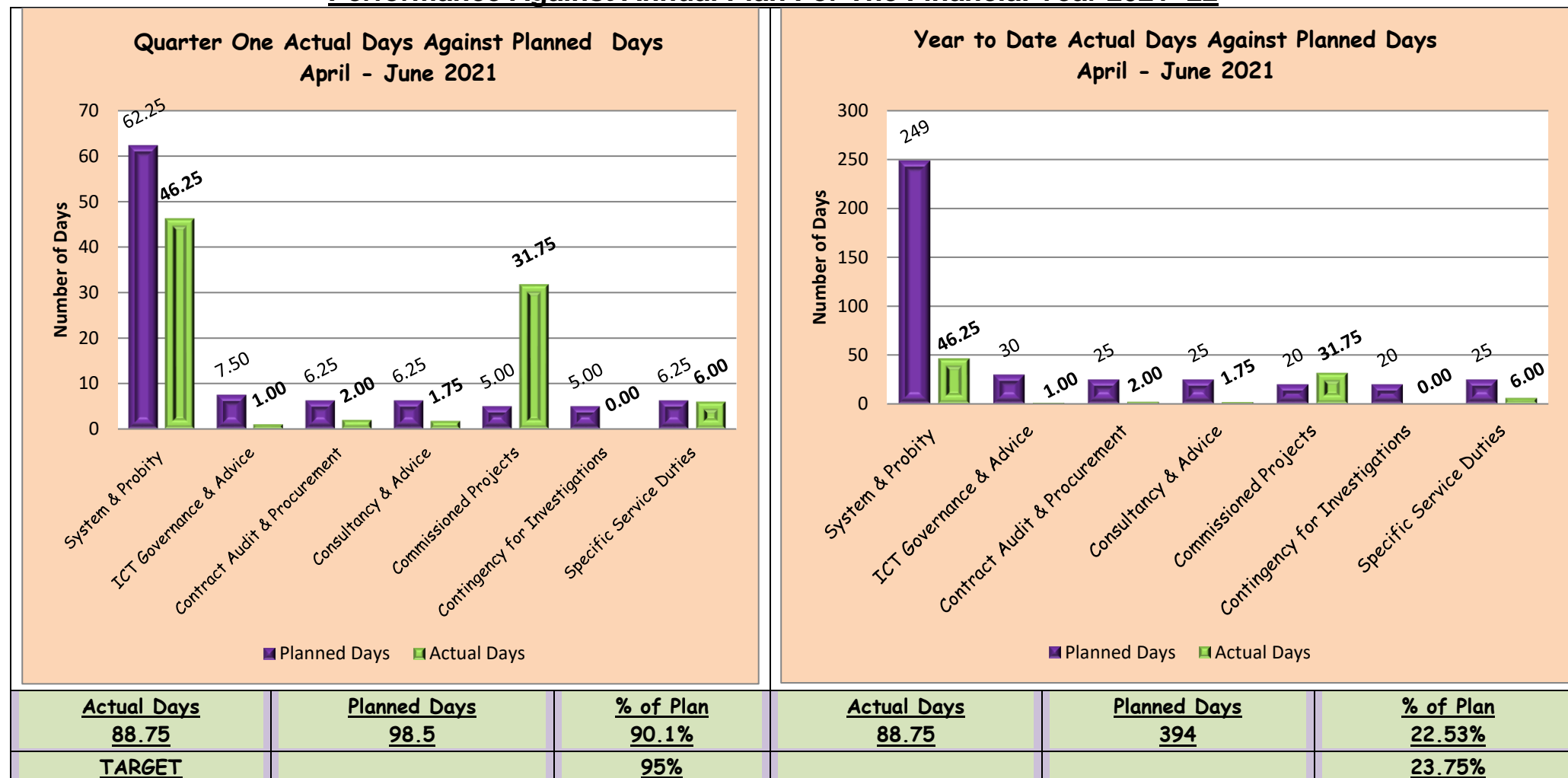
SECTION 4

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 2021~22 Annual Audit Plan for which formal reports will be presented to the Audit Committee in due course.

| WORK IN PROGRES AS AT 30 th June 2021 | | Status | Action Plans/Progress Report | | | |
|--|--|---|-----------------------------------|-----------------------------------|-----------------------------------|-------------------------------------|
| RISK ASSESSMENT | AUDIT REVIEW | As At 30.06.21 | DATE OF ISSUE Action Plan No 1 | DATE OF ISSUE Action Plan No 2 | DATE OF ISSUE Action Plan No 3 | DATE OF COMPLETION OF FIELD WORK |
| | Core Financial Systems (Annual Assurance Reviews)- 2021~22 Annual Audit Plan | | | | | |
| RA40 | Accounting Cash To Bank Bank Reconciliation | Stage 2 | - | | | |
| RA50 | Benefits (Inc Council Tax Discounts (Local Scheme)) Council Tax Reduction {Local Scheme} ~ Compliance | Stage 2 | - | | | |
| | Housing Benefit {Allowances} | Stage 2 | - | | | |
| | Housing Benefit ~ Overpayment Debtor Accounts ~ Reconciliations | - | - | | | |
| RA16 | Council Tax Ctax Reconciliations ~ {To include Gross Debit 2018/19} | Stage 6 | 09.07.21 {FR} | | | |
| | Ctax Reconciliations ~ {Valuation Office/Monthly Finance Control} | - | - | | | |
| | Ctax Compliance/Recovery | Stage 2 | - | | | |
| RA44 | Creditors (Accounts Payable) Creditors {Accounts Payable } ~ Compliance | Stage 1 | - | | | |
| | Creditors {Accounts Payable} ~ Reconciliation | Stage 2 | - | | | |
| RA51 | Debtors (Accounts Receivable) Debtors {Accounts Receivable} ~ Compliance | Stage 1 | - | | | |
| | Debtors {Accounts Receivable} ~Reconciliations | Stage 2 | - | | | |
| RA82 | Establishment Establishment Reconciliation | Stage 1 | - | | | |
| | Establishment {Staff Record Forms} | Stage 1 | - | | | |
| RA21 | National Non Domestic Rates NNDR ~ Reconciliations ~ {To include Gross Debit 2018/19} | Stage 6 | 09.07.21 {FR} | | | |
| | NNDR ~ Reconciliations ~ {Valuation Office/Monthly Finance Control} | Stage 1 | - | | | |
| | NNDR ~ Compliance | Stage 1 | - | | | |
| 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 2 | - | | | |
| | Payroll ~ Reconciliations (WFDC Accountancy Team)~Parameter | Stage 1 | - | | | |
| 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 Plans/Progress Report to Service Manager | Stage 4 ~ Audit Complete ~ Reviewed {Audit Manager} Stage 5 ~ Draft Report Issued Stage 6 ~ Final Report Issued {FR} | | | | |

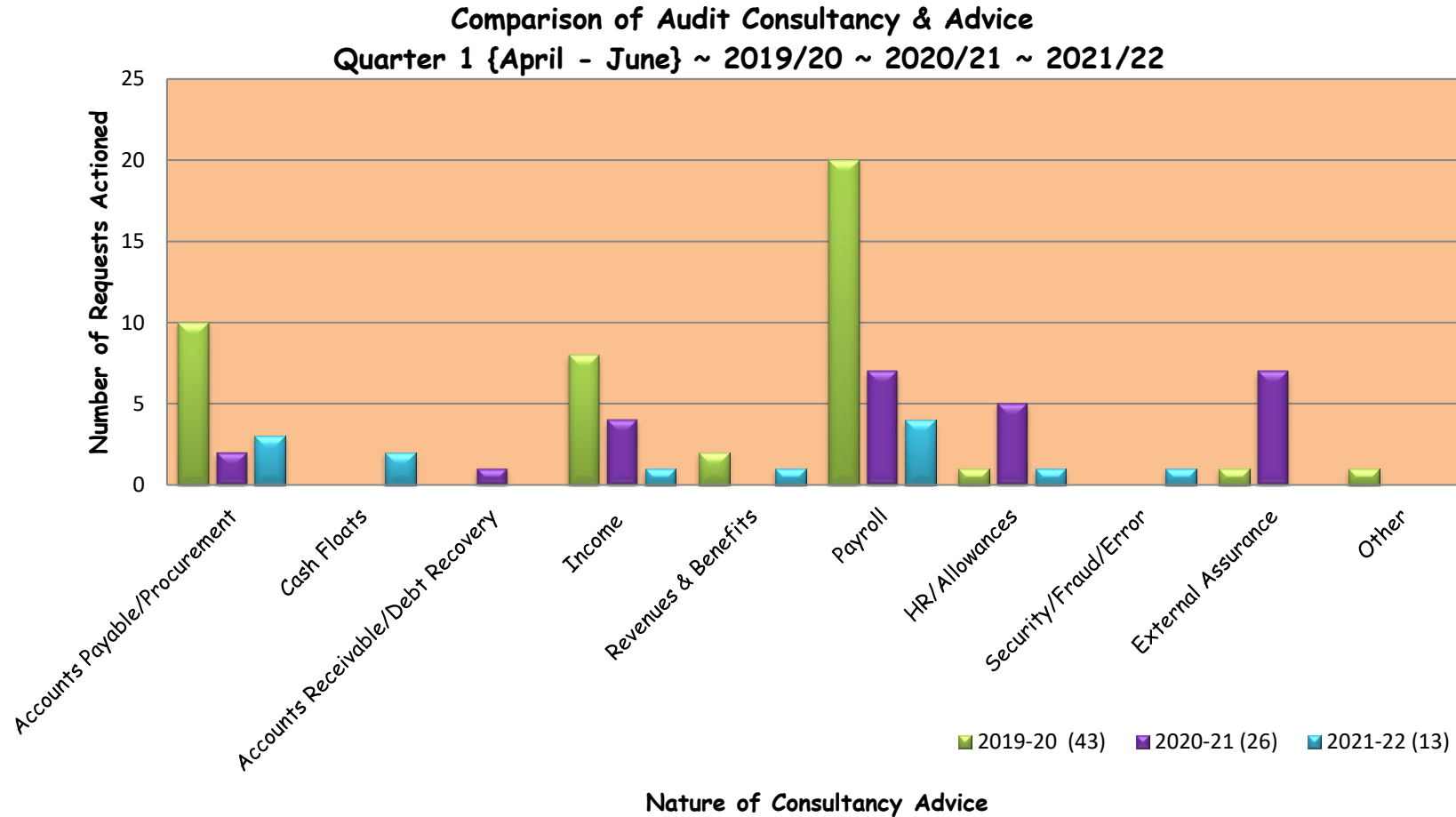
Audit Resource Statistics

Performance Against Annual Plan For The Financial Year 2021~22



➤ For the quarter to 30th June 2021 actual against plan is 90.1 % compared to a target of 95%

Within the time allocated in the above table, during this first quarter of 2021~22 the Internal Audit Team have responded to **13** requests for advice and consultancy as categorised in the graph overleaf, in comparison to the **26** requests received and actioned for the same period in 2020~21 and the **43** requests received and actioned for the same period for 2019~20



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 2021~22 Internal Audit Annual Plan approved by the Audit Committee in March 2021 as summarised below:-.

Information Communications Technology (ICT) Governance, Advice & Assistance

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

Contracts & Procurement

- Review and sign off the on the Development Loan with SUMA {Developments} Ltd

Wyre Forest Forward ~ Interventions/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

National Fraud Initiative

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. As part of the 2020~21 programme, additional data sets continue to be submitted to cover COVID-19 grant recipients. Data required covered the grant schemes for Small Business Grant Fund, Retail, Hospitality and Leisure Grant Fund and Local Authority Discretionary Fund distributed throughout the national lockdowns and tier restriction periods since March 2020 which have continued into the first quarter of the 2021~22 financial year.

COVID-19

The Internal Audit Team have continued to support the work of the Revenues and Benefits Team by undertaking detailed post assurance payment checks on the Local Restriction Support Grant schemes in respect of periods of national lockdowns and tier restrictions.

The Internal Audit Team have also continued to complete post assurance payment checks in respect of the Track and Trace Payment Schemes to cover both mandatory and discretionary payments.

WYRE FOREST DISTRICT COUNCIL**AUDIT COMMITTEE REPORT****28th July 2021****REPORT ON THE PROVISIONAL FINAL ACCOUNTS OUTTURN 2020-21**

| OPEN ITEM | |
|-------------------------|--|
| Cabinet Member | Councillor Mary Rayner Cabinet Member for Finance and Capital Portfolio |
| DIRECTOR: | Corporate Director: Resources |
| CONTACT OFFICER: | Tracey Southall Ext. 2100 tracey.southall@wyreforestdc.gov.uk Helen Ogram Ext 2907 Helen.ogram@wyreforestdc.gov.uk Lisa Hutchinson Ext 2120 Lisa.hutchinson@wyreforestdc.gov.uk |
| APPENDIX 1 | Appendix 1 - Explanation of Major Variations on Revised 2020-21 Budget |

1. PURPOSE OF REPORT

- 1.1 To receive the provisional outturn position in relation to the Final Accounts for 2020-21.

2. RECOMMENDATIONS

The Audit Committee is asked to NOTE: -

- 2.1 The key aspects of the provisional Final Accounts Outturn for 2020-21 detailed in this report which are summarised as follows:

The final position was much in-line with that projected in the MTFS with just a small increase of £14k to the planned withdrawal from reserves for 2020-21; total contribution from reserves £433k. This is made up of a saving on Services of £1,074k that reduces to £424k after contributions to essential earmarked reserves (EMRs), less a Business Rates deficit of £533k and addition Council Tax Income grant from the Government to help fund Council Tax losses (£95k). This has been achieved by prudent budget management, across all Directorates. The contributions to EMRs are for the Innovation Fund of £150k and a £500k Risk Reserve for the Future High Streets Fund.

- 2.2 That, the pre-audit Statement of Accounts for 2020-21 was endorsed by the Corporate Director: Resources on the 16th July 2021 and shared with Grant Thornton for the commencement of the external audit on the 19th July 2021.
- 2.3 That, there will be a meeting on the 27th September 2021 for Members of the Audit Committee to receive the External Audit Findings Report and approve the audited Statement of Accounts.

BACKGROUND

- 3.1 The Accounts and Audit Regulations 2015 have been incorporated into the Council's Financial Regulations. These regulations required that the Council's Statement of Accounts be produced and approved by the Chief Financial Officer on or before 31st May, 2020. For this Council the Corporate Director: Resources is the Chief Financial Officer
- 3.2 However, to take into consideration the recommendations from the Redmond Review independent report into the effectiveness of external audit and transparency of financial reporting in local authorities and also the ongoing COVID-19 roadmap to recovery, the Ministry of Housing Communities and Local Government (MHCLG) has decided that the publication date for final, audited accounts will move from 31st July to 30th September for both the 2020-21 and 2021-22 accounts. Local authorities must now commence the public inspection period on or before the first working day of August 2021. This is earlier than the 30th November deadline for the 2019-20 accounts closure, delayed due to the impact of the pandemic.

Regulations implementing these measures were laid on 9th March 2021 and came into force on 31st March 2021

<https://www.legislation.gov.uk/ukxi/2021/263/regulation/2/made>

- 3.3 To reflect this, there will be an Audit Committee on the 28th July to receive the pre-audit Statement of Accounts and one on the 27th September 2021 for Members of the Audit Committee to receive the External Audit Findings Report and approve the audited Statement of Accounts. As previously reported the external auditors have indicated they will be taking a different approach to their work this year, in accordance with revised auditor standards and application guidance. In particular there will be more emphasis on risks of significant Value for Money weaknesses.
- 3.4 The May Audit Committee considered the Accounting Policies, fundamental to the Statement of Accounts. This report summarises the Outturn position based on extracts from the Pre-Audit Statement of Accounts that has been endorsed by the Corporate Director: Resources. A full copy of the Pre-Audit Statement of Accounts was made available on the Council's Intranet for Members' perusal on the 19th July 2021 when they were also shared with the Grant Thornton external audit team, ready for the formal start of the audit on the 19th July 2021.
- 3.5 The Statement is now subject to audit. Whilst the Council's external auditor, Grant Thornton, has until 30th September 2021 to complete the audit, the start date for the audit of the 19th July 2021 was achieved and the process is currently in progress. The intention is for the accounts to be formally published by 30th September 2021.
- 3.6 Should it be necessary for Grant Thornton to agree technical changes with the Chief Financial Officer while the accounts are subject to audit, these will be made under delegated powers. All Members of the Council will be provided with an electronic copy of the completed audited Statement.
- 3.7 The Council's Accounts will be made available for public inspection, as required by the new regulations, for a period of 30 days starting on or before the first working day of August 2021. Therefore, it is the intention to commence this public inspection on 20th July 2021 to run until 31st August 2021. The current legal requirements no longer

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include an appointed day when external auditors must be available for questions or queries. If any local government elector for the area has any questions on the Accounts for the external auditor an appointment should be made in advance, in writing.

- 3.8 The provisional revenue outturn position has identified net savings of £424k after a £150k increase to the Innovation Fund EMR, along with the creation of a new Future High Streets Fund Ear Marked Reserve of £500k to mitigate the risk attached to this major capital scheme. This saving is offset by the Business Rates deficit of £533k with the resulting overall budget deficit being reduced to £14k after the receipt of additional Covid support tax income grant (£95k). The balance of £14k will be met from a small increase in use of Reserves this year. This is subject to audit. Appendix 1 summarises major variations from the Revised Budget for Members' information.

4. KEY ISSUES

- 4.1 The most significant issue facing the Council remains its financial position, and it has been further exacerbated by the Covid-19 pandemic. The current medium-term financial strategy, approved by March 2021 Council, provided a balanced approach for the next three years: taking into account the forecast impact of Covid-19. There was a planned use of reserves in 2020-21 of £420k which taking into account the net outturn position has increased to £433k. Based on the approved MTFs, the overall funding gap increases to around £2.7m from 2023-24. Taking into account the forecast impact of ongoing changes to the funding regime, it means that by 2023-24 transfers from reserves are required of around £673k. Further work on the Wyre Forest Forward Savings Strategy continues to be actively progressed to close this gap and ensure the future financial sustainability of the Council, once the recovery from the resource intensive pandemic advances. More certainty around the scale of future financial savings will be known following the finalisation of government funding to meet the impact of the pandemic. In the meantime, the Government's Funding Reform has been further delayed to 2022-23 at the earliest.

4.2 Business Rates – Provisional Outturn for 2020-21

- 4.2.1 This has been the eighth year of the Business Rates Retention Scheme. For 2020-21 this Council was in a Pan-Worcestershire 50% Business Rates Pool which has proven to be successful for the Pool overall but less so compared to MTFs forecasts, for this Council. The Council has not met its revised budget estimate of £3.691m including its estimated share of retained growth of £850k over baseline. This is due to the impact of Covid, the lack of clarity and changing guidance over Covid related Collection Fund loss grants for business rates (Tax Income Guarantee (TIG) compensation) along with an unexpected deficit of one Pool Member reducing overall retained income across the Pool. The overall business rates deficit for this Council is £533k when compared to MTFs forecasts. No change has been made to the Business Rates Equalisation/Regeneration Reserve that was increased last year and this still stands at £3.198m. This reserve is proportionate to potential risks and is in line with risk reserves held by neighbouring Worcestershire districts. The reserve will be kept under review and released into General Reserves in due course if it is not required.
- 4.2.2 The government granted extended business rates relief to retail, hospitality, and leisure businesses during 2020-21 and compensated councils for the loss of income with Section 31 grant. The reliefs reduce the Council's business rates income and the deficit

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created is shown in the Collection Fund Adjustment Account (CFAA) (see note 25 in the statement of accounts), while the compensating Section 31 grant income must be shown in the Council's General Fund. In 2021-22 a charge of £7.407m is expected to be transferred from the CFAA to the General Fund. The grant income has been transferred to an earmarked reserve to compensate for the timing difference caused by the technical accounting requirements. The earmarked reserve will be drawn down to offset the deficit charged in 2021-22; these resources are not available funds.

4.3 Net Service Expenditure Variances 2020-21

4.3.1 The following tables details the draft outturn position and variances against the Revised budget approved by Council on 1st March 2021.

| DIRECTORATE | Original Budget | Revised Budget | Draft Outturn | Variance Revised to Outturn |
|--|-----------------|----------------|---------------|-----------------------------|
| | £000 | £000 | £000 | £000 |
| Community and Environmental Services | 4,422 | 6,593 | 6,070 | (523) |
| Resources | 3,690 | 3,626 | 3,487 | (139) |
| Economic Prosperity and Place | 1,591 | 2,462 | 1,935 | (527) |
| Chief Executive and Solicitor to the Council | 1,374 | 1,907 | 1,810 | (97) |
| Capital Account | 387 | (108) | 109 | 217 |
| COVID Support grants | | (2,715) | (2,720) | (5) |
| Transfer final account savings to EMRs | | | 650 | 650 |
| TOTALS | 11,464 | 11,765 | 11,341 | (424) |

4.3.2 Included within Appendix 1 is the identification of the significant variances against the Revised Budget for 2020-21. The service variances include:

- i) Provision for bad debts – a lower increase in provision for bad debts than projected has resulting in a saving of £183k (Corporate and Property £146k and Housing Benefit £18k).
A significant increase in the bad debt provision was forecast and included in the Revised Budget taking into account the likely impact of the Covid pandemic. This has been reviewed as part of the final accounts process and reduced based on actual payments received and payment plans in place.
- ii) Resources – favourable variance of £139k before transfers to corporate reserves – this includes a pensions fund discount (£66k) and the Provision for bad debts detailed in i) above.
- iii) Community and Environment – favourable variance of £523k. There are a number of favourable variances across the directorate including a net increase in income (£72k) from car parking when compared to reduced revised estimates due to the impact of the pandemic being less severe than projected in the final quarter of the financial year. There was also a reduction in spending on Parks and Open Spaces due to a reduced programme of work during the height of the pandemic (£60k). The variance includes a reduction in the transfer to the capital account for depreciation (£97k).

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- iv) Economic Prosperity and Place (EPP) – positive variance of £527k before creation of reserves. There are a number of favourable variances across the directorate including additional income from planning, land charges and building control (£178k) and a funding contribution from Worcestershire County Council towards the costs of homelessness (£80k). The variance includes a reduction in the transfer to the capital account for depreciation (£140k).
- v) These positive Service variances were used in part, to fund a new EMR for the Future High Streets Fund and also for the replenishment of the EMR for the Innovation Fund of £150k.

Details of all major variances are set out in Appendix 1.

- 4.5 The Innovation Fund one-off implementation costs to support the Wyre Forest Forward programme has been extremely successful in delivering the change programme. The unspent and uncommitted balance is £543k at the year-end.
- 4.6 It should also be noted that, the Working Balance was increased to £1.2m in 2018-19 to reflect the significant financial risks faced by this Council as a result of the planned fundamental changes to the Government Funding Regime in 2022-23 and beyond. Consideration will be given to increase this reserve as part of the next budget process once the ongoing impact of Covid-19 can be more fully assessed.

5. FINANCIAL IMPLICATIONS

- 5.1 The positive variance of £1,074k on net Service expenditure and additional Council Tax Income grant (£95k), has buffered the Business Rates Deficit of £533k and also funded contributions to two key risk reserves. The planned use of reserves has increased marginally from £420k to £433k. The resultant reserves will be reconsidered in accordance with the Council's Finance Strategy, as part of the budget process for 2022-23 onwards. The Service Expenditure saving is greater than reported at Quarter 3 budget monitoring due to a number of events and decisions in the last quarter coupled with year-end transactions. Due to the retrospective accounting for Business Rates and the exceptional level of Business Rate reliefs and Section 31 grants this year there is also an extra EMR at year end of £7.407m which will be applied in 2021-22; these resources are not available funds, they are due to the legislation that governs Collection Fund accounting and the temporary balance that will be drawn down to offset the deficit in 2021-22.
- 5.2 These remain ever increasingly challenging times for the Council given the current pandemic and albeit further delayed changes to the landscape of the Government's funding regime that will continue to emerge post Covid-19. The provisional service saving on outturn is welcomed and has been utilised to buffer the Business Rates Deficit, earmark funds to mitigate future risk and bolster resilience to mitigate the potential impact of funding volatility over the next MTFS.
- 5.3 Total general reserves available for the 2022-25 Financial Strategy should now stand at circa £4.4m compared to the previous forecast of £4.414m. The total General and earmarked useable reserves have increased from £14.785m in 2019-20 to £26.282m as at the end of 2020-21. However, excluding the exceptional technical

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accounting adjustment for business rates (£7.407m), the Covid support grants carried forward to meet liabilities in 2021-22 (£3.214m) and the increase in external funding balances (£0.298m) the increase for 2020-21 is £0.578m.

- 5.4 The provisional outturn is subject to validation as part of the Final Accounts external audit process.

6. LEGAL AND POLICY IMPLICATIONS

- 6.1 None.

7. RISK MANAGEMENT

- 7.1 The principal risk to the Council is non-achievement of the revised statutory deadline, in respect of production and approval of the Statement of Accounts before 30th September 2021, and qualification of the Accounts by the Council's External Auditors. Officers continue to work in close liaison with Grant Thornton to response to queries or additional evidence requests to mitigate the risk of not meeting the deadline.

8. EQUALITY IMPACT ASSESSMENT

- 8.1 This is a financial report and there is no requirement to undertake an Equality Impact Assessment.

9. CONCLUSION

- 9.1 This report details the provisional outturn position as at 31st March 2021 and provides information on the creation of further significant earmarked reserves.

10. CONSULTEES

- 10.1 CLT/Cabinet
10.2 Grant Thornton – External Auditors

11. BACKGROUND PAPERS

- 11.1 Accounts and Audit Regulations 2015
Financial Strategy 2021-24
- 11.2 Regulations implementing measures to allow more time for the accounts closure were laid on 7th April and came into force on 30th April 2020:
The Accounts and Audit (Amendment) Regulations 2021
<https://www.legislation.gov.uk/ukxi/2021/263/regulation/2/made>
- 11.3 The Redmond Review: <https://www.gov.uk/government/publications/local-authority-financial-reporting-and-external-audit-independent-Review>

BUDGETARY CONTROL REPORT
MAJOR REVENUE VARIATIONS 2020-21 DRAFT REVENUE OUTTURN

| | |
|--|--------------------|
| Total Revised Budget 2020-21 - Net Expenditure on Services | 14,479,370 |
| Less: Covid Support grants - Local Authority Support (tranches 2,3 and 4) | (1,603,970) |
| Covid Support grant - Co-funding Fees and charges loss (Budget) | (1,110,560) |
| | 11,764,840 |
| Actual Net Expenditure - pre audit, subject to validation | 11,340,460 |
| Reduced Expenditure on Services | (424,380) |

| Description of Estimated Major Variances | Extra Costs/ Reduced Income £ | Savings/ Additional Income £ |
|--|-------------------------------------|------------------------------------|
| <u>Economic Prosperity and Place</u> | | |
| 1. Improved income position - Land Charges, Street Naming, Planning & Building Control | | (177,600) |
| 2. Homelessness Service - including WCC contribution | | (81,650) |
| 3. Private sector housing (HMOs) | | (13,070) |
| 4. Property (net) | 11,760 | |
| <u>Community and Environmental Services</u> | | |
| 1. Car Parks - improved net position, Q4 loss not as great as projection | | (71,800) |
| 2. Parks and Green spaces impact of Covid 19 on programme of works | | (60,120) |
| 3. Trade, Garden and Domestic waste | | (46,110) |
| 4. Fleet maintenance, parts and fuel | | (43,790) |
| 5. Landscaping Service | | (34,800) |
| 6. Civil and Environmental enforcement | | (32,010) |
| 7. grounds maintenance Direct materials | | (28,550) |
| 8. Cemetery including National Assistance Act burials | | (21,490) |
| 9. Bulky waste and cleansing contracts | | (21,420) |
| 10. Arboricultural Services | 28,750 | |
| 11. Driver Training (net after secondment) | 8,820 | |
| <u>Resources</u> | | |
| 1. Bad debt provision (lower provision than projected in January) | | (183,000) |
| 2. Pension discount | | (66,450) |
| 3. Revenues miscellaneous including family annexes grant | | (35,330) |
| 4. ICT - cost of homeworking support and equipment | 49,670 | |
| 5. ICT - telephone recharges to staff | 9,500 | |
| <u>Chief Executive and Solicitor to the Council</u> | | |
| 1. Human Resources and Organisational Development | | (22,120) |
| 2. Electoral Register | | (34,860) |
| 3. Member Allowances | | (21,190) |
| 4. Elections | | (12,230) |
| <u>Capital Account</u> | | |
| 1. Reduced call on reserves to meet debt charges | | (41,000) |
| 2. Icelandic investments | | (28,000) |
| <u>Corporate Variations</u> | | |
| 1. Other pay variances | | (54,560) |
| 2. Recognition payment (Covid acknowledgement £125) | | |
| 3. 75% Fees and Charges Guarantee Grant - final claim exceeded estimate | 50,160 | (5,370) |
| | 158,660 | (1,136,520) |
| Other small variance | | (96,520) |
| Transfer final account savings to Earmarked reserves (Innovation Fund £150k, Contingency for Future High Street Fund programme £500k) | 650,000 | |
| Reduction on Revised Budget (based on Draft Outturn - subject to audit) | | (424,380) |
| Reduction in net income from Business Rates | 437,963 | |
| Net saving against budget after transfers to Earmarked Reserves (EMRs) | | 13,583 |

Note that the variances reported above exclude variances between directorates and the capital account arising from internal recharges. The reported figures at table 4.3.1 in the covering report are inclusive of these variances.

WYRE FOREST DISTRICT COUNCIL**AUDIT COMMITTEE****28th July 2021****Risk Management – Corporate Risk Register**

| OPEN | |
|-----------------------------|--|
| CABINET MEMBER: | Councillor M Rayner, Cabinet Member for Finance and Capital Portfolio |
| RESPONSIBLE OFFICER: | Corporate Director: Resources |
| CONTACT OFFICER: | Tracey Southall Tracey.southall@wyreforestdc.gov.uk |
| APPENDICES: | Appendix 1 - Corporate Risk Register as at 30 th June 2021 Appendix 2 – Budget Risk Matrix 2021~24 |

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 June 2021 and the 2021-24 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 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.

- 3.4 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 Finance and Capital Portfolio. The Corporate Risk Register for 2021-22 is attached at Appendix 1; it has been developed and approved by the Corporate Leadership Team with input from all Service Managers as appropriate.
- 3.5 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.
- 3.6 A report was considered and noted by Audit Committee on the 24th March 2021 that reviewed the Corporate Risk Register, this included revisions to reflect the impact and increased risk of COVID-19.

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 such as the Future High Streets Fund.
- 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 inability to deliver a balanced budget is one of the Council's key corporate risks. The Risk Register for 2021-22 has been reviewed by CLT and includes specific reference to the risks arising from the ongoing COVID-19 pandemic.
- 4.4 It is appropriate for the Audit Committee to consider the current Corporate Risk Register including the impact of the COVID-19 pandemic, attached at Appendix 1, updated to the end of June 2021, and agreed by CLT. The Corporate Risk Register will continue to be reported on a six-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 significantly due to the uncertainty surrounding the impact of the COVID-19 pandemic. 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 1st March 2021.
- 7.3 Ongoing good governance is also key to managing the new risks in these unprecedented times. The extraordinary Council meeting on the 21st April 2020 updated our constitution that underpins good governance allowing for remote meetings that have operated successfully and also included some revisions to Financial Regulations.
- 7.4 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 20th December 2016 (see hyperlink at section 11.4) and are regularly updated as part of the Capital Strategy reports. The refresh of policies and strategies in relation to the Capital Portfolio can be found in the December 2020 Capital Strategy 2021-2031 report. The Capital Portfolio Overview and Scrutiny Monitoring Reports cover risks specific to these property acquisitions in detail. The suite of related Quantitative Indicators in accordance with CIPFA guidance, is included with both the Treasury Management Reports and also the Annual Capital Strategy.
- 7.5 The first full year of compliance for the CIPFA Financial Management Code (FM) is 2021-22. Audit Committee on the 26th May 2021 considered a report noting that overall there is a high level of compliance with the standards contained in the FM Code with room for continuous improvement in some areas. 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 discernible 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, including the ongoing impact of the COVID-19 pandemic 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 Finance and Capital Portfolio

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 Cabinet - 20 December 2016. Risk mitigation in relation to the Capital Portfolio Fund and Development Loans Fund
<http://www.wyreforestdc.gov.uk/media/2639628/20161220FinancialStrategy2017-2020IncludingCover.pdf> (pages 34 to 54).
11.5 Medium Term Financial Strategy Report 2021-24 – Cabinet 22nd December 2020
11.6 Capital Strategy 2021-2031 Report – Cabinet 22nd December 2020
11.7 Financial Stress Testing – Coronavirus Cabinet report of July 7th 2020
http://www.wyreforest.gov.uk/council/docs/doc55902_20200707_cabinet_agenda.pdf
11.8 Accounts and Audit (Coronavirus) (Amendment) Regulations 2020
11.9 Audit Committee Information Pack - 25th March 2020
http://www.wyreforest.gov.uk/council/docs/doc55711_20200401_officer_decision_report.pdf
11.10 Risk Management – Review of Corporate Risk Register – COVID-19 – Audit Committee 22nd July 2020
http://www.wyreforest.gov.uk/council/docs/doc55958_20200722_audit_committee_agenda.pdf
11.11 Audit Committee Report 26th May 2021- Risk Management Corporate Risk Register
http://www.wyreforest.gov.uk/council/docs/doc56656_20210526_audit_agenda.pdf

Corporate Risk Register 2021/22 – update end of June 2021



| Risk Status | |
|-------------|-----------|
| | Alert |
| | High Risk |
| | Warning |
| | OK |
| | Unknown |

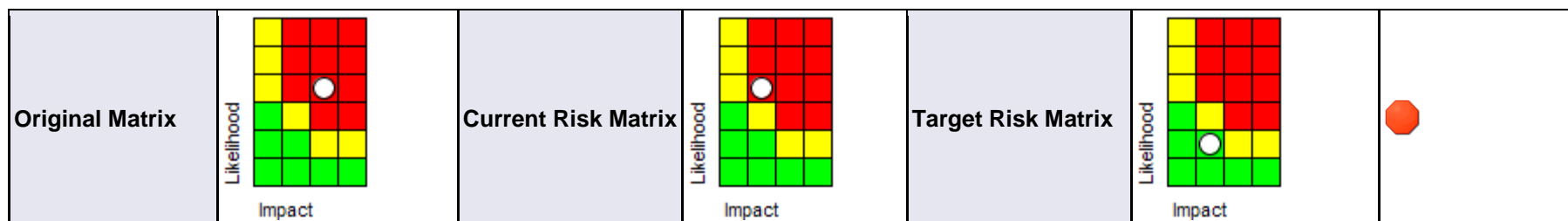
CORPRISK01 **Failure to adapt to streamlining of service delivery.** The Council continues to make plans to close the increased funding gap and this inevitably means it will continue to undergo major transformational change as set out in the indicative timetable in section 6.21 of the December 2020 MTFS Cabinet report. Whilst this change will include the review of processes, cultural and behavioural change, it will also involve the cessation/transfer of some services and a management review to be implemented no later than April 2022. 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 timing of the management review represents a risk due to the potential significant loss of corporate memory. Activity to mitigate this risk has been delayed by the Covid-19 Pandemic – see COPRRISK 16.

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

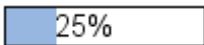



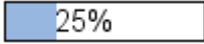

| MITIGATING ACTIONS | | | | |
|--|----------------------|-------------|--|----------------------------------|
| Description | Managed By | Due Date | Latest Note | |
| Regular CLT/ cabinet meetings focussed | Corporate Leadership | 30-Apr-2022 | Monthly Cabinet/CLT meetings discuss a | <input type="text" value="25%"/> |






| | | | | | |
|--|--|-------------|---|-----|--|
| on change, demonstrating leadership by example and maintained by regular updates at corporate briefings and team meetings etc. | Team; Ian Miller | | range of strategic issues and opportunities for change. Corporate Briefings delivered in June and October 2020 and February 2021 | | |
| Use of external expertise to identify and manage commercial opportunities and advise on the most appropriate mode of service delivery. | Corporate Leadership Team; Mike Parker | 31-Mar-2022 | Work ongoing. | 0% | |
| Demonstrating robust and focussed leadership in all transformation activity | Corporate Leadership Team; Rachael Simpson | 31-Mar-2022 | Ongoing | 25% | |
| Progress Service Transformation reviews as agreed as part of the MTFS 2021-24 indicative programme of work | Corporate Leadership Team | 30-Apr-2023 | Early work on service transformation has commenced , preceded by strategic conversations between the chief executive and other potential partners | 5% | |
| Progress Management Review | Corporate Leadership Team | 31-Dec-2021 | Council on the 12th May 2021 approved a revised Management Restructure to be implemented by 31st December 2020. | 70% | |

| | |
|-------------------|--|
| 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 eleventh 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 (having adopted a new North Worcestershire Economic Strategy in 2019 and new Strategic Asset Management and Business Growth and Enterprise Strategies in 2021) and maintains its membership of two Local Enterprise Partnerships and continues to maximise the benefit of that position, although it is recognised that this may change as the Government seeks to eliminate dual LEP membership from a future date that is as yet unknown. 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 has been delayed yet again so we will continue to review our position as more information is released. Ongoing 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. The Council has successfully bid for funding through the Future High Streets Fund initiative and begins its £20.5m programme in earnest to ensure delivery by end of March 2024. The announcement of the Levelling Up Fund and Community Renewal Fund offer additional opportunities to secure further funding for projects in the district The impact of Brexit influences this risk and COVID-19 presents a significant challenge and increase in this key risk, but the Council has been proactive in distributing Covid related funding to businesses.</p> |
|-------------------|--|



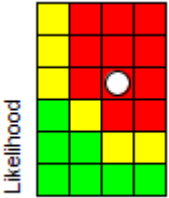
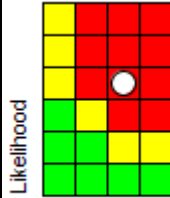
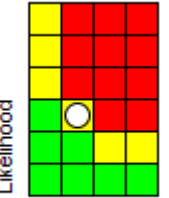

| MITIGATING ACTIONS | | | | | |
|---|-------------|-------------|---|-----|--|
| Description | Managed By | Due Date | Latest Note | | |
| Continue to implement actions from the Worcestershire Housing Strategy including any outcomes as a result of the review of the Local Development Plan. | Kate Bailey | 31-Mar-2022 | Examination in Public concluded in February 2021 and now agreeing Main Modifications for consultation with the Planning Inspector. Expected adoption in early 2022. The Worcestershire Housing Partnership Plan will be replaced by a Worcestershire Housing Strategy likely to come before members for sign off in Autumn 2021. The Homelessness and Rough Sleeping Strategy 2019 – 2022 action plan for this year is being refreshed and will be signed off shortly. Then development on a new Homelessness and Rough Sleeper strategy to commence shortly in place for 2022. | 25% | |
| 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-2022 | As at 1st July 21, Council Tax in year collection rates are at 20.41% compared to 19.02% last year which is a significant improvement. All CTRS claimants received up to £150 towards their council tax in 2020/21 so they are having to adjust to paying more this year. NNDR in year collection rates are at 17.20% compared to 13.53% last | 20% | |

| | | | | | |
|--|-------------------------|-------------|---|---|---|
| collection to avoid further financial pressure. | | | year. | | |
| 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-2022 | -3.06% decrease in the first quarter from £12,261,858 down to £11,886,031. Due to corona virus the Government with effect from 01/04/2020 are giving retail, hospitality, nurseries and leisure businesses 100% off their business rates. This will be reimbursed via a S31 grant, currently this discount is approx £16,585,140. The drop in net rates is due to rateable value reductions on Doctors surgeries, ATM machines, the increase in the reliefs, and the demolition of the Churchfield site. Coronavirus will have a major impact on businesses in the Wyre Forest area as a lot will not reopen and many others may not be able to continue trading. The Valuation Office Agency has still not agreed the Supermarket appeals on the 2010 list, however the final Court decision has been made on ATM machines, the Valuation Office are now starting to take out the machines from the date they were included in the list, and the NHS hospitals Court case has now been heard, and the NHS has now decided not to continue with their appeal. |  |  |
| Influencing a positive outcome to the LEP Review, taking account of the potential impact of the Brexit process. | Ian Miller; Mike Parker | 31-Mar-2022 | Terms of Reference for review now published; no direct role as repondee for Local authorities and therefore responses will be directly from the LEPs and including where possible comments from District Council partners. |  |  |
| Delivery of redevelopment of former Lloyds Garage site and adjoining land | Mike Parker | 31-Oct-2021 | February meeting of Planning Committee agreed further temporary use of car park |  |  |


| | | | | | |
|--|-------------|-------------|--|---|---|
| (STC.4) | | | for a four year period. | | |
| Redevelopment of former Frenco site adjacent Hoobrook Enterprise Centre to provide 9 new units | Mike Parker | 31-Aug-2020 | Contract now terminated with original contractor who has subsequently gone into liquidation making any financial compensation claims less likely to be met; site visit undertaken with sub contractor who is currently undertaking investigative works before providing the Council with a budget estimate to complete outstanding works. Report prepared for Cabinet in July to agree funding position to enable completion of works. | <div style="background-color: #4f81bd; width: 80%; text-align: center; padding: 2px;">80%</div> |  |
| Purchase of land and six industrial units on Silverwoods Way (land opposite Aldi) | Mike Parker | 31-Dec-2021 | Works now commenced on site with anticipated completion Autumn 2021. | <div style="background-color: #4f81bd; width: 50%; text-align: center; padding: 2px;">50%</div> |  |
| Redevelopment of area around bullring and former Crown House | Mike Parker | 31-Mar-2024 | The Council has now successfully procured Project Managers and Arcadis will be appointed for the remainder of the FHSF programme in support of NWEDR to deliver projects. Outcome of slab survey awaited, delayed due to high river levels. | <div style="background-color: #4f81bd; width: 5%; text-align: center; padding: 2px;">5%</div> |  |
| Implementation of improved connectivity from West to East including acquisition and demolition of properties and reconfiguration of Bromsgrove Street Car Park | Mike Parker | 31-Mar-2024 | The Council has now successfully procured Project Managers and Arcadis will be appointed for the remainder of the FHSF programme in support of NWEDR to deliver projects. Outcome of slab survey awaited, delayed due to high river levels. BFF and DCA continue to deliver project. | <div style="background-color: #4f81bd; width: 10%; text-align: center; padding: 2px;">10%</div> |  |
| Implementation of improved connectivity from West to East including acquisition and demolition of properties and | Mike Parker | 31-Mar-2024 | The Council has now successfully procured Project Managers and Arcadis will be appointed for the remainder of the | <div style="background-color: #4f81bd; width: 5%; text-align: center; padding: 2px;">5%</div> |  |



| | | | | | |
|---|--|--|---|--|--|
| reconfiguration of Bromsgrove Street Car Park | | | FHSF programme in support of NWEDR to deliver projects. Outcome of slab survey awaited, delayed due to high river levels. Programme of acquisitions continues with one key property now completed and report due to Overview & Scrutiny in June on proposed acquisition of properties which hadn't originally been included in the FHSF programme | | |
|---|--|--|---|--|--|

CORPRISK03 **Unable to deliver good quality, affordable homes.** The need for good quality, decent and tenure appropriate affordable homes in the district is increasing but supply relative to demand in decreasing. The risk is increased by the emerging national position regarding changes in the National Planning Policy Framework the Voluntary Right to Buy pilot in the West Midlands and the First Homes Proposals.

| | | | | | | |
|------------------------|---|----------------------------|---|---------------------------|---|---|
| Original Matrix |  | Current Risk Matrix |  | Target Risk Matrix |  |  |
|------------------------|---|----------------------------|---|---------------------------|---|---|

MITIGATING ACTIONS




| Description | Managed By | Due Date | Latest Note | | |
|--|-------------|-------------|--|---|---|
| Continue to implement actions from the Worcestershire Housing Strategy including any outcomes as a result of the review of the Local Development Plan. | Kate Bailey | 31-Mar-2022 | Examination in Public concluded in February 2021 and now agreeing Main Modifications for consultation with the Planning Inspector. Expected adoption in early 2022. The Worcestershire Housing Partnership Plan will be replaced by a Worcestershire Housing Strategy likely to come before members for sign off in Autumn 2021. The Homelessness and Rough Sleeping Strategy 2019 – 2022 action plan for this year is being refreshed | <div style="border: 1px solid black; width: 50px; height: 15px; background-color: #add8e6; display: inline-block;"></div> 25% |  |

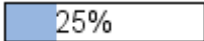



| | | | | | |
|--|-------------|-------------|---|-----|---|
| | | | and will be signed off shortly. Then development on a new Homelessness and Rough Sleeper strategy to commence shortly in place for 2022. | | |
| Delivery of redevelopment of Castle Road car park (adjacent to Former Fire Station) for temporary accommodation | Kate Bailey | 31-Oct-2022 | PSP are finalising high level costs to support the development of a business case to be considered in July/August 2021. Anticipate submitting a planning application in Autumn and start on site spring / summer 2022 with completion approximately 12 months later. | 20% |  |
| Acquisition of land and assembly with Council owned land to create a redevelopment opportunity to provide residential accommodation to support the Council's homelessness function | Kate Bailey | 31-Dec-2022 | Work to agree heads of terms and land transfer/acquisition underway on two sites in Kidderminster. Registered Providers engaged and working with the Council to identify appropriate end user. Council officers working with County Council to identify funding stream for support provision. | 20% |  |

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| CORPRISK04 | <p>Unable to deliver a sustainable budget for the long term. The outcome of the Fair Funding Reform has been deferred past 2021-22 and represents a significant risk. There was a 1 year Spending Round for 2021-22. The Reset and Fair funding review will now be put back to 2022-2023. The future of Negative RSG is also uncertain. The working assumption is that NHB Legacy payments will be paid. The 2021-24 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. Additional COVID funding was included but this did not mitigate the full extent of lost income/increased costs. The success of this strategy is reliant on the delivery of significant savings to close the funding gap of circa £2.7m per annum by 2023-24. This ambitious programme of savings and income generation must be carefully managed by the Leadership team (officers and members) and achieved. Transformation work includes a review of Wyre Forest House to identify the preferred option for future ownership/use. The reliance on external income streams/funding brings with it increased risk around the continuation of these 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 represents 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 intended to generate both housing and business growth whilst also generating a net revenue income stream to help alleviate the significant financial pressures but these have been adversely impacted by COVID and recovery is uncertain. The future of leisure provision within the district is also unclear and this represents significant financial risk given the excellent terms of the contract with Places Leisure. The introduction of a Financial Resilience Index by the Chartered Institute of Finance and Accountancy (CIPFA) may prompt further challenge to our future financial resilience. The Council has also responded to the findings of the follow</p> |
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| | up visit by the LGA peer review team. Brexit and COVID-19 also impact on financial sustainability. Corporate Risk 16 covers the COVID-19 pandemic impact on the Council including the significant financial impact. Corporate Risks 03 – Affordable Homes and 16 is also allied to delivery of a sustainable budget. | | | | | |
| Original Matrix | | Current Risk Matrix | | Target Risk Matrix | | |

| MITIGATING ACTIONS | | | | | |
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| Description | Managed By | Due Date | Latest Note | | |
| Delivery of the Wyre Forest Forward Programme/Efficiency Plan likely to be remain challenging given the target savings assumed in the approved budget requiring circa £2.7m further savings in the next 3 years. Work continues on identifying how the increased savings target can be achieved and the detail of any changes that require political approval will be included in next year's budget strategy. | Corporate Leadership Team; Ian Miller; Tracey Southall | 31-Mar-2022 | Savings from the Management Restructure approved at May 2021 Council are now reflected in the savings control. Other early transformation work progressing. | 5% | |
| 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 collection to avoid further financial | Lucy Wright | 31-Mar-2022 | As at 1st July 21, Council Tax in year collection rates are at 20.41% compared to 19.02% last year which is a significant improvement. All CTRS claimants received up to £150 towards their council tax in 2020/21 so they are having to adjust to paying more this year. NNDR in year collection rates are at 17.20% compared to 13.53% last year. | 20% | |

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| pressure. | | | | | |
| Regular meetings to facilitate effective communications. Regular additional Cabinet/ CLT meetings in 2020-21 to focus on future financial strategy and Wyre Forest Forward savings achievement. | Corporate Leadership Team; Ian Miller | 31-Mar-2022 | Programme of meetings for 2021 including the ongoing financial impact of COVID-19. Regular meetings between Cabinet and CLT on future direction of the Council and uncertainty surrounding the ongoing financial sustainability that is dependent on Government funding and transformation work to close the financial gap. | 10% |  |
| Further progression 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 Covid-19. | Caroline Newlands; Mike Parker; Tracey Southall | 31-Mar-2022 | Ten-year Capital Strategy was approved at Council on the 1st March. No further approvals made so far in 2021-22 but the approved development loan is now being progressed with stage payments being made. | 15% |  |
| 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 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. Implementing redevelopment proposals to generate new revenue streams | Cheryl Ellerton; Tracey Southall | 31-Mar-2022 | To raise awareness and demonstrate the commitment of the Council to tackling fraud and protecting the public purse. A formal report on the counter fraud arrangements within the Council for an annual report is presented to the Audit Committee {2020/21~in October 2020} with a position statement on 2021/22 arrangements scheduled for September 2021 The Councils commitment to a zero tolerance of fraud continues with current fraud and cyber scams published within the Wyred Weekly e-magazine. With heightened fraud risks and cyber scams following the lockdowns and tier | 25% |  |

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| | | | <p>restrictions during the Covid19 pandemic regular monitoring of new threats continues with weekly updates from the National Anti-Fraud Network reviewed and shared with service managers as appropriate.</p> <p>The mandatory National Fraud Initiative has been commenced. The required mandatory sets for Payroll, Trade Creditors, Taxi Driver Licences, Council Tax Single Person Discounts, Electoral Register, Housing Benefits and Council Tax Reduction Scheme have been provided to the Cabinet Office for the 2020/21 national data matching exercise, along with details of the recipients of the Covid-19 Business Grants. All data matches are currently being reviewed and the outcomes will be reported to the Audit Committee during 2021.</p> | | |
| To monitor the recovery of Income streams post COVID. It is unclear if the Government's sales, fees, and charges co-funding arrangements will be continued past end June 2021 and some income streams such as property income were not covered. Given that it is highly unlikely that income streams will have recovered in line with the 2021-23 budget assumptions this is a key risk. | Steve Brant; Tracey Southall | 31-Mar-2022 | C&E business recovery plan presented to May Cabinet/CLT identifying sections recovery plans. All key income streams plotted for progress. Key item – Leisure Centre contract negotiations in progress regarding re-booting of the management fee and restricted payment's under supplier relief payments. |  |  |
| Business Rates Retention Scheme. To continue to contribute to the reform debate to maximise the council's future position. | Tracey Southall | 31-Mar-2022 | At the end of Q1 2021/22, collection rates for NNDR are 0.84% above this time last year. Bills have now been issued to businesses who qualify for Expanded Retail Discount to grant them 100% relief for the period 01/04/2021 – 30/06/2021 and 66% relief for the period 01/07/2021 – |  |  |

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| | | | 31/03/2022. They will have to pay 34% of the annual bill for the year. | | |
| Implementing redevelopment proposals to generate new revenue streams | Mike Parker | 31-Mar-2022 | In District opportunities scarce and none so far meet financial viability expectations therefore noting to report to Members. | 0% | |
| To continue to monitor impact of Universal Credit noting the significant increase in the number of claimants as a result of Covid-19. | Lucy Wright | 31-Mar-2022 | The current pandemic has seen a sharp rise in UC claimants. The impact for WFDC is that more people are claiming CTRS. Our working age caseload was 4,396 on 1st April 2020 rising to 4,995 on 1st June 2021. However CTRS expenditure has remained fairly static due to less pension age claimants. In June 2020, CTRS expenditure was £7.566m and in June 2021 CTRS expenditure was £7.578m. This cost is shared across all preceptors. | 20% | |
| To monitor the potential impact of the government's waste strategy in terms of securing Government funding and the logistical implementation of changes. This could reduce current commercial income streams | Steve Brant; Ian Miller | 23-Mar-2023 | The national Resources and Waste Strategy for England 2018 (RWS) will drive a range of changes and measures to achieve a more Circular Economy, moving from an inefficient take, make, use, & throw away culture to keeping resources in use for as long as possible. The government's clear direction is for the increased segregation and treatment of waste streams and a new target of 65% recycling. The Environment Bill will provide landmark primary legislation for delivery of the policies and approaches set out in RWS. It has passed through the detailed committee stage in the House of Commons and on 26th January a delay was announced with Royal Assent originally expected in Spring now put back to Autumn 2021. The Bill will require the separate collection of food waste every | 25% | |

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| | | | week from all households | | |
| Following review and introduction of hybrid working to review office operational floor space requirements at Wyre Forest House and Green Street with a view to potential relocation of office requirement. | Mike Parker | 30-Sep-2021 | Work now underway on assessing all hybrid working possibilities for posts based at WFH and Green Street with anticipated introduction no sooner than July 2021; likely initial thoughts on future spatial requirements will also be expected no sooner than July 2021 but will take longer to implement due to measures to enable any new layouts to be accommodated. | 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 and COVID-19 so increase this risk.

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| Original Matrix | | Current Risk Matrix | | Target Risk Matrix | | |
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MITIGATING ACTIONS

| Description | Managed By | Due Date | Latest Note | | |
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| Support and advice on major strategic projects to ensure sound and robust arrangements including Capital Portfolio and development loans fund. | Jane Alexander | 31-Mar-2022 | Work continues and on schedule for completion by 31st March 2022 | 25% | |
| To ensure the leadership team keeps abreast of statutory changes in legislation and seek to influence consultation and seek to prepare for | Caroline Newlands | 31-Mar-2022 | Work continues and on schedule for completion by 31st March 2022 | 25% | |

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| changes in legislation. | | | | | |
| 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-2022 | The merged Cyber Security Information Governance Group has met and the agreed action plan is being implemented. | 15% | |
| Budgetary Control - ongoing development of reporting to include further enhancement of demand-led commercial income reporting and earlier identification of variances. | Helen Ogram; Tracey Southall | 31-Mar-2022 | Monthly reporting for 2021-22 has commenced but will be formalised once the Final Accounts for 2020-21 and all external audit working papers are complete. The implementation of the General Ledger Budget Planner module is planned for later in the year. | 15% | |
| Monitor the impact of Brexit and Covid-19 and report on any significant changes in requirement as appropriate | Corporate Leadership Team | 31-Mar-2022 | The Chief Executive is the nominated lead for Brexit and shares relevant updates appropriately. Regular reports on Covid-19 impact. | 0% | |

CORPRISK06 **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 with a further approval of £653k approved in February 2020. This 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. particularly in light of the increased requirement for homeworking and remote meetings.

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| Description | Managed By | Due Date | Latest Note | | |
| ICT Security and Governance is key to maintaining high levels of Cyber Security and ICT Security in general to protect the Council ICT Infrastructure and Data from malware, hacking and data breaches. This is particular important with the increase in home / remote working, rise is sophisticated cyber-attacks and use of mobile devices. Mitigation of the risks doesn't just involve the use of technology such as firewalls, virus software etc but user training and awareness of Councils ICT Security policies. | Dave Johnson | 31-Mar-2022 | Zurich insurance risk assessment earlier in the year most actions have been completed and policies updated. Ongoing cyber training and phishing exercises monthly via security platform. Next training due July. | <div style="width: 25%;"><div style="background-color: #4f81bd; color: white; padding: 2px;">25%</div></div> |  |
| Continue to deliver the ICT Strategy to achieve additional efficiency savings. | Dave Johnson | 31-Mar-2023 | See detailed update re sub actions | <div style="width: 78%;"><div style="background-color: #4f81bd; color: white; padding: 2px;">78%</div></div> |  |
| Digital by Default is the expected method of interacting with the Authority | Dave Johnson; Dave Johnson | 31-Mar-2023 | New website is now live, currently reviewing income management system that includes a number of digital services for on-line payments | <div style="width: 80%;"><div style="background-color: #4f81bd; color: white; padding: 2px;">80%</div></div> |  |
| Application Software o MS Office o Planning system o Garage system o CRM | Dave Johnson | 31-Mar-2023 | Income management system being reviewed, H&S system being implemented, Idox system for planning testing the mobile app. | <div style="width: 75%;"><div style="background-color: #4f81bd; color: white; padding: 2px;">75%</div></div> |  |
| ICT Infrastructure o New Wireless o Complete Firewalls o Complete data line install | Dave Johnson | 31-Mar-2023 | Roll out of new laptops is on-going. Email gateway and proxy server have been upgraded. | <div style="width: 85%;"><div style="background-color: #4f81bd; color: white; padding: 2px;">85%</div></div> |  |

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| o Shoretel upgrade o VMWare upgrades o Mobile Phones | | | | | |
| 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 | Updating endpoint with new anti-malware clients in the next few months, firewall updates ongoing | 74% | |

CORPRISK07 **Not able to maintain a skilled and motivated workforce.** This risk is set against the background of the recent pay and grading review and reversion back to National Pay Agreement for annual pay inflationary uplifts from April 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. This will be challenging against the backdrop of the significant transformation work needed to close the Funding Gap and also the earlier management review to be implemented by April 2022. The Council has started to experience retention issues in some key areas e.g. loss of the Procurement Officer and Commercial Manager. Various restructures following the move to the Wyre Forest House have already provided slimmer management structures and more devolution of responsibility which has previously assisted in motivation and retention of the workforce, alongside a management development programme. 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 has responded to findings from the peer review follow up visit that relate to workforce issues.

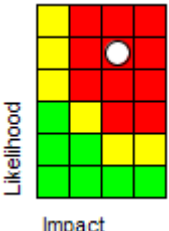

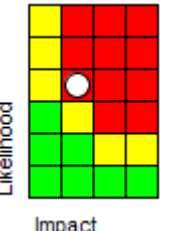

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| Original Matrix | | Current Risk Matrix | | Target Risk Matrix | | |
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MITIGATING ACTIONS


| Description | Managed By | Due Date | Latest Note | | |
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| Progression of Wyre Forest Futures Leadership Development Programme and training and development budget to support it. | Rachael Simpson | 31-Mar-2022 | Nominations for leadership and management training will be identified through the MDRs currently being undertaken | 25% | |
| Develop initiatives to support any | Rachael Simpson | 31-Mar-2022 | Ongoing and continually under review as | 25% | |

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| 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. | | | a result of the coronavirus pandemic and new ways of working | | |
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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, and review of partnerships to commence in 2021. The pace of change and need to continue to deliver key projects, represent a significant resourcing risk, particularly in view of the management review to be implemented from April 2022 (latest). 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 2021-22 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. The impact of Coronavirus (COVID-19) represents a risk to business need see CORPRISK 16.

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MITIGATING ACTIONS

| Description | Managed By | Due Date | Latest Note | | |
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| Ensure resources are monitored and managed to protect capacity issues when Systems reviews take place. The 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. | Ian Miller | 31-Mar-2022 | CLT continues to review past allocations in order to release unused resources to the innovation fund. An additional allocation was made from final accounts savings of £150k | 15% |  |

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| 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-2022 | Cross directorate working groups on Digital First and Information Governance. Staff from appropriate teams involved in other projects e.g. Capital Portfolio Fund. | <input type="text" value="10%"/> | |
| 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-2022 | Ongoing support being provided to employees to assist with their well-being and support managers to proactively manage staff sickness. Increased focus on data analytics to identify 'hot spots' and specific reasons of absence | <input type="text" value="25%"/> | |
| 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-2022 | Q1 2021 performance report to be presented to Cabinet/CLT on 27th April. | <input type="text" value="25%"/> | |

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| 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. | | | | | |
| | Original Matrix | | Current Risk Matrix | | Target Risk Matrix | |

| MITIGATING ACTIONS | | | | | |
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| Description | Managed By | Due Date | Latest Note | | |
| Continue with Corporate programme of Employee, Member and public Engagement | Suzanne Johnston-Hubbald | 31-Mar-2022 | Monthly meetings held with the Chief Executive and also with Leader and Cabinet Member for Culture, Leisure and Community Safety. These have been | <input type="text" value="25%"/> | |

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| | | | conducted via phone or zoom during Covid19 pandemic. | | |
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| 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 | | Current Risk Matrix | | Target Risk Matrix | |

| MITIGATING ACTIONS | | | | | |
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| Description | Managed By | Due Date | Latest Note | | |
| Ongoing patching of servers/workstations/software | Dave Johnson | 31-Mar-2022 | Patching on-going and rolling out major Windows update in the coming months to a number of laptops | 50% | ▶ |
| Annual Penetration tests and network scans. | Dave Johnson | 31-Mar-2022 | Annual Penetration test booked for mid July for 2 weeks, much preparation has already been done | 20% | ▶ |
| ICT Security and Governance is key to maintaining high levels of Cyber Security and ICT Security in general to protect the Council ICT Infrastructure and Data from malware, hacking and data breaches. This is particular important with the increase in home / remote working, rise is sophisticated cyber-attacks and use of mobile devices. Mitigation of the risks doesn't just involve the use of technology such as firewalls, | Dave Johnson | 31-Mar-2022 | Zurich insurance risk assessment earlier in the year most actions have been completed and policies updated. Ongoing cyber training and phishing exercises monthly via security platform. Next training due July. | 25% | ▶ |

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| virus software etc but user training and awareness of Councils ICT Security policies. | | | | | |
| Review list of essential services as set out in Business Continuity Plans to ensure there is a clear plan to mitigate risk in the event of an IT outage or significant cyber incident. This will identify what critical organisational services need to be restored first, which will also prioritise the technical capabilities should focus on restoring rationale. | Corporate Leadership Team; Rebecca Pritchett | 30-Sep-2021 | | 0% | |
| 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 | Updating endpoint with new anti-malware clients in the next few months, firewall updates ongoing | 74% | |

CORPRISK11 **Unable to ensure good governance arrangements are in place for 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 setup 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

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| 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-2022 | Continue to maintain a watching brief and input to governance arrangements as appropriate | 0% | |
| To ensure the positive partnership agreement for provision of Leisure Services continues. | Ian Miller | 31-Mar-2022 | | 0% | |

| CORPRISK12 | | | | | |
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| 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. | | | | | |
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| MITIGATING ACTIONS | | | | | |
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| 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-2022 | Regular meetings with Group Leaders. | 15% | |
| Ensure elected members taking up lead positions in the Council are mentored to enable their skills to be fast tracked | Ian Miller | 31-Mar-2022 | Development opportunities for relevant members being identified on an ongoing basis. | 15% | |

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| Training programme for all councillors for 2021-2022 agreed at March 2021 Group Leaders meeting (including Treasury Management training). | Ian Miller; Tracey Southall | 28-Feb-2022 | Treasury Management training date arranged for September 2021 and February 2022. | <input type="text" value="0%"/> | |
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| CORPRISK13 | Localism: Sustaining the pace and effectiveness of asset and service transfers to third sector parties, Parish and Town Councils | | | | | |
| Original Matrix | | Current Risk Matrix | | Target Risk Matrix | | |

| MITIGATING ACTIONS | | | | | |
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| 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-2022 | Continue to maintain a watching brief. | <input type="text" value="0%"/> | |
| 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-2022 | Government is consulting on options for reorganisation in three county areas (not within Worcestershire). Further information on Government policy expected in Devolution and Economic Recovery White Paper after May 2021 | <input type="text" value="0%"/> | |
| Continue to operate robust arrangements to secure future joint service delivery agreements with Parish and Town Councils utilising the remaining Localism Fund | Ian Miller | 31-Mar-2022 | Developing 3-5 year plans with individual town councils to achieve savings and protect vulnerable service areas such as parks, events, play areas. Meetings held with Town Councils since July 2020. Cabinet approval of transfers in Stourport and Bewdley obtained in | <input type="text" value="0%"/> | |








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| | | | November/December 2020. Kidderminster Town Council confirmed decision to transfer 4 parks on 3 February, formal Cabinet approval pending. | |
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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. Note that the company structures are in place and that this risk is dormant until these separate legal entities are utilised.

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| Original Matrix | | Current Risk Matrix | | Target Risk Matrix | | |
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| MITIGATING ACTIONS | | | | | |
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| 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-2022 | 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-2022 | 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 Finpoint Way Kidderminster Worcestershire DY11 7WF | <input type="text" value="0%"/> | |

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| | | | | | |
|--|--|-------------|--|---------------------------------|---|
| | | | Company No. 11451232 | | |
| 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-2022 | Company registered but no transactions taken place yet | <input type="text" value="0%"/> |  |
| 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-2022 | 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-2022 | 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-2022 | 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-2022 | 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-2022 | 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 | Helen Ogram; Tracey Southall | 31-Mar-2022 | 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%"/> |  |

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|--|--|-------------|---|---------------------------------|--|
| LATC Group structure. | | | | | |
| Using the external advice from Mazars individual projects will be monitored as the LATC business progresses. | Caroline Newlands; Mike Parker; Tracey Southall | 31-Mar-2022 | 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 developed. The PWC VAT Helpline the Council already subscribes to will be used and other specialist advice taken as appropriate. | Helen Ogram; Tracey Southall | 31-Mar-2022 | Company registered; no transactions yet taken place. Knowledge and learning is 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. | <input type="text" value="0%"/> | |

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|--|--|----------------------------|--|---------------------------|--|
| CORPRISK15 | | | | | |
| Local plan: Council is unable to adopt a 'sound' Local Plan following its submission in April 2020. | | | | | |
| Original Matrix | | Current Risk Matrix | | Target Risk Matrix | |

| 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 | Mike Parker | 31-Mar-2022 | First draft of main modifications expected to be with Inspector by end of April. Timing of final draft to be reported to Members for consultation dependent upon Inspector but still anticipated for summer/autumn 2021. | <input type="text" value="70%"/> | |

| | | | | | |
|--|-------------|-------------|--|-----|--|
| statutory consultees | | | | | |
| Implementation of robust Local Plan up to 2036 | Mike Parker | 31-Mar-2022 | First draft of main modifications expected to be with Inspector by end of April. Timing of final draft to be reported to Members for consultation dependent upon Inspector but still anticipated for summer/autumn 2021. | 75% | |

CORPRISK16 Risk that the three-year programme to end of March 2024 delivering £20.5million programme of interventions across Kidderminster Town Centre will not be delivered on time and within budget. Governance arrangements established with board overseeing programme delivery and individual project boards to oversee each specific intervention. Additional capacity to be added to NWEDR to oversee programme and project delivery. Regular liaison with MHCLG to ensure delivery in accordance with programme and specifically focussing on monitoring and evaluation. Provision made in capital programme at February 2021 Council.

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|------------------------|--|----------------------------|--|---------------------------|--|--|
| Original Matrix | | Current Risk Matrix | | Target Risk Matrix | | |
|------------------------|--|----------------------------|--|---------------------------|--|--|





MITIGATING ACTIONS

| Description | Managed By | Due Date | Latest Note | | |
|--|-------------|-------------|---|-----|--|
| Redevelopment of area around bullring and former Crown House | Mike Parker | 31-Mar-2024 | The Council has now successfully procured Project Managers and Arcadis will be appointed for the remainder of the FHSF programme in support of NWEDR to deliver projects. Outcome of slab survey awaited, delayed due to high river levels. | 5% | |
| Implementation of improved connectivity from West to East including acquisition and demolition of properties and | Mike Parker | 31-Mar-2024 | The Council has now successfully procured Project Managers and Arcadis will be appointed for the remainder of the | 10% | |






| | | | | | |
|--|-------------|-------------|---|----|---|
| reconfiguration of Bromsgrove Street Car Park | | | FHSF programme in support of NWEDR to deliver projects. Outcome of slab survey awaited, delayed due to high river levels. BFF and DCA continue to deliver project. | | |
| Implementation of improved connectivity from West to East including acquisition and demolition of properties and reconfiguration of Bromsgrove Street Car Park | Mike Parker | 31-Mar-2024 | The Council has now successfully procured Project Managers and Arcadis will be appointed for the remainder of the FHSF programme in support of NWEDR to deliver projects. Outcome of slab survey awaited, delayed due to high river levels. Programme of acquisitions continues with one key property now completed and report due to Overview & Scrutiny in June on proposed acquisition of properties which hadn't originally been included in the FHSF programme | 5% | ▶ |

CORPRISK17 **COVID-19** The ongoing COVID-19 pandemic places pressure on ongoing service provision and means alternative ways of working are still in place. Loss of staff due to illness may mean that staff will need to be redeployed from other service areas/ use of agency staff increased to ensure essential services such as Waste Collection, Benefits, Customer Services and Housing/Homelessness can continue. The financial impact of the pandemic is resulting in additional stress on our budget in the short term. As we go into the recovery stage we are forecasting the lessening of reductions of some of our income streams but this needs to be carefully monitored. Together with cost pressures in certain services this will mean we will continue to have to take action to safeguard the Council's budget in the medium term. The government has failed to address this issue fully, other than the Coronavirus Act 2020. The uncertainty around the continuation of remote meetings also presents challenges as we enter into the "new normal" phase of working.

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| Original Matrix | | Current Risk Matrix | | Target Risk Matrix | | |
|------------------------|--|----------------------------|--|---------------------------|--|--|

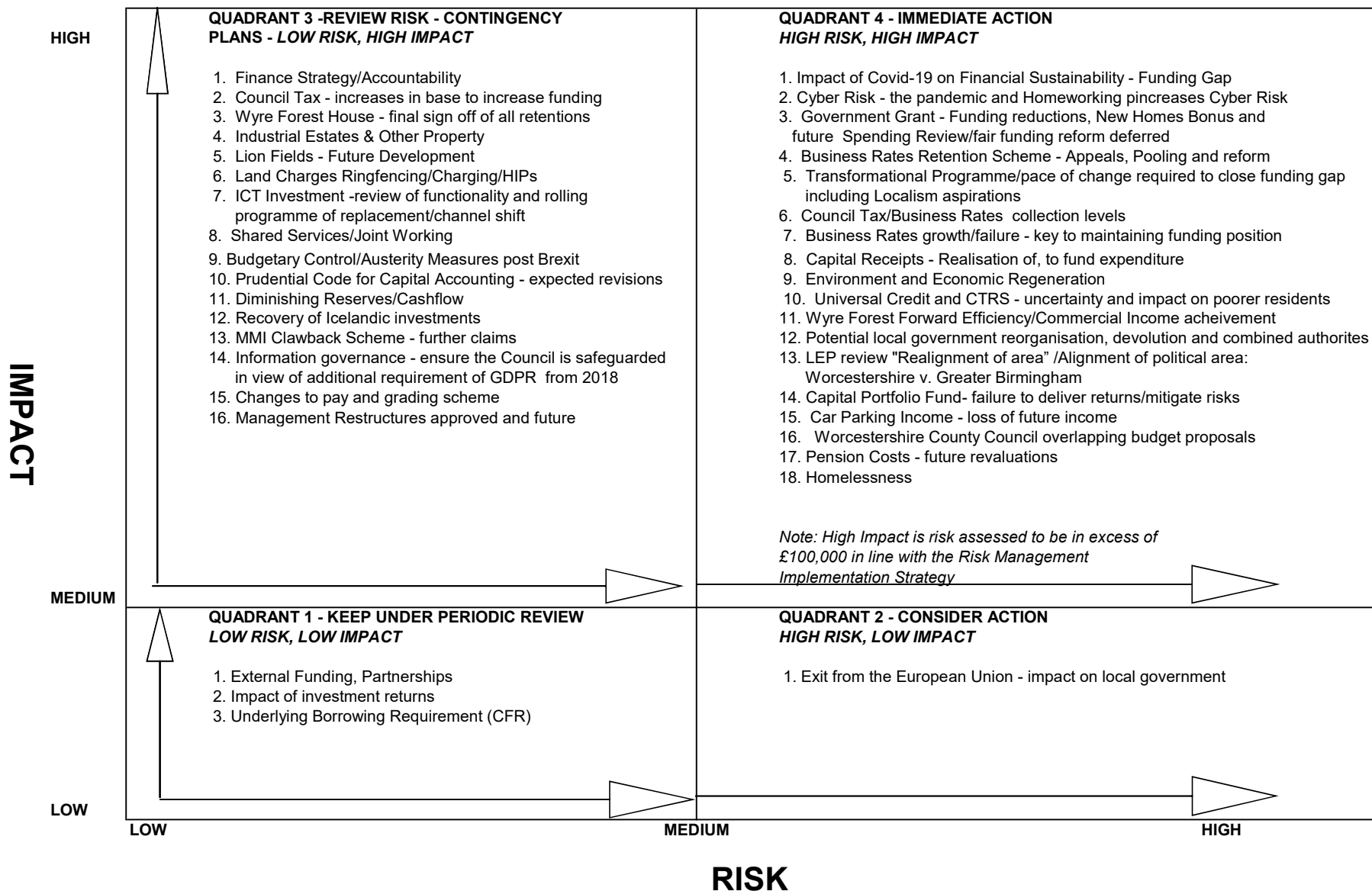
| MITIGATING ACTIONS | | | | | |
|--|---|-------------|---|------|---|
| Description | Managed By | Due Date | Latest Note | | |
| <p>To continue to respond appropriately to COVID-19</p> <ul style="list-style-type: none"> . To monitor the financial impact of the pandemic and make regular reports to members to ensure the Council remains financially sustainable. . To engage with MHCLG and ensure there is full understanding of the financial impact and funding support required. . Pay Business Rate Grants are distributed to help sustain businesses as quickly as possible . Award business rate reliefs . To further modify savings plans to take account of the impact of the pandemic . Cash flow to be closely monitored together with global economic impacts that will influence treasury management activity . Monitor impact on Pension Fund and Property valuations, | Corporate Leadership Team; Corporate Leadership Team; Tracey Southall | 31-Mar-2022 | Financial impact of Covid reported as part of the Final Accounts process Ongoing regular engagement with MHCLG and work through the District Council Network to secure additional funding. Good progress with passporting of MHCLG funding to businesses Cash flow managed daily. Worcestershire Treasurers are managing this risk in close liaison with Worcestershire County Council Pension Fund. | 100% |  |
| Business Continuity Plans to continue to be used by all teams for home working until hybrid working implemented. | Corporate Leadership Team; Corporate Leadership Team | 31-Mar-2022 | | 50% |  |
| To continue to monitor resource requirement to manage COVID-19. | Corporate Leadership Team; Corporate Leadership Team | 31-Mar-2022 | Extra hours worked to cover peak business need (to pay out Business Grants quickly). | 50% |  |
| Monitor the position in relation to remote meetings both internal and external for Council meetings and where appropriate put plans in place to return to face to face meetings | Corporate Leadership Team; Corporate Leadership Team | 31-Mar-2022 | Ongoing good governance is also key to managing the new risks in these unprecedented times. The extraordinary Council meeting on the 21st April 2020 updated our constitution allowing for | 95% |  |

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| | | | remote meetings that continued to operate successfully up until the 19th July 2021 and also included some revisions to Financial Regulations. | | |
| To further revise the Council's Constitution and other policies and procedures to ensure that services can continue to be provided taking into account the impacts of the pandemic | Corporate Leadership Team; Corporate Leadership Team | 31-Mar-2022 | Report to Extraordinary Council Meeting on 21st April 2020. Further Strong Leader reports on Discretionary Grant Policies. Council September 23rd on Committee Appointments and rebalancing the Political balance | 40% |  |
| Follow Public Health England guidance on response to COVID 19, ensure PPE is may available to all key workers as appropriate and that changes to safe working practices/risk assessments are in pace. To also work with West Midlands Employers. | Corporate Leadership Team; Rachael Simpson | 31-Mar-2022 | Ongoing communications/advice to all staff members. Participate in webinars with WME. Daily staffing data monitored | 75% |  |
| Revisit the Corporate Plan priorities with a view to re-shaping the delivery of the Council's services to support the recovery phase of Covid-19 | Corporate Leadership Team; Corporate Leadership Team | 31-Mar-2022 | | 0% |  |
| Develop a COVID-19 recovery plan | Corporate Leadership Team | 31-Jul-2021 | Report to Cabinet on 7th July 2020, approvals by Council 15th July 2020. Member survey reported to Council 23rd September 2020. Outcome of Homeworking survey reported to December Council. | 60% |  |
| Following review and introduction of hybrid working to review office operational floor space requirements at Wyre Forest House and Green Street with a view to potential relocation of office requirement. | Mike Parker | 30-Sep-2021 | Work now underway on assessing all hybrid working possibilities for posts based at WFH and Green Street with anticipated introduction no sooner than July 2021; likely initial thoughts on future spatial requirements will also be expected no sooner than July 2021 but will take longer to implement due to measures to | 10% |  |

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| | | | enable any new layouts to be accommodated. | | |
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BUDGET RISK MATRIX 2021-24



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 reductions due to COVID-19 and report as appropriate. Balances available for investment are reducing over the MTFP but further rate reductions mean lower levels of investment income will be achieved. 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 (see Q4 Risk 1 also)</p> <p>2. Council Tax – increase in base</p> <p>3. Wyre Forest House final sign off of all retentions</p> <p>4. Industrial Estates and Other Property</p> <p>5. Lion Fields Gateway - Future Development</p> <p>6. Land Charges Ring fencing/Charging/HIPs</p> <p>7. ICT Investment/channel shift</p> <p>8. Shared Services Joint working</p> <p>9. Budgetary Control/Austerity Measures</p> <p>10. Prudential Code for Capital Accounting, increase in PWLB 1% Interest rate Oct 2019 and expected restrictions</p> | <p>Review Risk - Contingency Plans</p> <p>Council are required to adopt a three year Balanced Budget Strategy.</p> <p>Assumption of increase of 300 pa not realised in MTFP CD:R to monitor.</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 currently £37m, PWLB consultation paper on likely changes to code/rules. Link Asset Services continue to provide technical advice and are looking for alternative sources of cheaper borrowing.</p> |

| ISSUE | BUDGETARY RESPONSE |
|---|---|
| <p>11. Diminishing Reserves/Cashflow</p> <p>12. Recovery of Icelandic investments</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>Under £1m is outstanding on one investments and work will continue to achieve maximum recovery.</p> |
| <p>13. MMI Claw Scheme</p> <p>14. Information Governance</p> <p>15. Change to Pay and Grading Scheme</p> <p>16. Management Restructures</p> | <p>Further claim received and settled, ear marked reserve held.</p> <p>Internal working group chaired by the DOR is reviewing this area to ensure the Council continues to be safeguarded.</p> <p>The impact of these proposals are being 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. Impact of Covid-19</p> <p>2. Cyber Risk</p> <p>3. Government Grant –Funding Changes, further Spending Reviews and New Homes Bonus</p> <p>4. Business Rates Retention Scheme, appeals, Pooling and revision of funding arrangements. Baseline reset (timing uncertain), impact on growth</p> <p>5. Impact of Transformational Programme, Localism agenda</p> <p>6. Council Tax Collection levels including impact of CTRS Scheme</p> <p>7. Government’s Waste Strategy</p> <p>8. Capital Receipts - Realisation of to fund expenditure</p> | <p>Immediate Action</p> <p>Managed by Cabinet/CLT reports to Cabinet/Council as appropriate.</p> <p>Managed by ICT Strategy Board, treated as priority for resource allocation</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 Pool (including Fire Authority) agreed 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. Monitored closely by CLT/Cabinet</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</p> <p>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. Impact of COVID-19 being monitored and reported.</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> |

| ISSUE | BUDGETARY RESPONSE |
|--|---|
| 9. Environment and Economic Regeneration | The Council continues to be proactive in this area and this is closely monitored by Cabinet/CLT |
| 10. Changes to Housing Benefit Scheme – universal credit/localisation of support for Council Tax | Universal Credit impact monitored |
| 11. Wyre Forest Forward Efficiency savings | Progress continues albeit slower during 2020-21 due to COVID-19, monitored and reported regularly to members. |
| 12. Potential Local Government Reorganisation, Devolution debate and Combined Authorities | Macroeconomic area strategically assessed and managed by the Leadership team. Communication and liaison with town and parish councils. |
| 13. Realignment of LEP 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. |
| 14. Capital Portfolio Income | Key performance metrics included in quarterly Cabinet Budget Monitoring reports |
| 15. Car parking income | Income levels usages closely monitored, new simplified policy is proposed. Earlier timetable for scrutiny. |
| 16. 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. |
| 17. Pension costs – future Revaluations | Managed by Worcestershire Treasurers jointly with actuaries |
| 18. Homelessness Reduction Act | Rising demand requiring extra resource managed by housing team with extra funding secured where possible. |